



**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2017**

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

	Individual Quarter (Unaudited)		Cumulative Quarter (Unaudited)	
	Current Quarter 30.9.17 RM'000	Preceding Year Corresponding Quarter 30.9.16 RM'000	Current Year To Date 30.9.17 RM'000	Preceding Year Corresponding Period 30.9.16 RM'000
Revenue	60,970	45,073	190,127	138,052
Cost of sales	<u>(46,382)</u>	<u>(35,764)</u>	<u>(146,259)</u>	<u>(112,214)</u>
Gross profit	14,588	9,309	43,868	25,838
Other operating income	274	248	3,620	1,678
Administrative expenses	<u>(4,690)</u>	<u>(2,205)</u>	<u>(15,832)</u>	<u>(9,794)</u>
Operating profit	10,173	7,352	31,657	17,722
Finance costs	<u>(320)</u>	<u>(301)</u>	<u>(948)</u>	<u>(809)</u>
Profit before taxation	9,853	7,051	30,709	16,913
Taxation	<u>(2,192)</u>	<u>(1,411)</u>	<u>(7,303)</u>	<u>(3,719)</u>
Total comprehensive income for the period	<u><u>7,661</u></u>	<u><u>5,640</u></u>	<u><u>23,406</u></u>	<u><u>13,194</u></u>
Profit attributable to:				
-Owners of the parent	7,623	5,640	23,361	12,916
-Non-controlling interests	<u>38</u>	<u>-</u>	<u>45</u>	<u>278</u>
	<u><u>7,661</u></u>	<u><u>5,640</u></u>	<u><u>23,406</u></u>	<u><u>13,194</u></u>
Earnings per share				
- Basic	<u><u>2.98</u></u>	<u><u>4.58</u></u>	<u><u>13.51</u></u>	<u><u>10.48</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 2016 and the accompanying explanatory notes attached to this report.

JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year To Date 30.9.17 RM'000	(Audited) At End of Preceding Financial Year 31.12.16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,626	30,887
Development costs	-	-
	<u>30,626</u>	<u>30,887</u>
Current assets		
Inventories	21,155	20,480
Trade receivables	89,322	64,882
Other receivables, deposits and prepayments	1,865	2,157
Tax recoverable	8	256
Cash and cash equivalents	46,069	9,172
	<u>158,419</u>	<u>96,947</u>
TOTAL ASSETS	<u>189,044</u>	<u>127,834</u>
EQUITY AND LIABILITIES		
Share capital	65,231	12,373
Share premium		3,538
Retained profits	55,790	41,199
	<u>121,021</u>	<u>57,110</u>
Capital reserve	(277)	(277)
	<u>120,744</u>	<u>56,833</u>
Non controlling interests	689	-
Total equity	<u>121,432</u>	<u>56,833</u>
Non-current liabilities		
Borrowings	6,841	7,787
Deferred tax liabilities	1,146	1,213
	<u>7,987</u>	<u>9,000</u>
Current liabilities		
Trade payables	31,029	33,727
Other payables and accruals	7,392	9,763
Borrowings	17,604	16,278
Provision for taxation	3,600	2,233
	<u>59,625</u>	<u>62,001</u>
Total liabilities	<u>67,612</u>	<u>71,001</u>
TOTAL EQUITY AND LIABILITIES	<u>189,044</u>	<u>127,834</u>
Net assets per share (RM)	<u>0.46</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 THIRD QUARTER ENDED 30 SEPTEMBER 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 30.9.17 RM'000	(Unaudited) Preceding Year Corresponding Period 30.9.16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,709	16,914
Adjustments for :		
-Non cash items	6,470	3,049
-Interest expense	948	809
-Interest income	(36)	(24)
Operating profit before working capital changes	<u>38,091</u>	<u>20,748</u>
Increase in inventories	(603)	(6,016)
Increase in receivables	(27,445)	(9,243)
Decrease in payables	<u>(3,232)</u>	<u>(7,435)</u>
Cash generated from operations	6,811	(1,946)
Income tax paid	(5,758)	(2,671)
Interest paid	<u>(948)</u>	<u>(809)</u>
Net cash generated from operating activities	105	(5,426)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	36	24
Acquisition of subsidiary, net of cash and cash equivalents acquired	(640)	(180)
Proceed from disposal of property, plant and equipment	110	-
Purchase of property, plant and equipment *	<u>(1,336)</u>	<u>(2,813)</u>
Net cash used in investing activities	(1,830)	(2,969)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	40,484	-
Drawdown of banker acceptance	1,194	695
Payment of finance lease	(2,841)	2,905
Proceeds of trade financing	-	4,210
Repayment of term loans	<u>(215)</u>	<u>(213)</u>
Net cash from financing activities	38,622	7,597
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>36,897</u>	<u>(798)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING	9,172	3,922
CASH AND CASH EQUIVALENTS AT END	<u><u>46,069</u></u>	<u><u>3,124</u></u>
Represented by:		
Short term funds and fixed deposit with a licensed financial institution	39,880	3
Cash and bank balances	6,189	3,981
Bank overdraft	-	(860)
	<u><u>46,069</u></u>	<u><u>3,124</u></u>

JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)

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

	(Unaudited) Current Year To Date 30.9.17 RM'000	(Unaudited) Preceding Year Corresponding Period 30.9.16 RM'000
* Purchase of property, plant and equipment		
Total acquisition cost	2,382	3,561
Acquired under hire purchase loans	(1,046)	(748)
Total cash acquisition	<u>1,336</u>	<u>2,813</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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.

