



SHH RESOURCES HOLDINGS BERHAD

(Company No.: 304227-U)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018 RM'000	CURRENT YEAR TO DATE 30.06.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2018 RM'000
Revenue	18,802	25,270	97,273	119,082
Cost of Sales	(17,246)	(25,309)	(90,610)	(113,223)
Gross Profit/(Loss)	1,556	(39)	6,663	5,859
Other Operating Income	1,670	328	2,897	1,297
Operating Expenses	(4,855)	(3,704)	(18,388)	(19,061)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	-	(37)	-	(21)
Profit/(Loss) From Operations	(1,629)	(3,452)	(8,828)	(11,926)
Finance Cost	(75)	(80)	(312)	(233)
Share of Profits of Associate Company	110	26	110	26
Profit/(Loss) Before Taxation	(1,594)	(3,506)	(9,030)	(12,133)
Taxation	(68)	1,819	(118)	1,793
Profit/(Loss) For The Period	(1,662)	(1,687)	(9,148)	(10,340)
Other Comprehensive Income/(Loss) For The Period				
Foreign Currency Translation	(76)	1	(64)	(261)
Total Comprehensive Income/(Loss) For The Period	(1,738)	(1,686)	(9,212)	(10,601)
Profit/(Loss) For The Period Attributable to:				
Owners of the parent	(1,229)	(1,470)	(7,987)	(9,548)
Non-controlling interest	(433)	(217)	(1,161)	(792)
	(1,662)	(1,687)	(9,148)	(10,340)
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	(1,300)	(1,469)	(8,088)	(9,869)
Non-controlling interest	(438)	(217)	(1,124)	(732)
	(1,738)	(1,686)	(9,212)	(10,601)
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	(2.46)	(2.94)	(15.97)	(19.10)
(b) Diluted (sen)	-	-	-	-

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 June 2018)

**SHH RESOURCES HOLDINGS BERHAD**

(Company No.: 304227-U)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	AS AT CURRENT QUARTER ENDED 30.06.2019 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2018 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	39,408	39,606
Investment in an Associated Company	654	465
	<u>40,062</u>	<u>40,071</u>
Current Assets		
Inventories	22,459	23,620
Receivables	12,525	14,883
Tax Assets	2,147	1,849
Derivatives Financial Instruments at Fair Value	-	-
Deposits, Cash and Bank Balances	12,368	15,802
	<u>49,499</u>	<u>56,154</u>
TOTAL ASSETS	<u>89,561</u>	<u>96,225</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Foreign Exchange Reserve	(382)	(281)
Retained Profits	17,748	25,735
	<u>67,364</u>	<u>75,452</u>
Non-Controlling Interest	<u>(1,936)</u>	<u>(812)</u>
Total Equity	<u>65,428</u>	<u>74,640</u>
Non-current Liability		
Deferred Taxation	810	761
	<u>810</u>	<u>761</u>
Current Liabilities		
Payables	15,261	13,012
Borrowings	8,041	7,781
Derivatives Financial Instruments at Fair Value	-	21
Tax Liabilities	21	10
	<u>23,323</u>	<u>20,824</u>
Total Liabilities	<u>24,133</u>	<u>21,585</u>
TOTAL EQUITY AND LIABILITIES	<u>89,561</u>	<u>96,225</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.35</u>	<u>1.51</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2018)



