



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

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
30 JUNE 2020**

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020
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
	30.6.20	30.6.19	30.6.20	30.6.19
	RM'000	RM'000	RM'000	RM'000
Revenue	48,124	62,333	96,661	122,895
Cost of sales	<u>(38,079)</u>	<u>(49,322)</u>	<u>(78,718)</u>	<u>(93,538)</u>
Gross profit	10,045	13,011	17,943	29,357
Other operating income	1,775	342	2,441	1,313
Administrative expenses	<u>(7,101)</u>	<u>(3,533)</u>	<u>(8,749)</u>	<u>(9,212)</u>
Operating profit	4,719	9,820	11,635	21,458
Finance costs	<u>(477)</u>	<u>(452)</u>	<u>(1,021)</u>	<u>(1,013)</u>
Profit before tax	4,242	9,368	10,614	20,445
Tax expenses	<u>(1,505)</u>	<u>(2,174)</u>	<u>(2,589)</u>	<u>(4,863)</u>
Total comprehensive income for the period	<u><u>2,737</u></u>	<u><u>7,194</u></u>	<u><u>8,025</u></u>	<u><u>15,582</u></u>
Profit/(loss) attributable to:				
-Owners of the parent	2,738	7,194	8,026	15,582
-Non-controlling interests ("NCI")	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u><u>2,737</u></u>	<u><u>7,194</u></u>	<u><u>8,025</u></u>	<u><u>15,582</u></u>
Earnings per share attributable to owners of the parent (sen):				
- Basic	<u><u>0.49</u></u>	<u><u>1.29</u></u>	<u><u>1.44</u></u>	<u><u>2.79</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 2019 and the accompanying explanatory notes attached to this report.

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 30.6.20 RM'000	(Audited) At End of Preceding Financial Year 31.12.19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	94,010	88,441
Right-of-use assets	2,797	2,819
Goodwill on Consolidation	21,532	21,532
	<u>118,339</u>	<u>112,792</u>
Current assets		
Inventories	38,479	31,239
Trade receivables	93,671	103,401
Other receivables, deposits and prepayments	4,077	3,774
Tax recoverable	313	158
Cash and cash equivalents	40,502	54,446
	<u>177,042</u>	<u>193,018</u>
TOTAL ASSETS	<u>295,381</u>	<u>305,810</u>
EQUITY AND LIABILITIES		
Share capital	113,231	113,231
Treasury Shares	(768)	-
Retained profits	109,386	104,148
Capital reserve	(15,957)	(15,957)
	<u>205,892</u>	<u>201,422</u>
Non controlling interests	499	-
Total equity	<u>206,391</u>	<u>201,422</u>
Non-current liabilities		
Borrowings	22 32,650	33,682
Lease liabilities	1,514	1,814
Deferred tax liabilities	1,149	1,141
	<u>35,313</u>	<u>36,637</u>
Current liabilities		
Trade payables	22,932	25,394
Contract liabilities	941	251
Other payables and accruals	12,824	14,656
Borrowings	22 15,145	24,547
Lease liabilities	625	672
Refund liabilities	-	83
Tax payables	1,210	2,148
	<u>53,677</u>	<u>67,751</u>
Total liabilities	<u>88,990</u>	<u>104,388</u>
TOTAL EQUITY AND LIABILITIES	<u>295,381</u>	<u>305,810</u>

JHM CONSOLIDATION BERHAD
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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 30.6.20 RM'000	(Audited) At End of Preceding Financial Year 31.12.19 RM'000
Net assets per share (RM)	<u>0.37</u>	<u>0.36</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 2019 and the accompanying explanatory notes attached to this report.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 30.6.20 RM'000	(Unaudited) Preceding Year Corresponding Period 30.6.19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,614	20,445
Adjustments for:		
-Non cash items	2,421	5,214
-Interest expense	967	978
-Interest income	(222)	(684)
Operating profit before working capital changes	13,780	25,953
Decrease/(Increase) in inventories	(6,622)	(6,695)
Increase in receivables	11,939	8,200
(Decrease)/Increase in payables	(4,103)	(11,094)
Cash generated from operations	14,994	16,364
Net income tax paid	(3,666)	(2,444)
Interest paid	(967)	(978)
Net cash generated from operating activities	10,361	12,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	222	684
Proceed from disposal of property, plant and equipment	3	109
Purchase of property, plant and equipment*	(5,551)	(20,511)
Net cash used in investing activities	(5,326)	(19,718)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase loans	(2,554)	(2,087)
Payment of lease liabilities	(401)	(284)
Repayment of trade financing	(10,512)	(3,209)
Repayment of term loans	(1,239)	(496)
Proceeds from issuance of share to NCI of a subsidiary	500	-
Purchase of Treasury shares	(768)	-
Payment of Dividend	(2,788)	(5,576)
Net cash from financing activities	(17,762)	(11,652)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(12,727)	(18,428)
CASH AND CASH EQUIVALENTS AT BEGINNING	45,480	45,236
CASH AND CASH EQUIVALENTS AT END	32,753	26,808
The cash and Cash equivalents are represented by:		
Cash and cash equivalents	40,502	34,036
Less: Fixed deposits pledged to licensed bank	(5,005)	(4,848)
	35,497	29,188
Less: Bank overdraft	(2,744)	(2,380)
	32,753	26,808

