



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

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022**

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
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
	30.9.22	30.9.21	30.9.22	30.9.21
	RM'000	RM'000	RM'000	RM'000
Revenue	75,839	59,217	268,994	201,809
Cost of sales	<u>(64,033)</u>	<u>(50,494)</u>	<u>(222,205)</u>	<u>(166,032)</u>
Gross profit	11,806	8,723	46,789	35,777
Other operating income	2,757	997	4,768	8,569
Administrative expenses	<u>(5,850)</u>	<u>(4,923)</u>	<u>(16,334)</u>	<u>(16,298)</u>
Operating profit	8,713	4,797	35,223	28,048
Finance costs	(865)	(485)	(2,135)	(1,518)
Share of loss of associated company	<u>(750)</u>	<u>(34)</u>	<u>(1,174)</u>	<u>(34)</u>
Profit before tax	7,098	4,278	31,914	26,496
Tax expenses	<u>(6,368)</u>	<u>(1,059)</u>	<u>(12,108)</u>	<u>(4,948)</u>
Total comprehensive income for the period	<u><u>730</u></u>	<u><u>3,219</u></u>	<u><u>19,806</u></u>	<u><u>21,548</u></u>
Profit/(loss) attributable to:				
-Owners of the parent	930	3,249	20,359	21,579
-Non-controlling interests ("NCI")	<u>(200)</u>	<u>(30)</u>	<u>(553)</u>	<u>(31)</u>
	<u><u>730</u></u>	<u><u>3,219</u></u>	<u><u>19,806</u></u>	<u><u>21,548</u></u>
Earnings per share attributable to owners of the parent (sen):				
- Basic	<u><u>0.17</u></u>	<u><u>0.58</u></u>	<u><u>3.65</u></u>	<u><u>3.87</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 2021 and the accompanying explanatory notes attached to this report.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	(Unaudited) At End of Current Year to Date 30.9.22 RM'000	(Audited) At End of Preceding Financial Year 31.12.21 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		149,469	126,803
Right-of-use assets		1,667	2,171
Investment in associated companies		-	1,241
Goodwill on Consolidation		21,532	21,532
		<u>172,668</u>	<u>151,747</u>
Current assets			
Inventories		82,646	70,735
Trade receivables		167,964	126,486
Other receivables, deposits and prepayments		4,220	7,909
Tax recoverable		3,004	4,359
Cash and cash equivalents		18,509	46,620
		<u>276,343</u>	<u>256,109</u>
TOTAL ASSETS		<u>449,011</u>	<u>407,856</u>
EQUITY AND LIABILITIES			
Share capital		113,231	113,231
Retained profits		172,611	152,252
Capital reserve		(15,957)	(15,957)
		<u>269,885</u>	<u>249,526</u>
Non controlling interests		384	312
Total equity		<u>270,269</u>	<u>249,838</u>
Non-current liabilities			
Borrowings	22	53,944	54,247
Lease liabilities		1,092	1,466
Deferred tax liabilities		4,642	4,620
		<u>59,678</u>	<u>60,333</u>
Current liabilities			
Trade payables		54,894	53,241
Other payables and accruals		20,479	17,073
Refund liabilities		-	280
Borrowings	22	32,158	24,434
Lease liabilities		496	571
Contract liabilities		97	
Tax payables		10,940	2,086
		<u>119,064</u>	<u>97,685</u>
Total liabilities		<u>178,742</u>	<u>158,018</u>
TOTAL EQUITY AND LIABILITIES		<u>449,011</u>	<u>407,856</u>