SHH RESOURCES HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	CURRENT PERIOD TO DATE 30.06.2019 RM'000	PRECEDING PERIOD TO DATE 30.06.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(9,030)	(12,133)
Adjustments for:-		
Allowance for doubtful debt	14	-
Allowance for inventories obsolescence	145	-
Depreciation of property, plant and equipment	2,396	2,205
Distribution of investment management funds	-	(49)
Unrealised foreign exchange loss/(gain)	130	(320)
Net changes in fair value on derivative financial instruments	(21)	21
Interest expenses	312	233
Interest income	(261)	(235)
Property, plant and equipment written off	-	5
Loss/(gain) on disposal of property, plant and equipment	(181)	(18)
Share of associate company (profit)/loss	(188)	(26)
Operating Profit/(Loss) Before Changes In Working Capital	<u>(6,684)</u>	<u>(10,317)</u>
Changes In Working Capital		
Inventories	965	8,172
Receivables	2,259	(883)
Payables	2,216	1,293
Cash generated from / (used in) operations	<u>(1,244)</u>	<u>(1,735)</u>
Interest expenses	(312)	(233)
Interest income	261	235
Dividend paid	-	(2,500)
Tax paid	(357)	(1,032)
Tax refund	1	717
Net Cash Flows Generated From / (Used In) Operating Activities	<u>(1,651)</u>	<u>(4,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	212	49
Purchase of property, plant and equipment	(2,236)	(1,495)
Deposit paid for acquisition of land	-	(2,559)
Distribution received from investment management funds	-	49
Withdrawal of investment management funds	-	2,000
Subscription of ordinary shares in a subsidiary company by non-controlling interest	-	100
Net Cash Flows Generated From / (Used In) Investing Activities	<u>(2,024)</u>	<u>(1,856)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	17	1,291
Net Cash Flows Generated From / (Used In) Financing Activities	<u>17</u>	<u>1,291</u>
Exchange gain / (loss) in translation of financial statements of foreign subsidiary	56	139
Net Change In Cash And Cash Equivalents	<u>(3,602)</u>	<u>(4,974)</u>
Effect of exchange rate changes	(12)	(85)
Cash And Cash Equivalents At Beginning Of Year	<u>15,802</u>	<u>20,861</u>
Cash And Cash Equivalents At End Of Period	<u>12,188</u>	<u>15,802</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 30 June 2018)



SHH RESOURCES HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

← Attributable to equity holders of the parent →

	Non-distributable		Distributable	Total	Non-Controlling Interest	Total Equity
	Share Capital	Foreign Exchange Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current Period To Date						
30.06.2019						
Balance At Beginning Of Year	49,998	(281)	25,735	75,452	(812)	74,640
Profit/ (Loss) after tax for the period	-	-	(7,987)	(7,987)	(1,161)	(9,148)
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	(101)	-	(101)	37	(64)
Total Comprehensive Income/ (Loss) For The Period	-	(101)	(7,987)	(8,088)	(1,124)	(9,212)
Balance At End Of Period	49,998	(382)	17,748	67,364	(1,936)	65,428

Preceding Period To Date

30.06.2018

Balance At Beginning Of Year	49,998	40	37,783	87,821	(180)	87,641
Profit/ (Loss) after tax for the period	-	-	(9,548)	(9,548)	(792)	(10,340)
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	(321)	-	(321)	60	(261)
Total Comprehensive Income/ (Loss) For The Period	-	(321)	(9,548)	(9,869)	(732)	(10,601)
Dividends	-	-	(2,500)	(2,500)	-	(2,500)
Subscription of ordinary shares in a subsidiary company by non-controlling interest	-	-	-	-	100	100
Balance At End Of Period	49,998	(281)	25,735	75,452	(812)	74,640

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2018)



SHH RESOURCES HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER ENDED 30 JUNE 2019

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and paragraph 9.22 of the Listings Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2018. The explanatory notes attached to the interim financial statements 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 year ended 30 June 2018.

2 Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2018 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 July 2018 and onwards, namely MFRS 9 and MFRS 15. The adoption of these standards, amendments and IC interpretations does not have significant impact on the financial statements of the Group and the Company.

3 Qualification of audit report

There were no qualifications in the audit report of the preceding annual financial statements.

4 Seasonal or cyclical factors

The Group's operations have historically shown moderate seasonality where turnover are generally lower in the beginning of the calendar year due to lower overseas demands and longer local festive holidays.

5 Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the period under review.

