



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

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
30 JUNE 2021**

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2021
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
	30.6.21	30.6.20	30.6.21	30.6.20
	RM'000	RM'000	RM'000	RM'000
Revenue	69,738	48,124	142,592	96,661
Cost of sales	<u>(57,627)</u>	<u>(38,079)</u>	<u>(115,538)</u>	<u>(78,718)</u>
Gross profit	12,111	10,045	27,054	17,943
Other operating income	6,875	1,775	7,572	2,441
Administrative expenses	<u>(7,115)</u>	<u>(7,101)</u>	<u>(11,375)</u>	<u>(8,749)</u>
Operating profit	11,871	4,719	23,251	11,635
Finance costs	<u>(515)</u>	<u>(477)</u>	<u>(1,033)</u>	<u>(1,021)</u>
Profit before tax	11,356	4,242	22,218	10,614
Tax expenses	<u>(2,036)</u>	<u>(1,505)</u>	<u>(3,889)</u>	<u>(2,589)</u>
Total comprehensive income for the period	<u>9,320</u>	<u>2,737</u>	<u>18,329</u>	<u>8,025</u>
Profit/(loss) attributable to:				
-Owners of the parent	9,321	2,738	18,330	8,026
-Non-controlling interests ("NCI")	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
	<u>9,320</u>	<u>2,737</u>	<u>18,329</u>	<u>8,025</u>
Earnings per share attributable to owners of the parent (sen):				
- Basic	<u>1.67</u>	<u>0.49</u>	<u>3.29</u>	<u>1.44</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 2020 and the accompanying explanatory notes attached to this report.

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2021
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 30.6.21 RM'000	(Audited) At End of Preceding Financial Year 31.12.20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	102,736	101,105
Right-of-use assets	2,633	3,416
Goodwill on Consolidation	21,532	21,532
	<u>126,901</u>	<u>126,053</u>
Current assets		
Inventories	46,336	34,578
Trade receivables	101,923	130,975
Other receivables, deposits and prepayments	10,075	5,791
Tax recoverable	643	2,012
Cash and cash equivalents	59,385	30,745
	<u>218,362</u>	<u>204,101</u>
Non-current assets held for sale	-	5,096
	<u>218,362</u>	<u>209,197</u>
TOTAL ASSETS	<u>345,263</u>	<u>335,250</u>
EQUITY AND LIABILITIES		
Share capital	113,231	113,231
Retained profits	136,208	120,666
Capital reserve	(15,957)	(15,957)
	<u>233,482</u>	<u>217,940</u>
Non controlling interests	498	499
Total equity	<u>233,980</u>	<u>218,439</u>
Non-current liabilities		
Borrowings	22 37,689	32,738
Lease liabilities	2,339	2,515
Deferred tax liabilities	2,027	2,014
	<u>42,055</u>	<u>37,267</u>
Current liabilities		
Trade payables	40,838	32,211
Other payables and accruals	12,797	22,881
Borrowings	22 15,070	22,000
Lease liabilities	523	687
Refund liabilities	-	196
Tax payables	-	1,569
	<u>69,228</u>	<u>79,544</u>
Total liabilities	<u>111,283</u>	<u>116,811</u>
TOTAL EQUITY AND LIABILITIES	<u>345,263</u>	<u>335,250</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2021
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) At End of Current Year to Date 30.6.21 RM'000	(Audited) At End of Preceding Financial Year 31.12.20 RM'000
Net assets per share (RM)	<u>0.42</u>	<u>0.39</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 2020 and the accompanying explanatory notes attached to this report.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	----- Attributable to the owners of the parent -----				Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Retained Profits RM'000			
Balance as at 1 January 2021	113,231	-	(15,957)	120,666	217,940	499	218,439
Total comprehensive income for the period	-	-	-	18,330	18,330	(1)	18,329
<i>Transaction with owners:</i>							
Dividend Paid	-	-	-	(2,788)	(2,788)	-	(2,788)
Balance as at 30 June 2021	<u>113,231</u>	<u>-</u>	<u>(15,957)</u>	<u>136,208</u>	<u>233,482</u>	<u>498</u>	<u>233,980</u>
Balance as at 1 January 2020	113,231	-	(15,957)	104,148	201,422	-	201,422
Total comprehensive income for the period	-	-	-	8,026	8,026	(1)	8,025
<i>Transaction with owners:</i>							
Issuance of share to Non-controlling interest of a subsidiary						500	500
Purchase of Treasury Shares		(768)			(768)		(768)
Dividend Paid	-	-	-	(2,788)	(2,788)	-	(2,788)
Balance as at 30 June 2020	<u>113,231</u>	<u>(768)</u>	<u>(15,957)</u>	<u>109,386</u>	<u>205,892</u>	<u>499</u>	<u>206,391</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 2020 and the accompanying explanatory notes attached to this report.