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) At End of Current Year to Date 30.9.22 RM'000	(Audited) At End of Preceding Financial Year 31.12.21 RM'000
Net assets per share (RM)	<u>0.48</u>	<u>0.45</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 2021 and the accompanying explanatory notes attached to this report.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
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 2022	113,231	-	(15,957)	152,252	249,526	312	249,838
Total comprehensive income for the period	-	-	-	20,359	20,359	(553)	19,806
<i>Transaction with owners:</i>							
Issuance of share to Non-controlling interest of a subsidiary	-	-	-	-	-	625	625
Balance as at 30 September 2022	113,231	-	(15,957)	172,611	269,885	384	270,269
Balance as at 1 January 2021	113,231	-	(15,957)	120,666	217,940	499	218,439
Total comprehensive income for the period	-	-	-	21,579	21,579	(31)	21,548
<i>Transaction with owners:</i>							
Dividend Paid	-	-	-	(2,788)	(2,788)	-	(2,788)
Balance as at 30 September 2021	113,231	-	(15,957)	139,457	236,731	468	237,199

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 2021 and the accompanying explanatory notes attached to this report.

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Current Year To Date 30.9.22 RM'000	(Unaudited) Preceding Year Corresponding Period 30.9.21 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	31,914	26,496
Adjustments for:		
-Non cash items	3,394	1,655
-Interest expense	2,075	1,425
-Interest income	(121)	(194)
Operating profit before working capital changes	37,262	29,382
Decrease/(Increase) in inventories	(11,457)	(26,956)
Increase in receivables	(25,939)	31,092
(Decrease)/Increase in payables	1,759	(6,249)
Cash generated from operations	1,625	27,269
Net income tax paid	(1,875)	(5,777)
Interest paid	(2,075)	(1,425)
Net cash generated from operating activities	(2,325)	20,067
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	121	194
Proceeds from disposal of associated company	800	-
Investment in associated companies	(750)	(1,550)
Proceeds from issuance of shares to non-controlling interest of subsidiary	625	-
Proceed from disposal of property, plant and equipment	167	7,842
Purchase of property, plant and equipment*	(25,872)	(20,575)
Net cash used in investing activities	(24,909)	(14,089)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase loans	(4,208)	(3,977)
Payment of lease liabilities	(509)	(591)
Repayment of trade financing	6,173	(3,376)
Drawdown / (Repayment) of term loans	(2,833)	8,702
Payment of Dividend	-	(2,788)
Net cash from financing activities	(1,377)	(2,030)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(28,611)	3,948
CASH AND CASH EQUIVALENTS AT BEGINNING	38,348	21,805
CASH AND CASH EQUIVALENTS AT END	9,737	25,753
The cash and Cash equivalents are represented by:		
Cash and cash equivalents	18,509	37,345
Less: Fixed deposits pledged to licensed bank	(8,772)	(8,136)
	9,737	29,209
Less: Bank overdraft	-	(3,456)
	9,737	25,753

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UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)	(Unaudited)
	Current Year	Preceding Year
	To Date	Corresponding
	30.9.22	Period
	RM'000	30.9.21
		RM'000
* Purchase of property, plant and equipment		
Total acquisition cost	33,449	20,575
Acquired under finance lease	(7,577)	-
Total cash acquisition	<u>25,872</u>	<u>20,575</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 2021 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 2022**

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 2021. 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 2021.

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 2021.

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 2021 were not subject to any audit qualification.

3. Seasonality or Cyclical 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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**

8. Segmental Information

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

Results for the Year-To-Date ended 30 September 2022

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	169,169	99,778	23	24	-	268,994
Inter-segment revenue	22,872	1,483	-	7,287	(31,642)	-
Total revenue	<u>192,041</u>	<u>101,261</u>	<u>23</u>	<u>7,311</u>	<u>(31,642)</u>	<u>268,994</u>
Segment Results	29,111	7,161	(38)	(1,132)	-	35,102
Interest income						121
Interest expense						(2,135)
Share of loss of associated companies						(1,174)
Profit before tax						<u>31,914</u>
Tax expenses						(12,108)
Net profit for the period						<u>19,806</u>

Results for the Year-To-Date ended 30 September 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	119,434	82,085	76	214	-	201,809
Inter-segment revenue	17,986	2,341	-	3,962	(24,289)	-
Total revenue	<u>137,420</u>	<u>84,426</u>	<u>76</u>	<u>4,176</u>	<u>(24,289)</u>	<u>201,809</u>
Segment Results	21,112	7,543	45	(846)	-	27,854
Interest income						194
Interest expense						(1,518)
Share of loss of associated companies						(34)
Profit before tax						<u>26,496</u>
Tax expenses						(4,948)
Net profit for the period						<u>21,548</u>

9. Valuation of Property, Plant and Equipment

There has been no revaluation of property, plant and equipment during the quarter ended 30 September 2022.