8. Segmental Information

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

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

	Electronic products RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Segment Revenue				
Revenue from external customers	189,978	149	-	190,127
Inter-segment revenue	23,259	-	(23,259)	-
Total revenue	<u>213,237</u>	<u>149</u>	<u>(23,259)</u>	<u>190,127</u>
Segment Results	32,587	(966)	-	31,621
Interest income				36
Interest expense				(948)
Profit before taxation				30,709
Taxation				(7,303)
Net profit for the period				<u>23,406</u>

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

	Electronic products RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Segment Revenue				
Revenue from external customers	138,051	1,172	(1,171)	138,052
Inter-segment revenue	19,320	-	(19,320)	-
Total revenue	<u>157,371</u>	<u>1,172</u>	<u>(20,491)</u>	<u>138,052</u>
Segment Results	17,996	873	(1,171)	17,698
Interest income				24
Interest expense				(809)
Profit before taxation				16,913
Taxation				(3,719)
Net profit for the period				<u>13,194</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2017**

9. Valuation Of Property, Plant And Equipment

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

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

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

1,200

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

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	Current Year Quarter 30.9.17	Preceding Year Corresponding Quarter 30.9.16	Changes		Current Year To-Date 30.9.17	Preceding Year Corresponding Period 30.9.16	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	60,970	45,073	15,897	35.27%	190,127	138,052	52,075	37.72%
Operating profit	10,173	7,352	2,821	38.37%	31,657	17,722	13,935	78.63%
Profit before tax	9,853	7,051	2,802	39.74%	30,709	16,913	13,796	81.57%
Profit after tax ("PAT")	7,661	5,640	2,021	35.83%	23,406	13,194	10,212	77.40%
Profit attributable to ordinary equity holders of the parent	7,623	5,640	1,983	35.16%	23,361	12,916	10,445	80.87%

For the quarter under review, the Group posted a revenue and PAT of RM60.97 million and RM7.66 million respectively. These represent improvement in revenue and PAT of 35.27% and 35.83% respectively against the corresponding quarter ended 30 Sep 2016 ("FY 2016").

For the nine months period ended 30 Sep 2017, the Group recorded revenue and PAT of RM190.13 million and RM23.41 million respectively, these represent increase of 37.72% in revenue and 77.40% in PAT as compared to the same period a year ago.

The Group continued to achieve commendable financial performance with 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. These were mainly attributable to the favourable demand conditions for automotive LED lighting which contributed to 80% of the Group's total revenue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2017

15. Comparison With Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER			
	30.9.17	30.6.17	Changes	
	RM'000	RM'000	RM'000	%
Revenue	60,970	63,815	(2,845)	-4.46%
Operating profit	10,173	10,791	(618)	-5.73%
Profit before tax	9,853	10,484	(631)	-6.02%
Profit after tax ("PAT")	7,661	7,978	(317)	-3.97%
Profit attributable to ordinary equity holders of the parent	7,623	7,930	(307)	-3.87%

The Group posted revenue and PAT of RM60.97 million and RM7.66 million respectively for the current quarter under review as compared to revenue and PAT of RM63.82 million and RM7.98 million respectively for the immediate preceding quarter.

The decline in revenue was mainly due to worldwide components shortage and extended lead times in the supply chain. Despite of decline in revenue, the commendable financial performance was realized through efficient utilization of resources and with the operations continued to be more efficient than before, the net profit margin is sustained at 12.5%.

16 Statement of Financial Position review

	As at	As at	Changes	
	30.9.17	30.9.16	RM'000	%
	RM'000	RM'000	RM'000	%
Inventories	21,155	24,964	(3,809)	-15.26%
Trade receivables	89,322	49,049	40,272	82.11%

Inventories amounted to RM21.16 million as at 30 Sep 2017, representing a decrease of RM3.81 million or 15.26% as compared to the financial position as at 30 Sep 2016. The average inventory turnover days has reduced from 53 days to 39 days as a result of the continuing efforts of the Group in improving the inventory turnover efficiently.

The trade receivable has increased from RM49.05 million as at 30 Sep 2016 to RM89.32 million as at 30 Sep 2017. The increase was in tandem with the significant growth in the revenue this year coupled with the extended credit term to the customers.

17 Statement of Cash Flow review

	As at	As at	Changes	
	30.9.17	30.9.16	RM'000	%
	RM'000	RM'000	RM'000	%
Net cash generated from operating activities	105	(5,426)	5,531	-101.94%
Net cash used in investing activities	(1,830)	(2,969)	1,139	-38.36%
Net cash used in financing activities	38,622	7,597	31,025	408.38%

The Group's net cash generated from operating activities was improved from negative of RM5.43 million to a positive position of RM0.11 million as compared to last year. This was mainly due to efficiency of inventory management.