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2021
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) Current Year To Date 30.6.21 RM'000	(Unaudited) Preceding Year Corresponding Period 30.6.20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,218	10,614
Adjustments for:		
-Non cash items	(1,949)	2,421
-Interest expense	970	967
-Interest income	(116)	(222)
Operating profit before working capital changes	21,123	13,780
Decrease/(Increase) in inventories	(11,345)	(6,622)
Increase in receivables	31,724	11,939
(Decrease)/Increase in payables	(2,832)	(4,103)
Cash generated from operations	38,670	14,994
Net income tax paid	(4,095)	(3,666)
Interest paid	(970)	(967)
Net cash generated from operating activities	33,605	10,361
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	116	222
Proceed from disposal of property, plant and equipment	7,842	3
Purchase of property, plant and equipment*	(7,954)	(5,551)
Net cash used in investing activities	4	(5,326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase loans	(3,613)	(2,554)
Payment of lease liabilities	(404)	(401)
Repayment of trade financing	(8,564)	(10,512)
Drawdown / (Repayment) of term loans	11,204	(1,239)
Proceeds from issuance of share to NCI of a subsidiary	-	500
Purchase of Treasury shares	-	(768)
Payment of Dividend	(2,788)	(2,788)
Net cash from financing activities	(4,165)	(17,762)
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,444	(12,727)
CASH AND CASH EQUIVALENTS AT BEGINNING	21,805	45,480
CASH AND CASH EQUIVALENTS AT END	51,249	32,753
The cash and Cash equivalents are represented by:		
Cash and cash equivalents	59,385	40,502
Less: Fixed deposits pledged to licensed bank	(8,136)	(5,005)
	51,249	35,497
Less: Bank overdraft	-	(2,744)
	51,249	32,753

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2021
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	(Unaudited)
	Current Year	Preceding Year
	To Date	Corresponding
	30.6.21	Period
	RM'000	30.6.20
	RM'000	RM'000
* Purchase of property, plant and equipment		
Total acquisition cost	7,954	10,640
Acquired under finance lease	-	(5,089)
Total cash acquisition	<u>7,954</u>	<u>5,551</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 2020 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 2021**

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 2020. 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 2020.

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 2020.

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 2020 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

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 2020 which was paid on 31 March 2021.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2021**

8. Segmental Information

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

Results for the Year-To-Date ended 30 June 2021

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	88,558	53,814	37	183	-	142,592
Inter-segment revenue	11,040	1,341	-	3,641	(16,022)	-
Total revenue	<u>99,598</u>	<u>55,155</u>	<u>37</u>	<u>3,824</u>	<u>(16,022)</u>	<u>142,592</u>
Segment Results	17,430	6,303	22	(620)	-	23,135
Interest income						116
Interest expense						(1,033)
Profit before tax						22,218
Tax expenses						(3,889)
Net profit for the period						<u>18,329</u>

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						10,614
Tax expenses						(2,589)
Net profit for the period						<u>8,025</u>

9. Valuation of Property, Plant and Equipment

There has been no revaluation of property, plant and equipment during the quarter ended 30 June 2021.

As at 30 June 2021, 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

Save for the events below, there were no changes in the composition of the Group for the current quarter under review.