6 Changes in estimates

There were no changes in estimates reported in prior interim periods of the current financial period or preceding financial year which have a material effect in the current interim period.

7 Changes in debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review.

8 Dividend paid

There were no dividend paid during the current financial period to date.

9 Segmental reporting

The Group's primary business segment, including its overseas subsidiary is that of the manufacture and trading of wooden furniture. As such, segmental reporting is only presented by geographical segments. The Group's business segment operates principally in Malaysia and Australia. In presenting information on the basis of geographical segments, segment revenue, profit before taxation, assets and liabilities were based on the geographical location.

The segment information for the current year-to-date was as follows:

	Malaysia	Australia	Consolidated Adjustments & Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Sales to external customers	94,878	2,395	-	97,273
Inter-segment sales	61	-	(61)	-
Total Revenue	94,939	2,395	(61)	97,273
Profit/ (Loss) before taxation	(5,362)	(3,870)	202	(9,030)
Total assets	94,077	3,995	(8,511)	89,561
Total liabilities	21,626	10,778	(8,271)	24,133

10 Valuation of property, plant and equipment

There were no changes in the valuation of property, plant and equipment since the previous annual financial statements.

11 Material subsequent events

There were no material subsequent events as at the date of this report.

12 Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial period to date.

13 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets to be disclosed as at the date of this report.

14 SIGNIFICANT RELATED PARTY TRANSACTIONS

Nature of Transaction	Relationships of the Related Party	Current Quarter Ended 30.06.2019 RM'000	Current Year To Date 30.06.2019 RM'000
<p>(a) Purchase of materials, furniture parts and provision of workmanship labour services</p> <p>SHH Furniture Industries Sdn Bhd (SHH Furniture) purchases materials and furniture parts from Deseng Hardware (M) Sdn Bhd (DHSB).</p> <p>DHSB also provides workmanship labour services to SHH Furniture</p>	<p>a) SHH Furniture is a wholly-owned subsidiary of the Company.</p> <p>b) The Company has a 49% equity interest in DHSB.</p> <p>c) Teo Bok Yu is the Chief Executive Officer of the Group.</p> <p>d) Teo Bok Yu and Teo Jin Yuan are directors in Gerak Teras Sdn Bhd and DHSB. They have a 100% equity interest in Gerak Teras Sdn Bhd which has a 51% shareholding in DHSB.</p> <p>e) Both Teo Bok Yu and Teo Jin Yuan are the sons of Dato' Teo Wee Cheng and Datin Teo Chan Huat, the major shareholders and directors of the Company.</p>	1,256	6,134
<p>(b) Purchase of materials, furniture parts and provision of workmanship labour services</p> <p>KSSB purchases materials and furniture parts from DHSB.</p> <p>DHSB also provides workmanship labour services to KSSB.</p>	<p>a) KSSB is a wholly-owned subsidiary of the Company.</p> <p>b) The Company has a 49% equity interest in DHSB.</p> <p>c) Teo Bok Yu is the Chief Executive Officer of the Group.</p> <p>d) Teo Bok Yu and Teo Jin Yuan are directors in Gerak Teras Sdn Bhd and DHSB. They have a 100% equity interest in Gerak Teras Sdn Bhd which has a 51% shareholding in DHSB.</p> <p>e) Both Teo Bok Yu and Teo Jin Yuan are the sons of Dato' Teo Wee Cheng and Datin Teo Chan Huat, the major shareholders and directors of the Company.</p>	18	98

15 Review of performance

	Individual Quarter			Cumulative Quarter		
	30.06.2019 RM'000	30.06.2018 RM'000	Variance %	30.06.2019 RM'000	30.06.2018 RM'000	Variance %
Revenue	18,802	25,270	(25.60)	97,273	119,082	(18.31)
Gross profit/(loss)	1,556	(39)	More than 100	6,663	5,859	13.72
Profit/(Loss) before interest and tax	(1,519)	(3,426)	(55.66)	(8,718)	(11,900)	(26.74)
Profit/(Loss) before taxation	(1,594)	(3,506)	(54.54)	(9,030)	(12,133)	(25.57)
Profit/(Loss) after taxation	(1,662)	(1,687)	(1.48)	(9,148)	(10,340)	(11.53)
Profit/(Loss) attributable to ordinary equity holders of the parent	(1,229)	(1,470)	(16.39)	(7,987)	(9,548)	(16.35)