The net cash outflow in investing activities was mainly due to the acquisition of a subsidiary in this year as well as acquisition of assets for operation.

The positive cash flow in financing activities was attributable from the private placement which was completed in Aug 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2017

18 Commentary On Prospects

Despite of facing the worldwide shortage of raw materials, particularly the passives, the Group's outlook remains strong and bright with the growing acceptance of LED lamps in automotive market. Barring unforeseen circumstances, the board remains optimistic in continuing to deliver positive performance

19 Profit Forecast Or Profit Guarantee

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

20 Taxation

Taxation comprise the following :

Based on results for the period

- Current taxation

Current Year Quarter 30.9.17 RM'000	Current Year To Date 30.9.17 RM'000
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2,192

7,303

21 Corporate Proposals

Save as below, there was no corporate proposal announced but not completed as at the date of this report.

The Company had on 29 September 2017 make announcement of multiple proposals which included :

- (i) Proposed acquisition of 5,000,000 ordinary share in Mace Instrumentation Sdn Bhd (MISB) representing 100% of the total share capital issued in MISB for a purchase consideration of RM48,000,000.00 ;
- (ii) Proposed split share of every one JHM share into two ordinary shares; and
- (iii) Proposed establishment of an executive share option scheme (ESOS) of up to 30% of Company's issued share capital.

On 17 October 2017, the Board has resolved to revise the Proposed ESOS of up to 30% of Company's issued share capital to up to 10% of Company's issued share capital.

The Company had on 27 October 2017 submitted the listing application in relation to the Proposals to Bursa Securities.

22 Status of Utilisation of Proceeds

Purpose	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation Amount		Explanations (if the deviation is 5% or more)
	RM'000	RM'000		RM'000	%	
i. Working capital	26,299	5,075	6 months	21,224	80.70%	In progress
ii. Repayment of bank borrowing	12,000	1,733	6 months	10,267	85.56%	In progress
iii. Capital expenditure	2,000	1,233	12 months	767	38.35%	In progress
iv. Expenses for the corporate proposal	185	186	Immediate	(1)	-0.54%	Completed
Total	40,484	8,227				

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2017

23 Group Borrowings And Debt Securities

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

	As at 30 September 2017					
	Short term		Long term		Total	
	Foreign '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Finance lease liabilities	-	2,918	-	4,883	-	7,801
Banker acceptance (USD) ^	1,425	6,024	-	-	1,425	6,024
Banker acceptance	-	8,350	-	-	-	8,350
Term Loan	-	312	-	1,958	-	2,270
	1,425	17,604	-	6,841	1,425	24,445

	As at 30 September 2016					
	Short term		Long term		Total	
	Foreign '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Finance lease liabilities	-	3,151	-	6,202	-	9,353
Banker acceptance	-	8,400	-	-	-	8,400
Bank overdraft	-	2,000	-	-	-	2,000
Invoice financing	-	1,000	-	-	-	1,000
Term Loan	-	296	-	2,263	-	2,559
	-	14,847	-	8,465	-	23,312

^ Exchange rate @ RM4.2275/USD

24 Dividend Payable

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

25 Profit before taxation

	Current Year Quarter	Current Year To Date
	RM'000	RM'000
Profit before taxation is derived from after charging/(crediting)	30.9.17	30.9.17
Amortisation	2	2
Depreciation of property, plant and equipment	1,319	4,024
Gain on disposal of property, plant and equipment	(80)	(85)
Interest expense	316	947
Interest income	(10)	(36)
Property, plant and equipment written off	18	114
Realised gain on foreign exchange	(65)	(3,110)
Unrealised loss on foreign exchange	548	2,400

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 September 2017.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2017**

26 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 30.9.17 RM'000	(Audited) As at 31.12.16 RM'000
Total		
-Realised	60,683	47,601
-Unrealised	<u>(1,146)</u>	<u>(1,213)</u>
	61,447	46,388
Less: Consolidation adjustments	<u>(5,657)</u>	<u>(5,189)</u>
Total group	<u><u>55,790</u></u>	<u><u>41,199</u></u>

27 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 30.9.17	Preceding Year Corresponding Quarter 30.9.16	Current Year To Date 30.9.17	Preceding Year Corresponding Period 30.9.16
Net profit attributable to owners of the parent (RM'000)	<u>7,623</u>	<u>5,640</u>	<u>23,361</u>	<u>12,917</u>
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	<u>255,891</u>	<u>123,216</u>	<u>172,951</u>	<u>123,216</u>
Basic Earnings Per Share based on weighted average number of ordinary shares of RM0.10 each in issue (sen)	<u>2.98</u>	<u>4.58</u>	<u>13.51</u>	<u>10.48</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 THIRD QUARTER INTERIM FINANCIAL REPORT --