



**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
31 MARCH 2018**

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JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31.3.18	Quarter	31.3.18	Period
	RM'000	31.3.17	RM'000	31.3.17
		RM'000		RM'000
Revenue	56,461	65,342	56,461	65,342
Cost of sales	<u>(43,919)</u>	<u>(51,330)</u>	<u>(43,919)</u>	<u>(51,330)</u>
Gross profit	12,542	14,012	12,542	14,012
Other operating income	805	2,125	805	2,125
Administrative expenses	<u>(5,883)</u>	<u>(5,444)</u>	<u>(5,883)</u>	<u>(5,444)</u>
Operating profit	7,464	10,693	7,464	10,693
Finance costs	<u>(203)</u>	<u>(321)</u>	<u>(203)</u>	<u>(321)</u>
Profit before tax	7,261	10,372	7,261	10,372
Tax expenses	<u>(1,672)</u>	<u>(2,605)</u>	<u>(1,672)</u>	<u>(2,605)</u>
Total comprehensive income for the period	<u>5,589</u>	<u>7,767</u>	<u>5,589</u>	<u>7,767</u>
Profit attributable to:				
-Owners of the parent	5,700	7,808	5,700	7,808
-Non-controlling interests	<u>(111)</u>	<u>(41)</u>	<u>(111)</u>	<u>(41)</u>
	<u>5,589</u>	<u>7,767</u>	<u>5,589</u>	<u>7,767</u>
Earnings per share attributable to owners of the parent (sen):				
- Basic	<u>1.43</u>	<u>1.53*</u>	<u>1.43</u>	<u>1.53*</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 2017 and the accompanying explanatory notes attached to this report.

* The comparative figures for Earning per share had been restated to reflect the adjustment arising from the bonus issue completed in financial year ended 2017 as well as share split of ratio 2:1 completed in the First Quarter of financial year ending 2018.

JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 31.3.18 RM'000	(Audited) At End of Preceding Financial Year 31.12.17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,638	30,981
Development costs	-	-
Deferred tax assets	108	108
	<u>30,746</u>	<u>31,089</u>
Current assets		
Inventories	21,432	23,548
Trade receivables	75,159	76,796
Other receivables, deposits and prepayments	52,249	2,619
Tax recoverable	261	36
Cash and cash equivalents	50,424	47,330
	<u>199,525</u>	<u>150,329</u>
TOTAL ASSETS	<u>230,271</u>	<u>181,418</u>
EQUITY AND LIABILITIES		
Share capital	113,231	65,231
Retained profits	63,768	58,068
Capital reserve	(277)	(277)
	<u>176,722</u>	<u>123,022</u>
Non controlling interests	1,121	1,232
Total equity	<u>177,843</u>	<u>124,254</u>
Non-current liabilities		
Borrowings	5,751	6,407
Deferred tax liabilities	1,141	789
	<u>6,892</u>	<u>7,196</u>
Current liabilities		
Trade payables	27,311	33,905
Other payables and accruals	5,963	7,436
Borrowings	10,278	6,333
Tax payables	1,984	2,294
	<u>45,536</u>	<u>49,968</u>
Total liabilities	<u>52,428</u>	<u>57,164</u>
TOTAL EQUITY AND LIABILITIES	<u>230,271</u>	<u>181,418</u>

JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 31.3.18 RM'000	(Audited) At End of Preceding Financial Year 31.12.17 RM'000
Net assets per share (RM)	<u>0.32</u>	<u>0.24 *</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 2017 and the accompanying explanatory notes attached to this report.

- * The comparative figures for Net assets per share had been restated to reflect the adjustment arising from the bonus issue completed in financial year ended 2017 as well as share split of ratio 2:1 completed in the First Quarter of financial year ending 2018.

