

**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	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Revenue	30,257	28,972	30,257	28,972
Cost of Sales	(26,652)	(27,301)	(26,652)	(27,301)
Gross Profit/(Loss)	3,605	1,671	3,605	1,671
Other Operating Income	426	598	426	598
Operating Expenses	(4,557)	(4,894)	(4,557)	(4,894)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	1	3	1	3
Profit/(Loss) From Operations	(525)	(2,622)	(525)	(2,622)
Finance Cost	(85)	(77)	(85)	(77)
Profit/(Loss) Before Taxation	(610)	(2,699)	(610)	(2,699)
Taxation	(15)	(16)	(15)	(16)
Profit/(Loss) For The Period	(625)	(2,715)	(625)	(2,715)
Other Comprehensive Income/(Loss) For The Period				
Foreign Currency Translation	58	53	58	53
Total Comprehensive Income/(Loss) For The Period	(567)	(2,662)	(567)	(2,662)
Profit/(Loss) For The Period Attributable to:				
Owners of the parent	(342)	(2,526)	(342)	(2,526)
Non-controlling interest	(283)	(189)	(283)	(189)
	(625)	(2,715)	(625)	(2,715)
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	(334)	(2,468)	(334)	(2,468)
Non-controlling interest	(233)	(194)	(233)	(194)
	(567)	(2,662)	(567)	(2,662)
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	(0.68)	(5.05)	(0.68)	(5.05)
(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 2019)

**SHH RESOURCES HOLDINGS BERHAD**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	AS AT CURRENT QUARTER ENDED 30.09.2019 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2019 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	38,802	39,408
Right of Use Assets	348	-
Investment in an Associated Company	654	654
	<u>39,804</u>	<u>40,062</u>
Current Assets		
Inventories	23,137	22,459
Receivables	18,290	12,525
Tax Assets	694	2,147
Derivatives Financial Instruments at Fair Value	1	-
Deposits, Cash and Bank Balances	11,904	12,368
	<u>54,026</u>	<u>49,499</u>
TOTAL ASSETS	<u>93,830</u>	<u>89,561</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Foreign Exchange Reserve	(374)	(382)
Retained Profits	17,406	17,748
	<u>67,030</u>	<u>67,364</u>
Non-Controlling Interest	<u>(2,169)</u>	<u>(1,936)</u>
Total Equity	<u>64,861</u>	<u>65,428</u>
Non-current Liabilities		
Lease Liabilities	254	-
Deferred Taxation	810	810
	<u>1,064</u>	<u>810</u>
Current Liabilities		
Payables	18,588	15,261
Borrowings	9,198	8,041
Lease Liabilities	96	-
Tax Liabilities	23	21
	<u>27,905</u>	<u>23,323</u>
Total Liabilities	<u>28,969</u>	<u>24,133</u>
TOTAL EQUITY AND LIABILITIES	<u>93,830</u>	<u>89,561</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.34</u>	<u>1.35</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2019)

**SHH RESOURCES HOLDINGS BERHAD**(Company No.: 304227-U)
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**

	CURRENT PERIOD TO DATE 30.09.2019 RM'000	PRECEDING PERIOD TO DATE 30.09.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(610)	(2,699)
Adjustments for:-		
Depreciation of property, plant and equipment	624	564
Depreciation of right of use assets	25	-
Unrealised foreign exchange loss/(gain)	34	(38)
Net changes in fair value on derivative financial instruments	(1)	(23)
Interest expenses	85	77
Interest income	(49)	(81)
Loss/(gain) on disposal of property, plant and equipment	(9)	-
Operating Profit/(Loss) Before Changes In Working Capital	99	(2,200)
Changes In Working Capital		
Inventories	(732)	(621)
Receivables	(5,776)	(2,718)
Payables	3,477	2,809
Cash generated from / (used in) operations	(2,932)	(2,730)
Interest expenses	(85)	(77)
Interest income	49	81
Tax paid	(56)	(133)
Tax refund	1,496	-
Net Cash Flows Generated From / (Used In) Operating Activities	(1,528)	(2,859)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	9	-
Purchase of property, plant and equipment	(25)	(356)
Net Cash Flows Generated From / (Used In) Investing Activities	(16)	(356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	831	(248)
Repayment of lease liabilities	(23)	-
Net Cash Flows Generated From / (Used In) Financing Activities	808	(248)
Exchange gain / (loss) in translation of financial statements of foreign subsidiary	3	1
Net Change In Cash And Cash Equivalents	(733)	(3,462)
Effect of exchange rate changes	(25)	21
Cash And Cash Equivalents At Beginning Of Year	12,188	15,802
Cash And Cash Equivalents At End Of Period	11,430	12,361