For the current quarter under review, the Group's revenue has decreased by 25.60% to RM18.80 million as compared to RM25.27 million in the preceding year's corresponding quarter. The decrease was mainly due to the drop in orders from customers. Despite the lower revenue, the Group has recorded a gross profit of RM1.56 million in the current quarter as compared to a gross loss of RM0.04 million in the preceding year's corresponding quarter. The gross profit in the current quarter was mainly due to the lower material consumption incurred as a result of the efforts by the Group in controlling its cost of materials and the weakening of the Ringgit Malaysia against the US Dollar. The Group recorded a lower loss before tax of RM1.59 million in the current quarter compared to a loss before tax of RM3.51 million in the preceding year's corresponding quarter. The lower loss before tax were mainly due to the higher gross profit in the current quarter and higher other income as a result from fire insurance claims.

For the twelve months period under review, the Group's revenue has decreased by 18.31% to RM97.27 million as compared to the preceding year's corresponding period of RM119.08 million. The decrease were mainly due to the drop in orders from customers. Despite the lower revenue, the Group has recorded a higher gross profit of RM6.66 million in the current twelve months period compared to RM5.86 million in the preceding year's corresponding period. The higher gross profit was mainly due to the weakening of the Ringgit Malaysia against the US Dollar which resulted to higher Ringgit selling prices of our exports and efforts by the Group in controlling its labour overtime and efficiency. The Group has also recorded a lower loss before tax of RM9.03 million in the current period compared to a loss before tax of RM12.13 million in the preceding year's corresponding period. The lower loss before tax were mainly due to the higher gross profit and higher other income and the gain in foreign exchange incurred in the current period compared to a loss in foreign exchange in preceding year's corresponding period.

16 Comparison with preceding quarter's result

	Current Quarter	Preceding Quarter	Variance %
	30.06.2019 RM'000	31-03-2019 RM'000	
Revenue	18,802	20,264	(7.21)
Gross profit/(loss)	1,556	(174)	More than 100
Profit/(Loss) before interest and tax	(1,519)	(3,901)	(61.06)
Profit/(Loss) before taxation	(1,594)	(3,983)	(59.98)
Profit/(Loss) after taxation	(1,662)	(3,999)	(58.44)
Profit/(Loss) attributable to ordinary equity holders of the parent	(1,229)	(3,709)	(66.86)

The Group's revenue for the current quarter under review of RM18.80 million represents a decrease of 7.21% compared to RM20.26 million registered in the preceding quarter. The decrease were mainly due to the drop in orders from the customers. The Group has recorded a gross profit of RM1.56 million compare to a gross loss of RM0.17 million in the preceding quarter mainly due to lower material consumptions incurred as a result of the efforts by the Group in controlling its cost of materials and the weakening of the Ringgit Malaysia against the US Dollar which resulted to higher Ringgit selling prices of our exports. The Group has recorded a lower loss before tax of RM1.59 million in the current quarter compared to loss before tax of RM3.98 million in the preceding quarter. The lower loss before tax were mainly due to the higher gross profit and higher other income as a result from fire insurance claims.

17 Prospects

The economic outlook in the USA, our main market is healthy with low unemployment rate. Tight labour market, improving household income and low mortgage rates have helped sustained the US economic recovery and bolstered spending on household furniture and finishing. While there are optimism in the US market with improvement in the labour and real wages, the Group expects the operating environment to remain challenging and competitive due to the weak global sentiments, escalating trade war between USA and China, high production and labour costs and stiffer competition.