- i) On 4 February 2021, the Company had incorporated a new subsidiary by the name of Mace Hermetic Components Sdn. Bhd. The intended principal activity of the subsidiary is to design, manufacture and testing for enclosures, connectors and terminals with hermetic joints of metal-to-metal, glass-to-metal and ceramic-to-metal.
- ii) Further to the Memorandum of Understanding signed between Mass Precision Inc. on 15 October 2020, a joint venture company by the name of Mass Precision Sdn Bhd ("MPSB") has been incorporated on 10 February 2021. MPSB is an associate company of JHM with the equity shareholding of 30%.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2021**

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 2021.

13. Capital Commitments

Authorised and contracted but not provided for :

RM'000

Purchase of property, plant and equipment

30,750

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

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	Current Year Quarter 30.6.21	Preceding Year Corresponding Quarter 30.6.20	Changes		Current Year To-Date 30.6.21	Preceding Year Corresponding Period 30.6.20	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	69,738	48,124	21,614	44.91%	142,592	96,661	45,931	47.52%
Operating profit	11,871	4,719	7,152	151.56%	23,251	11,635	11,616	99.84%
Profit before tax	11,356	4,242	7,114	167.70%	22,218	10,614	11,604	109.33%
Profit after tax ("PAT")	9,320	2,737	6,583	240.52%	18,329	8,025	10,304	128.40%
Profit attributable to ordinary equity holders of the parent	9,321	2,738	6,583	240.43%	18,330	8,026	10,304	128.38%

For the quarter under review, the Group posted a revenue and PAT of RM69.74 million and RM9.32 million respectively. These represent an increase of 44.91% and 240.52% in revenue and PAT respectively compared to the corresponding quarter ended 30 June 2020. The 240.52% increase in PAT was mainly due to the increase in revenue as well as other operating income. Included in the other operating income was the shortfall amount of RM3.46 million received from profit guaranteed as explained in Note 19 and the recognition gain from the disposal of leasehold land of RM2.74 million.

For the six months period ended 30 June 2021, the Group recorded revenue and PAT of RM142.59 million and RM18.33 million respectively, these represent an increase of 47.52% in revenue and 128.40% in PAT as compared to the same period a year ago.

The Group's commendable year to date financial performance was attributed to higher sales volume mainly in automotive segment and the increase in PAT was in tandem with the increase in revenue as well as higher other operating income.

15. Comparison With Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER			
	30.6.21	31.3.21	Changes	
	RM'000	RM'000	RM'000	%
Revenue	69,738	73,320	(3,582)	-4.89%
Operating profit	11,871	11,380	491	4.31%
Profit before tax ("PBT")	11,356	10,862	494	4.55%
Profit after tax ("PAT")	9,320	9,009	311	3.45%
Profit attributable to ordinary equity holders of the parent	9,321	9,009	312	3.46%

The Group posted revenue and PAT of RM69.74 million and RM9.32 million respectively for the current quarter under review as compared to the revenue and PAT of RM73.32 million and RM9.10 million respectively for the immediate preceding quarter. Despite of workforce restriction imposed by the Government during the full lockdown ("MCO 3.0") in June 2021, the Group was able to maintain the turnover at RM69.74 million. However, higher PAT recorded mainly derived from other operating income coupled with lower realised loss on foreign exchange of RM0.06 million recorded in current quarter.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2021**

16. Statement of Financial Position review

	As at	As at	Changes	
	30.6.21	31.12.20		
	RM'000	RM'000	RM'000	RM'000
Inventories	46,336	34,578	11,758	34.00%
Non-current assets held for sale	-	5,096	(5,096)	-100.00%

Inventories

The inventories was increased from RM34.58 million as at 31 December 2020 to RM46.34 million as at 30 June 2021. The increase was mainly due to the raw materials purchased to support the critical newly secured EV projects.

Non-current assets held for sale

A wholly owned subsidiary of JHM had finalised the disposal of two (2) pieces of leasehold land with carrying amount of RM5.10 million in FYE2020 and the disposal was completed in FPE 2021.