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 30 June 2019)



SHH RESOURCES HOLDINGS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	← Attributable to equity holders of the parent →					Total Equity
	Non-distributable		Distributable	Total	Non- Controlling Interest	
	Share Capital	Foreign Exchange Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current Period To Date						
30.09.2019						
Balance At Beginning Of Year	49,998	(382)	17,748	67,364	(1,936)	65,428
Profit/ (Loss) after tax for the period	-	-	(342)	(342)	(283)	(625)
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	8	-	8	50	58
Total Comprehensive Income/ (Loss) For The Period	-	8	(342)	(334)	(233)	(567)
Balance At End Of Period	49,998	(374)	17,406	67,030	(2,169)	64,861
Preceding Period To Date						
30.09.2018						
Balance At Beginning Of Year	49,998	(281)	25,735	75,452	(812)	74,640
Profit/ (Loss) after tax for the period	-	-	(2,526)	(2,526)	(189)	(2,715)
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	58	-	58	(5)	53
Total Comprehensive Income/ (Loss) For The Period	-	58	(2,526)	(2,468)	(194)	(2,662)
Balance At End Of Period	49,998	(223)	23,209	72,984	(1,006)	71,978

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2019)



SHH RESOURCES HOLDINGS BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 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 2019. 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 2019.

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 2019 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 July 2019 and onwards. The adoption of these standards, amendments and IC interpretations does not have significant impact on the financial statements of the Group and the Company except as mentioned below:

MFRS 16: Leases

MFRS 16 has replaced MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value items. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group. The Group does not restate the comparative information, which continues to be reported under MFRS 117.

Financial impact

The financial impact from the initial adoption of MFRS 16 as at 1 July 2019 are as follows:

Consolidation Statement of Financial Position	As at 30-Jun-19 RM'000	Changes RM'000	As at 1-Jul-19 RM'000
Non-current Assets			
Right of use assets	-	374	374
Non-current Liabilities			
Lease Liabilities	-	270	270
Current Liabilities			
Lease Liabilities	-	104	104

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 RM'000	Australia RM'000	Consolidated Adjustments & Eliminations RM'000	Total RM'000
Sales to external customers	29,863	394	-	30,257
Inter-segment sales	-	-	-	-
Total Revenue	29,863	394	-	30,257
Profit/ (Loss) before taxation	317	(943)	16	(610)
Total assets	98,759	3,758	(8,687)	93,830
Total liabilities	26,006	11,317	(8,354)	28,969

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	Current Year
		Ended 30.09.2019 RM'000	To Date 30.09.2019 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>	1,706	1,706
<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>	13	13

15 Review of performance

	Individual Quarter			Cumulative Quarter		
	30.09.2019 RM'000	30.09.2018 RM'000	Variance %	30.09.2019 RM'000	30.09.2018 RM'000	Variance %
Revenue	30,257	28,972	4.44	30,257	28,972	4.44
Gross profit/(loss)	3,605	1,671	More than 100	3,605	1,671	115.74
Profit/(Loss) before interest and tax	(525)	(2,622)	(79.98)	(525)	(2,622)	(79.98)
Profit/(Loss) before taxation	(610)	(2,699)	(77.40)	(610)	(2,699)	(77.40)
Profit/(Loss) after taxation	(625)	(2,715)	(76.98)	(625)	(2,715)	(76.98)
Profit/(Loss) attributable to ordinary equity holders of the parent	(342)	(2,526)	(86.46)	(342)	(2,526)	(86.46)

For the current quarter under review, the Group's revenue has increased by 4.44% to RM30.26 million as compared to RM28.97 million in the preceding year's corresponding quarter. The increase was mainly due to the increase in orders from customers and the weakening of the Ringgit Malaysia against the US Dollar resulting in higher selling prices. Correspondingly, the Group has recorded a gross profit of RM3.61 million in the current quarter as compared to a gross profit of RM1.67 million in the preceding year's corresponding quarter. The higher gross profit in the current quarter were also due to the lower material, direct labour and overhead cost incurred as a result of the efforts by the Group in controlling its manufacturing costs. The Group recorded a lower loss before tax of RM0.61 million in the current quarter compared to a loss before tax of RM2.70 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 lower exhibition and marketing cost incurred in the current quarter.