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JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 31.3.18 RM'000	(Unaudited) Preceding Year Corresponding Period 31.3.17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,261	10,372
Adjustments for:		
-Non cash items	2,322	2,666
-Interest expense	205	321
-Interest income	(344)	(8)
Operating profit before working capital changes	9,444	13,351
Decrease/(Increase) in inventories	2,116	(4,041)
Increase in receivables	(664)	(9,901)
(Decrease)/Increase in payables	(8,457)	4,639
Cash generated from operations	2,439	4,048
Net income tax paid	(1,855)	(1,271)
Interest paid	(205)	(321)
Net cash generated from operating activities	379	2,456
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	344	8
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(900)
Proceed from disposal of property, plant and equipment	52	-
Purchase of property, plant and equipment*	(792)	(340)
Net cash used in investing activities	(396)	(1,232)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(685)	(70)
Proceeds of trade financing	3,230	1,557
Repayment of term loans	(135)	(71)
Net cash from financing activities	2,410	1,416
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,393	2,640
CASH AND CASH EQUIVALENTS AT BEGINNING	42,590	9,172
CASH AND CASH EQUIVALENTS AT END	44,983	11,812
Represented by:		
Short term funds with a licensed financial institution	6,725	4,151
Cash and cash equivalents	43,699	7,661
	50,424	11,812
Less: Bank overdraft	(751)	-
Fixed deposits pledged to licensed financial institution	(4,690)	-
	44,983	11,812

JHM CONSOLIDATION BERHAD (COMPANY NO: 686148-A)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 31.3.18 RM'000	(Unaudited) Preceding Year Corresponding Period 31.3.17 RM'000
* Purchase of property, plant and equipment		
Total acquisition cost	1,002	340
Acquired under finance lease	(210)	-
Total cash acquisition	<u><u>792</u></u>	<u><u>340</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 2017 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 2018**

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 2017. 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 2017.

The accounting policies adopted for this Report are consistent with those of the last audited financial statements for the financial year ended 31 December 2017.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2018. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

The Group has not elected for early adoption of the relevant new and revised MFRSs, amendments to MFRSs and Interpretations which have been issued but not yet effective until future periods. The adoption of these Standards when they become effective will have no material impact on the financial statements of the Group.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the FYE 31 December 2017 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 2018

8. Segmental Information

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

Results for the Year-To-Date ended 31 March 2018

	Electronic products RM'000	Investment Holding RM'000	Adjustment RM'000	Total RM'000
Segment Revenue				
Revenue from external customers	56,461	-	-	56,461
Inter-segment revenue	5,966	-	(5,966)	-
Total revenue	<u>62,427</u>	<u>-</u>	<u>(5,966)</u>	<u>56,461</u>
Segment Results				
Interest income	7,371	(367)	118	7,122
Interest expense	26	318	-	344
Profit before tax	(205)	-	-	(205)
Tax expenses	7,192	(49)	118	7,261
Net profit for the period	<u>(1,623)</u>	<u>-</u>	<u>(49)</u>	<u>(1,672)</u>
	<u>5,569</u>	<u>(49)</u>	<u>69</u>	<u>5,589</u>

Results for the Year-To-Date ended 31 March 2017

	Electronic products RM'000	Investment Holding RM'000	Adjustment RM'000	Total RM'000
Segment Revenue				
Revenue from external customers	65,342	-	-	65,342
Inter-segment revenue	8,376	-	(8,376)	-
Total revenue	<u>73,718</u>	<u>-</u>	<u>(8,376)</u>	<u>65,342</u>
Segment Results				
Interest income	10,817	(132)	-	10,685
Interest expense	8	-	-	8
Profit before tax	(321)	-	-	(321)
Tax expenses	10,504	(132)	-	10,372
Net profit for the period	<u>(2,535)</u>	<u>-</u>	<u>(70)</u>	<u>(2,605)</u>
	<u>7,969</u>	<u>(132)</u>	<u>(70)</u>	<u>7,767</u>

9. Valuation of Property, Plant and Equipment

There has been no revaluation of property, plant and equipment during the quarter ended 31 March 2018.

As at 31 March 2018, 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

On 13 February 2018, the Board announced that the Company acquired the remaining 1,000,000 ordinary shares in Morrissey Integrated Dynamics Sdn Bhd, representing 40% equity interest for a total cash consideration of Ringgit Malaysia One Million and Five Hundred Thousand (RM1,500,000.00) only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2018

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 2017.