17. Statement of Cash Flow review

	As at	As at	Changes	
	30.6.21	30.6.20		
	RM'000	RM'000	RM'000	%
Net cash generated from operating activities	33,605	10,361	23,244	224.34%
Net cash used in investing activities	4	(5,326)	5,330	-100.08%
Net cash used in financing activities	(4,165)	(17,762)	13,597	-76.55%

Operating activities

The Group's net cash generated from operating activities had improved from RM10.36 million for FPE 2020 to RM33.61 million for FPE 2021. This was mainly due to the collection from customers.

Investing activities

Positive net cash in investing activities for FPE 2021 was mainly due to the proceeds received from the disposal of two (2) pieces of leasehold land of RM7.84 million.

Financing activities

The lower net cash outflow in financing activities was mainly attributable from the offset of term loan drawdown during the FPE 2021.

18. Commentary on Prospects

Market conditions are expected to be volatile due to concerns over uncertainties in global economic recovery from the impact of Covid-19 pandemic. Despite this, the Group's outlook remains resilient and is continuing with the business expansion plans to support new customers from automotive as well as industrial segments.

Barring any unforeseen circumstances, the Board believes that the Group's prospects in the current financial year ending 31 December 2021 remains positive.

19. Profit Forecast or Profit Guarantee

JHM had on 28 September 2017 entered into the conditional share sale agreement ("SSA") with Ong Hock Seong, Chan Huai Leng and Tan Land Ghee (collectively referred to as "Vendors") for the acquisition of the 100% of the total issued shares in Mace Instrumentation Sdn Bhd ("MISB"). Pursuant to the terms and conditions of the SSA, the Vendors unconditionally and irrecoverably guarantee that the aggregate audited net profit after tax in respect of MISB for financial year ended 31 December 2018, 31 December 2019 and 31 December 2020 ("Aggregated Audited PAT") shall be RM21,000,000 ("Profit Guarantee").

As the Aggregated Audited PAT was recorded at RM17,536,206, there is a shortfall of RM3,463,794 ("Shortfall Amount") in the profit guarantee provided by the Vendors. Therefore, JHM had on 28 May 2021 requested the Vendors to pay the Shortfall Amount within fourteen (14) business days from 28 May 2021 to MISB.

MISB had received the Shortfall Amount from the Vendors and it was taken into the current quarter financial report.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2021**

20. Tax expenses

Current Year	Current Year
Quarter	To Date
30.6.21	30.6.21
RM'000	RM'000

Tax expenses comprise the following :

Based on results for the period
- Current tax

2,036	3,889
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21. Corporate Proposals

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

22. Group Borrowings And Debt Securities

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

	As at 30 June 2021					
	Short term		Long term		Total	
	Foreign * '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Hire purchase loans	-	5,970	-	11,250	-	17,220
Banker acceptance	-	2,619	-	-	-	2,619
Term Loan	2,340	4,141	10,309	16,130	12,649	20,271
Unsecured:						
Bank overdraft	-		-	-	-	-
	2,340	12,730	-	27,380	12,649	40,110

* Exchange rate @ RM4.1520/USD

	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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SECOND QUARTER ENDED 30 JUNE 2021**

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 30.6.21 RM'000	Year To Date 30.6.21 RM'000	Year To Date 30.6.20 RM'000
Depreciation of property, plant and equipment	3,229	6,320	5,064
Depreciation of right-of-use assets	176	350	405
Gain on disposal of property, plant and equipment	(2,745)	(2,743)	(2)
Interest expense	485	970	967
Interest expense on lease liabilities	31	64	53
Interest income	(70)	(116)	(222)
Property, plant and equipment written off	-	-	-
Realised loss / (gain) on foreign exchange	63	3,015	(950)
Unrealised loss / (gain) on foreign exchange	(294)	(5,580)	(2,472)

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 2021.

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 30.6.21	Preceding Year Corresponding Quarter 30.6.20	Current Year To Date 30.6.21	Preceding Year Corresponding Period 30.6.20
Net profit attributable to owners of the parent (RM'000)	<u>9,321</u>	<u>2,738</u>	<u>18,330</u>	<u>8,026</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>1.67</u>	<u>0.49</u>	<u>3.29</u>	<u>1.44</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 --