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	(Unaudited)
	Current Year	Preceding Year
	To Date	Corresponding
	30.6.20	Period
	RM'000	30.6.19
	RM'000	RM'000
* Purchase of property, plant and equipment		
Total acquisition cost	10,640	20,641
Acquired under finance lease	(5,089)	(130)
Total cash acquisition	<u>5,551</u>	<u>20,511</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 2019 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 2020**

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 2019. 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 2019.

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 2019.

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 2019 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 except that the Company has purchased its equity securities of 966,900 ordinary shares at an average price of RM0.7946 per share including transaction costs. The shares bought back were financed by internally generated funds and held as treasury shares.

7. Dividend Paid

The Company had declared the fourth interim single tier dividend of 0.5 cents per share amounting to RM2,788,000 in respect of the financial year ended 31 December 2019 which was paid on 31 March 2020.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2020**

8. Segmental Information

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

Results for the Year-To-Date ended 30 June 2020

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	54,051	42,080	170	360	-	96,661
Inter-segment revenue	7,207	710	-	257	(8,174)	-
Total revenue	<u>61,258</u>	<u>42,790</u>	<u>170</u>	<u>617</u>	<u>(8,174)</u>	<u>96,661</u>
Segment Results	8,540	4,221	(975)	(373)	-	11,413
Interest income						222
Interest expense						(1,021)
Profit before tax						<u>10,614</u>
Tax expenses						(2,589)
Net profit for the period						<u>8,025</u>

Results for the Year-To-Date ended 30 June 2019

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	82,339	39,815	115	626	-	122,895
Inter-segment revenue	7,950	1,146	-	-	(9,096)	-
Total revenue	<u>90,289</u>	<u>40,961</u>	<u>115</u>	<u>626</u>	<u>(9,096)</u>	<u>122,895</u>
Segment Results	18,053	3,840	(794)	(360)		20,739
Interest income						684
Interest expense						(978)
Profit before tax						<u>20,445</u>
Tax expenses						(4,863)
Net profit for the period						<u>15,582</u>

9. Valuation of Property, Plant and Equipment

There has been no revaluation of property, plant and equipment during the quarter ended 30 June 2020.

As at 30 June 2020, 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 SECOND QUARTER ENDED 30 JUNE 2020**

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 2019.

13. Capital Commitments

Authorised and contracted but not provided for :

RM'000

Purchase of property, plant and equipment

14,500

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

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	Current Year Quarter 30.6.20	Preceding Year Corresponding Quarter 30.6.19	Changes		Current Year To-Date 30.6.20	Preceding Year Corresponding Period 30.6.19	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	48,124	62,333	(14,209)	-22.80%	96,661	122,895	(26,234)	-21.35%
Operating profit	4,719	9,820	(5,101)	-51.95%	11,635	21,458	(9,823)	-45.78%
Profit before tax	4,242	9,368	(5,126)	-54.72%	10,614	20,445	(9,831)	-48.09%
Profit after tax ("PAT")	2,737	7,194	(4,457)	-61.95%	8,025	15,582	(7,557)	-48.50%
Profit attributable to ordinary equity holders of the parent	2,738	7,194	(4,456)	-61.94%	8,026	15,582	(7,556)	-48.49%

For the quarter under review, the Group posted a revenue and PAT of RM48.12 million and RM2.74 million respectively. These represent a decline in revenue and PAT of 22.80% and 61.95% respectively compared to the corresponding quarter ended 30 June 2019. For the six months period ended 30 June 2020, the Group recorded revenue and PAT of RM96.66 million and RM8.03 million respectively, these represent a decline of 21.35% in revenue and 48.50% in PAT as compared to the same period a year ago.

Lower revenue coupled by the unabsorbed overheads during the Movement Control Order ("MCO") that implemented by Malaysia government on 18 March 2020 in response to the COVID-19 pandemic has resulted in lower PAT for the period under review as compared to the corresponding period last year.

15. Comparison With Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER			
	30.6.20	31.3.2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	48,124	48,537	(413)	-0.85%
Operating profit	4,719	6,916	(2,197)	-31.77%
Profit before tax ("PBT")	4,242	6,372	(2,130)	-33.43%
Profit after tax ("PAT")	2,737	5,288	(2,551)	-48.24%
Profit attributable to ordinary equity holders of the parent	2,738	5,288	(2,550)	-48.22%

The Group posted revenue and PAT of RM48.12 million and RM2.74 million respectively for the current quarter under review as compared to the revenue and PAT of RM48.54 million and RM5.29 million respectively for the immediate preceding quarter. The higher PAT in the immediate preceding quarter was mainly due to recognition of unrealised foreign exchange gain of RM3.77 million as compared to RM1.30 million of unrealised foreign exchange loss for the period under review.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2020**

16. Statement of Financial Position review

	As at		Changes	
	30.6.20	31.12.19		
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	94,010	88,441	5,569	6.30%
Borrowings	47,795	58,229	(10,434)	-17.92%

Property, plant and equipment

The increase was mainly due to the capital expenditure incurred for both automotive and industrial segment.