13. Capital Commitments

Authorised and contracted but not provided for :	RM'000
Purchase of property, plant and equipment	<u>18,930</u>

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

	Current Quarter & Year To-Date 31.03.2018	Preceding Year Corresponding Period 31.03.2017	Changes	
	RM'000	RM'000	RM'000	%
Revenue	56,461	65,342	(8,881)	-13.59%
Operating profit	7,464	10,693	(3,229)	-30.20%
Profit before tax	7,261	10,372	(3,111)	-29.99%
Profit after tax ("PAT")	5,589	7,767	(2,178)	-28.04%
Profit attributable to ordinary equity holders of the parent	5,700	7,808	(2,108)	-27.00%

The Group posted a revenue and PAT of RM56.46 million and RM5.59 million respectively in financial period ended 31 March 2018 ("FPE 2018"). These represent a decline in revenue and PAT of 13.59% and 28.04% respectively compared to the Financial period ended 31 March 2017 ("FPE 2017").

The revenue and PAT were adversely affected due to worldwide components shortage, appreciation of MYR against USD and the recognition of foreign exchange losses of RM1.28 million in the current financial quarter.

15. Comparison With Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER			
	31.3.18	31.12.17 *	Changes	
	RM'000	RM'000	RM'000	%
Revenue	56,461	55,965	496	0.89%
Operating profit	7,464	7,137	327	4.58%
Profit before tax ("PBT")	7,261	6,861	400	5.83%
Profit after tax ("PAT")	5,589	6,189	(600)	-9.69%
Profit attributable to ordinary equity holders of the parent	5,700	6,286	(586)	-9.32%

The Group posted revenue and PAT of RM56.46 million and RM5.59 million respectively for the current quarter under review as compared to revenue and PAT of RM55.97 million and RM6.19 million respectively for the immediate preceding quarter. Despite of appreciation of MYR against USD which affected the Group revenue recognition, the Group continued to achieve commendable financial performance with higher PBT margin at 12.86% for the current quarter as compared to 12.26% for the immediate preceding quarter.

* The 4th Quarter result of financial year ended 2017 has been adjusted based on latest audited financial statement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2018

16. Statement of Financial Position review

	As at 31.3.18	As at 31.3.17	Changes	
	RM'000	RM'000	RM'000	%
Inventories	21,432	24,592	(3,160)	-12.85%
Trade receivables	75,159	76,238	(1,079)	-1.42%

Inventories amounted to RM21.43 million as at 31 March 2018, representing a decrease of RM3.16 million or 12.85% as compared the to financial position as at 31 March 2017. The trade receivable recorded slightly lower of RM75.16 million as at 31 March 2018 as compared to RM76.24 million as at 31 March 2017. The improvement in inventory value was resulted from the effective actions in place to mitigate the world wide passive component shortages.

17. Statement of Cash Flow review

	As at 31.3.18	As at 31.3.17	Changes	
	RM'000	RM'000	RM'000	%
Net cash generated from operating activities	379	2,456	(2,077)	-84.57%
Net cash used in investing activities	(396)	(1,232)	836	-67.86%
Net cash used in financing activities	2,410	1,416	994	70.20%

The Group's net cash generated from operating activities reduced from RM2.46 million in 31 March 2017 to RM0.38 million in 31 March 2018. This was mainly due to higher settlement of payables in the the current period. The net cash outflow in investing activities was mainly due to the acquisition of assets for operation. The positive cash flow in financing activities was attributable from the drawdown of USD trade facilities from bank for the payment in USD to suppliers.

18. Commentary on Prospects

Despite facing the worldwide shortage of passive components, the Group's outlook remains strong and bright with the growing acceptance and higher adoption rate of LED lamps in automotive industry. Barring any unforeseen circumstances, the board remains optimistic in continuing to deliver positive performance in financial year ending 31 December 2018.

19. Profit Forecast or Profit Guarantee

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

20. Tax expenses

Tax expenses comprise the following :

Based on results for the period
- Current tax

Current Year Quarter 31.03.2018 RM'000	Current Year To Date 31.03.2018 RM'000
1,672	1,672

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2018**

21. Corporate Proposals

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

On 21 March 2018, the Company has allotted 32,000,000 new ordinary shares at an issue price at RM1.50 per share for the acquisition of 5,000,0000 ordinary shares in Mace Instrumentation Sdn Bhd ("MISB"). The Board has subsequently announced the completion of the acquisition on 10 April 2018. In this regards, the consideration of RM48,000,000 was captured under other receivables in the Condensed Consolidated Statement of Financial Position.