18 Profit forecast and profit guarantee

Not applicable as there was no profit forecast or profit guarantee.

19 Profit before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Current Quarter RM'000	Year To Date RM'000
Interest income	(68)	(261)
Other income	(1,293)	(2,103)
Interest expense	75	312
Depreciation of property, plant and equipment	620	2,396
Provision for and write off of receivables	14	14
Provision for and write off of inventories	145	145
Loss/(gain) on disposal of property, plant and equipment	(156)	(181)
Property, plant and equipment written off	-	-
Foreign exchange loss/(gain)		
- Realised	(127)	(352)
- Unrealised	104	130
Fair value loss/(gain) on derivative financial instruments		
- Unrealised	-	-

20 Taxation

The taxation charged for the period under review comprised of :-

	Current Quarter RM'000	Year To Date RM'000
Current		
- Malaysian taxation	18	68
- Deferred taxation	129	129
	<u>147</u>	<u>197</u>
Adjustment in respect of prior year		
- Malaysian taxation	1	1
- Deferred taxation	(80)	(80)
	<u>(79)</u>	<u>(79)</u>
Total	<u>68</u>	<u>118</u>

21 Sale of unquoted investments and/or properties

There were no sale of unquoted investments and / or properties for the current financial period to date.

22 Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the current financial period to date.

23 Group's borrowings and debt securities

	Current Year Quarter ended 30.06.2019					
	Long term		Short term		Total borrowings	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured						
Hire purchase	-	-	-	-	-	-
Bill payable	-	-	-	-	-	-
Bankers acceptance	-	-	-	907	-	907
Unsecured						
Revolving loan	-	-	2,561	-	2,561	-
Bankers acceptance	-	-	-	4,393	-	4,393
Overdraft	-	-	-	180	-	180
Total	-	-	2,561	5,480	2,561	5,480
	Preceding Year Corresponding Quarter 30.06.2018					
	Long term		Short term		Total borrowings	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured						
Hire purchase	-	-	-	-	-	-
Bill payable	-	-	-	-	-	-
Bankers acceptance	-	-	-	273	-	273
Unsecured						
Revolving loan	-	-	2,499	-	2,499	-
Bankers acceptance	-	-	-	5,009	-	5,009
Total	-	-	2,499	5,282	2,499	5,282

24 Corporate proposals

There were no corporate proposals announced and not completed as at to date except for the following:

Reference is made to the announcement of the Company dated 17 April 2018 that Rampai Pesona Sdn Bhd, an 80% owned subsidiary of SHH Furniture Industries Sdn Bhd, which in turn is a wholly owned subsidiary of SHH Resources Holdings Berhad had on 17 April 2018, entered into a Sale and Purchase Agreement with Rising Charm Sdn Bhd to acquire a piece of freehold land measuring a total of 2.0234 hectares held under Geran 50541, Lot 8836, Mukim Kajang, District of Ulu Langat, State of Selangor, for a total cash consideration of RM10,236,600. The first payment of RM2,559,150 had been paid in April 2018 and the second payment of RM1,535,490 had been completed in January 2019. The subsequent payments will be as follows:

- Final payment - RM6,141,960 to be paid by 7 January 2020

Barring any unforeseen circumstances, the proposed acquisition is expected to be completed in the first quarter of the calendar year 2020.

25 Financial instruments

There were no derivative financial instruments are at the date of this quarterly report.

26 Material Litigation

There was no material litigation as at the date of this report.

27 Dividends

No dividend has been recommended for the financial period under review.

28 Earning per share

Basic earnings per ordinary share

	CURRENT YEAR QUARTER 30.06.2019	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2018	CURRENT YEAR TO DATE 30.06.2019	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2018
Net profit / (loss) for the period attributable to owners of the parent (RM'000)	(1,229)	(1,470)	(7,987)	(9,548)
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	(2.46)	(2.94)	(15.97)	(19.10)

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng
Managing Director
27 AUGUST 2019