As at 30 September 2022, 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

There were no changes in the composition of the Group for the current quarter under review except the Company has disposed of its associate company, namely Skywoo Manufacturing Sdn Bdn's equity for a consideration of RM800,004 on 18 May 2022.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022**

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

18,500

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

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	Current Year Quarter 30.9.22	Preceding Year Corresponding Quarter 30.9.21	Changes		Current Year To-Date 30.9.22	Preceding Year Corresponding Period 30.9.21	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	75,839	59,217	16,622	28.07%	268,994	201,809	67,185	33.29%
Operating profit	8,713	4,797	3,916	81.63%	35,223	28,048	7,175	25.58%
Profit before tax ("PBT")	7,098	4,278	2,820	65.92%	31,914	26,496	5,418	20.45%
Profit after tax ("PAT")	730	3,219	(2,489)	-77.32%	19,806	21,548	(1,742)	-8.08%
Profit attributable to ordinary equity holders of the parent	930	3,249	(2,319)	-71.38%	20,359	21,579	(1,220)	-5.65%

For the quarter under review, the Group posted a revenue and PBT of RM75.84 million and RM7.10 million respectively. These represent an increase of 28.07% in revenue and 65.92% in PBT as compared to the corresponding quarter ended 30 September 2021.

For the nine months period ended 30 September 2022, the Group recorded revenue and PBT of RM268.99 million and RM31.91 million respectively, these represent an increase of 33.29% in revenue and 20.45% in PBT as compared to the same period a year ago.

Lower PAT for the year-to-date was mainly due to the recognisation of forex loss amounting to RM3.20 million which was derived from translation loss (no cashflow impact) of US Dollar denominated loans and the provision for additional tax of RM4.89 million raised by the Inland Revenue Board of Malaysia for the year of assessments 2018 and 2019 as per announcement made on 22 November 2022.

15. Comparison With Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER			
	30.9.22	30.6.22	Changes	
	RM'000	RM'000	RM'000	%
Revenue	75,839	93,143	(17,304)	-18.58%
Operating profit	8,713	13,124	(4,411)	-33.61%
Profit before tax ("PBT")	7,098	12,135	(5,037)	-41.51%
Profit after tax ("PAT")	730	9,577	(8,847)	-92.38%
Profit attributable to ordinary equity holders of the parent	930	9,772	(8,842)	-90.48%

The Group posted revenue and PAT of RM75.84 million and RM0.73 million respectively for the current quarter under review as compared to the revenue and PAT of RM93.14 million and RM9.58 million respectively for the immediate preceding quarter. The declined in revenue mainly due to slower demand in automotive segment resulted from the global supply chain disruption.

PAT margin is lower was mainly due to the following:

- (i) Increase in labour cost as a result of increase in minimum wages in May 2022.
- (ii) Provision for additional tax of RM4.89 million and tax penalty of RM0.73 million as per announcement made on 22 November 2022.
- (iii) Further losses from associated company of RM0.75 million in the current quarter.
- (iv) Higher finance cost resulted from interest rate hike especially in US Dollar denominated loans.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022**

16. Statement of Financial Position review

	As at	As at	Changes	
	30.9.22	31.12.21	RM'000	RM'000
	RM'000	RM'000		
Investment in associated companies	-	1,241	(1,241)	-100.00%
Trade receivables	167,964	126,486	41,478	32.79%

Investment in associated companies

The Group has discontinued recognising its share of further losses from Mass Precision Sdn Bhd.

Trade receivables

The trade receivables was increase from RM126.49 million as at 31 December 2021 to RM167.96 million as at 30 September 2022. The increase was in tandem with the revenue growth for the Financial Period Ended ("FPE") 2022 under review.