The Board had on 12 April 2018 announced that the Company intends to seek for shareholders' approval on the Proposed Share Buy-Back Authority at the Thirteenth Annual General Meeting.

22. Status of Utilisation of Proceeds

On 11 August 2017, the Company completed the listing of 15,335,000 new ordinary shares to third party investors through private placement. The placement shares were issued at an issue price of RM2.64 per share and total proceeds of RM40.48 million was received from the said placement. Below are the 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	22,699#	20,946*	12 months#	1,753	7.72%	In progress
ii. Repayment of bank borrowing	12,000	12,000	6 months	-	0.00%	Completed
iii. Capital expenditure	5,600#	2,000	12 months	3,600	64.29%	In progress
· Expenses for the corporate proposal	185	186*	Immediate	(1)	-0.54%	Completed
Total	40,484	35,132				

* The actual expenses for the corporate proposal incurred were higher than the estimated expenses for the corporate proposal by RM1,000. The said variation was adjusted from the amount allocated for working capital requirements.

On 20 April 2018, the Board announced that a revision in the utilisation of part of the proceeds amounting to RM3.6 million allocated for working capital expenditure and an extension of time for the utilisation of the remaining unutilised proceeds allocated to working capital.

23. Group Borrowings And Debt Securities

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

	As at 31 March 2018					
	Short term		Long term		Total	
	Foreign '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Finance lease liabilities	-	2,906	-	3,935	-	6,841
Banker acceptance (USD)*	600	2,317	-	-	600	2,317
Banker acceptance	-	4,000	-	-	-	4,000
Term Loan	-	304	-	1,816	-	2,120
Unsecured:						
Bank overdraft	-	751	-	-	-	751
	600	10,278	-	5,751	600	16,029

* Exchange rate @ RM3.8617/USD

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2018

23. Group Borrowings And Debt Securities (Cont'd)

	As at 31 March 2017					
	Short term		Long term		Total	
	Foreign '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Finance lease liabilities	-	3,778	-	5,748	-	9,526
Banker acceptance (USD)^	1,610	7,158	-	-	1,610	7,158
Banker acceptance	-	8,350	-	-	-	8,350
Term Loan	-	288	-	2,127	-	2,415
	1,610	19,574	-	7,875	1,610	27,449

^ Exchange rate @ RM4.4460/USD

24. Dividend Payable

The Board of Directors has approved a first interim single tier dividend of 0.5 sen per ordinary share, approximate of RM2.788 million for the financial year ending 31 December 2018. The Book Closure and Payment Dates for the aforesaid dividend will be on 6 June 2018 and 20 June 2018 respectively.

25. Profit before tax

Profit before tax is derived from after charging/(crediting)	Current Quarter & Year To Date 31.03.2017 RM'000	Current Quarter & Year To Date 31.03.2018 RM'000	Changes RM'000
Depreciation of property, plant and equipment	1,369	1,291	(78)
Interest expense	321	205	(116)
Interest income	(8)	(344)	(336)
Property, plant and equipment written off	-	3	3
Realised loss / (gain) on foreign exchange	(1,554)	246	1,800
Unrealised loss on foreign exchange	887	1,030	143

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 2018.

26. Disclosures of Realised And Unrealised Profits

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

	(Unaudited) As at 31.3.18 RM'000	(Audited) As at 31.12.17 RM'000
Total		
-Realised	70,358	64,046
-Unrealised	(1,141)	(789)
	69,217	63,257
Less: Consolidation adjustments	(5,449)	(5,189)
Total group	63,768	58,068

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR FIRST QUARTER ENDED 31 MARCH 2018**

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 31.3.18	Preceding Year Corresponding Quarter 31.3.17	Current Year To Date 31.3.18	Preceding Year Corresponding Period 31.3.17
Net profit attributable to owners of the parent (RM'000)	5,700	7,808	5,700	7,808
Weighted average number of ordinary shares issued ('000)	399,964	510,265*	399,964	510,265*
Basic Earnings Per Share based on weighted average number of ordinary shares issued (sen)	1.43	1.53*	1.43	1.53*

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.

* The comparative figures for Earning per share had been restated to reflect the adjustment arising from the bonus issue completed in financial year ended 2017 as well as share split of ratio 2:1 completed in the First Quarter of financial year ending 2018.

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