16 Comparison with preceding quarter's result

	Current Quarter	Preceding Quarter	Variance %
	30.09.2019 RM'000	30-06-2019 RM'000	
Revenue	30,257	18,802	60.92
Gross profit/(loss)	3,605	1,556	More than 100
Profit/(Loss) before interest and tax	(525)	(1,519)	(65.44)
Profit/(Loss) before taxation	(610)	(1,594)	(61.73)
Profit/(Loss) after taxation	(625)	(1,662)	(62.39)
Profit/(Loss) attributable to ordinary equity holders of the parent	(342)	(1,229)	(72.17)

The Group's revenue for the current quarter under review of RM30.26 million represents an increase of 60.92% compared to RM18.80 million registered in the preceding quarter. The increase was mainly due to the increase in orders from the customers. The Group has recorded a gross profit of RM3.61 million compared to a gross profit of RM1.56 million in the preceding quarter mainly due to the higher revenue and lower overhead cost incurred as a result of the efforts by the Group in controlling its overhead cost. The Group has recorded a lower loss before tax of RM0.61 million in the current quarter compared to loss before tax of RM1.59 million in the preceding quarter. The lower loss before tax was mainly due to the higher gross profit and the decrease in the operational cost of the Australian subsidiary.

17 Prospects

The economic outlook in the USA, our main market, is healthy with a low unemployment rate. A tight labour market, improving household income and low mortgage rates have helped sustain the US economic recovery and bolstered spending on household furniture and finishing. While there is 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 weak global sentiments, 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	(49)	(49)
Other income	(238)	(238)
Interest expense	85	85
Depreciation of property, plant and equipment	624	624
Depreciation of right of use assets	25	25
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss/(gain) on disposal of property, plant and equipment	(9)	(9)
Property, plant and equipment written off	-	-
Foreign exchange loss/(gain)		
- Realised	(130)	(130)
- Unrealised	34	34
Fair value loss/(gain) on derivative financial instruments		
- Unrealised	(1)	(1)
	<u>(1)</u>	<u>(1)</u>

20 Taxation

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

	Current Quarter RM'000	Year To Date RM'000
Current		
- Malaysian taxation	15	15
- Deferred taxation	-	-
	<u>15</u>	<u>15</u>
Adjustment in respect of prior year		
- Malaysian taxation	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>
Total	<u>15</u>	<u>15</u>

21 Sale of unquoted investments and/or properties

There were no sales 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 30.09.2019					
	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	-	-	-	996	-	996
Unsecured						
Revolving loan	-	-	2,267	-	2,267	-
Bankers acceptance	-	-	-	5,461	-	5,461
Overdraft	-	-	-	474	-	474
Total	-	-	2,267	6,931	2,267	6,931
	Preceding Year Corresponding Quarter 30.09.2018					
	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	-	-	-	794	-	794
Unsecured						
Revolving loan	-	-	2,560	-	2,560	-
Bankers acceptance	-	-	-	4,241	-	4,241
Total	-	-	2,560	5,035	2,560	5,035

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

Derivatives

As at 30 September 2019 the outstanding amount of the forward foreign currency contracts which have been entered into by the Group are as follows:-

Forward Foreign Currency Contracts	Contracts Value (RM'000)	Fair Value (RM'000)	Changes in Fair Value (RM'000)
US Dollar - less than 1 year	572	571	1

The forward foreign currency contracts were entered to hedge the export sales revenue denominated in US Dollars. These forward contract were executed with a creditworthy licensed bank in Malaysia and the possibility of non performance by the licensed bank is remote on the basis of its financial strength. There are also no cash requirement risks as the Group only uses forward foreign currency contracts as its hedging instruments. Forward foreign currency contracts of the Group have been measured at fair value and the changes in fair value are recognised in profit or loss.

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 30.09.2019	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2018	CURRENT YEAR TO DATE 30.09.2019	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2018
Net profit / (loss) for the period attributable to owners of the parent (RM'000)	(342)	(2,526)	(342)	(2,526)
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	(0.68)	(5.05)	(0.68)	(5.05)

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng
Managing Director
26 NOVEMBER 2019