Borrowings

Total borrowing recorded 17.92% decrease mainly due to settlement of short term borrowing by using internal generated fund.

17. Statement of Cash Flow review

	As at		Changes	
	30.6.20	30.6.19		
	RM'000	RM'000	RM'000	%
Net cash generated from operating activities	10,361	12,942	(2,581)	-19.94%
Net cash used in investing activities	(5,326)	(19,718)	14,392	-72.99%
Net cash used in financing activities	(17,762)	(11,652)	(6,110)	52.44%

Operating activities

The Group's net cash generated from operating activities had reduced from RM12.94 million for financial period ended ("FPE") 2019 to RM10.36 million for FPE 2020. This was mainly due to lower revenue generated for FPE 2020.

Investing activities

Higher net cash outflow in investing activities for FPE 2019 was mainly due to the acquisition of property located at Kulim of RM16.6 million.

Financing activities

Higher negative cash flow in financing activities for FPE 2020 was mainly attributable from the settlement of trade financing of RM10.51 million.

18. Commentary on Prospects

The Covid-19 outbreak has caused some disruptions on the Group's business operations and raw materials supply chain which in turn affected the Group's financial performance mainly in the first half of this financial year. However, barring unforeseen circumstances, we remain optimistic for the period ahead as we have seen the demand in automotive and industrial segment has rebounded as economic sectors globally reopened.

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 2020**

20. Tax expenses

Current Year	Current Year
Quarter	To Date
30.6.20	30.6.20
RM'000	RM'000

Tax expenses comprise the following :

Based on results for the period
- Current tax

	1,505	2,589
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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 31 December 2019 announced the following proposals:

- (i) proposed transfer of the listing of and quotation for the entire issued share capital of JHM from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer"); and
- (ii) proposed amendments to the Constitution of JHM to facilitate the implementation of the Proposed Transfer ("Proposed Amendments")

The Company had on 3 June 2020 announced to seek shareholders' approval on the Proposed Amendments at the forthcoming Annual General Meeting and the said proposal has granted approval from the shareholders on 26 August 2020.

The Company had on 29 June 2020 submitted the application in relation to the Proposed Transfer to the Securities Commission.

22. Group Borrowings And Debt Securities

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

	As at 30 June 2020					
	Short term		Long term		Total	
	Foreign '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Hire purchase loans *	-	5,970	-	14,522	-	20,492
Banker acceptance	-	2,280	-	-	-	2,280
Term Loan	-	3,701	-	18,578	-	22,279
Unsecured:						
Bank overdraft	-	2,744	-	-	-	2,744
	-	14,695	-	33,100	-	47,795

	As at 30 June 2019					
	Short term		Long term		Total	
	Foreign '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Hire purchase loans *	-	5,319	-	12,731	-	18,050
Banker acceptance	-	1,214	-	-	-	1,214
Term Loan	-	4,388	-	11,338	-	15,726
Unsecured:						
Bank overdraft	-	2,380	-	-	-	2,380
	-	13,301	-	24,069	-	37,370

* In the previous quarterly financial report, this was discribed as finance lease liabilities.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2020**

23. Dividend Payable

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

24. Profit before tax

Profit before tax is derived from after charging/(crediting)	Current Quarter 30.6.20 RM'000	Year To Date 30.6.20 RM'000	Year To Date 30.6.19 RM'000
Depreciation of property, plant and equipment	2,583	5,064	4,328
Depreciation of right-of-use assets	206	405	-
Gain on disposal of property, plant and equipment	-	(2)	(68)
Interest expense	451	967	978
Interest expense on lease liabilities	25	53	-
Interest income	(97)	(222)	(684)
Property, plant and equipment written off	-	-	9
Realised loss / (gain) on foreign exchange	(1,138)	(950)	(1,213)
Unrealised loss / (gain) on foreign exchange	1,299	(2,472)	653

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 2020.

25. 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 30.6.20	Preceding Year Corresponding Quarter 30.6.19	Current Year To Date 30.6.20	Preceding Year Corresponding Period 30.6.19
Net profit attributable to owners of the parent (RM'000)	<u>2,738</u>	<u>7,194</u>	<u>8,026</u>	<u>15,582</u>
Weighted average number of ordinary shares issued ('000)	<u>557,600</u>	<u>557,600</u>	<u>557,600</u>	<u>557,600</u>
Basic Earnings Per Share based on weighted average number of ordinary shares issued (sen)	<u>0.49</u>	<u>1.29</u>	<u>1.44</u>	<u>2.79</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 --