17. Statement of Cash Flow review

	As at	As at	Changes	
	30.9.22	30.9.21	RM'000	%
	RM'000	RM'000		
Net cash generated from operating activities	(2,325)	20,067	(22,392)	-111.59%
Net cash used in investing activities	(24,909)	(14,089)	(10,820)	76.80%
Net cash used in financing activities	(1,377)	(2,030)	653	-32.17%

Operating activities

The Group's net cash outflow of RM2.33 million for the FPE 2022 as against net cash inflow of RM20.07 million for the FPE2021. This was mainly due to increase in trade receivables and inventories.

Investing activities

The net cash outflow in investing activities was mainly due to the acquisition of property, plant and equipment.

Financing activities

The net cash derived from financing activities was mainly attributable from the drawdown of trade financing during the FPE 2022.

18. Commentary on Prospects

Market conditions are expected to be volatile due to concerns over rising global recession risks sparked by an aggressive monetary policy tightening in the US and slower growth in China. 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 Group remains cautiously positive on the prospects for this financial year ending 31 December 2022.

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	1,475	7,215
- Provision for prior year	4,893	4,893
	<u>6,368</u>	<u>12,108</u>

Current Year	Current Year
Quarter	To Date
30.9.22	30.9.22
RM'000	RM'000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

21. Corporate Proposals

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

On 15 December 2021, the Board announced that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of JHM ("Proposed Private Placement") to third party investors to be identified and at an issue price to be determined later. The Company has submitted the application to Bursa Securities for the listing and quotation of up to 55,760,000 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities. Bursa Securities had, vide its letter dated 29 December 2021, approved the Proposed Private Placement.

On 10 June 2022, the Board announced that the Company has submitted an application to Bursa Securities for an extension of time and Bursa Securities had vide its letter dated 27 June 2022, approved the extension of time of up to 28 December 2022 for the Company to implement the Private Placement.

22. Group Borrowings And Debt Securities

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

	As at 30 September 2022					
	Short term		Long term		Total	
	Foreign * '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Hire purchase loans	-	6,826	-	10,828	-	17,654
Banker acceptance	-	18,084	-	-	-	18,084
Term Loan	3,916	3,331	26,693	16,424	30,609	19,755
Unsecured:						
Bank overdraft	-	-	-	-	-	-
	3,916	28,241	-	27,252	30,609	55,493

* Exchange rate @ RM4.634 /USD

	As at 30 September 2021					
	Short term		Long term		Total	
	Foreign * '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
Secured:						
Hire purchase loans	-	5,850	-	9,895	-	15,745
Banker acceptance	-	7,807	-	-	-	7,807
Term Loan	2,340	4,178	10,309	14,859	12,649	19,037
Unsecured:						
Bank overdraft	-	3,456	-	-	-	3,456
	2,340	21,291	-	24,754	12,649	46,045

* Exchange rate @ RM4.1870/USD

23. Dividend Payable

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022**

24. Profit before tax

Profit before tax is derived from after charging/(crediting)	Current Quarter 30.9.22 RM'000	Year To Date 30.9.22 RM'000	Year To Date 30.9.21 RM'000
Depreciation of property, plant and equipment	3,818	10,744	9,541
Depreciation of right-of-use assets	168	504	590
Gain on disposal of property, plant and equipment	(102)	(139)	(2,743)
Interest expense	847	2,075	1,425
Interest expense on lease liabilities	18	60	93
Interest income	(42)	(121)	(194)
Property, plant and equipment written off	6	12	-
Realised loss / (gain) on foreign exchange	(164)	1,132	454
Unrealised loss / (gain) on foreign exchange	(3,576)	(8,127)	(5,470)

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 2022.

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 30.9.22	Preceding Year Corresponding Quarter 30.9.21	Current Year To Date 30.9.22	Preceding Year Corresponding Period 30.9.21
Net profit attributable to owners of the parent (RM'000)	<u>930</u>	<u>3,249</u>	<u>20,359</u>	<u>21,579</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>0.17</u>	<u>0.58</u>	<u>3.65</u>	<u>3.87</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 --