


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
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue	36,342	29,235	66,599	58,207
Cost of Sales	(28,990)	(25,625)	(55,642)	(52,926)
Gross Profit/(Loss)	7,352	3,610	10,957	5,281
Other Operating Income	194	380	620	978
Operating Expenses	(5,195)	(4,673)	(9,752)	(9,567)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	(1)	7	-	10
Profit/(Loss) From Operations	2,350	(676)	1,825	(3,298)
Finance Cost	(80)	(78)	(165)	(155)
Profit/(Loss) Before Taxation	2,270	(754)	1,660	(3,453)
Taxation	(58)	(18)	(73)	(34)
Profit/(Loss) For The Period	2,212	(772)	1,587	(3,487)
Other Comprehensive Income/(Loss) For The Period				
Foreign Currency Translation	(84)	(12)	(26)	41
Total Comprehensive Income/(Loss) For The Period	2,128	(784)	1,561	(3,446)
Profit/(Loss) For The Period Attributable to:				
Owners of the parent	2,340	(523)	1,998	(3,049)
Non-controlling interest	(128)	(249)	(411)	(438)
	2,212	(772)	1,587	(3,487)
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	2,289	(565)	1,955	(3,033)
Non-controlling interest	(161)	(219)	(394)	(413)
	2,128	(784)	1,561	(3,446)
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	4.68	(1.05)	4.00	(6.10)
(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 2019)

**SHH RESOURCES HOLDINGS BERHAD**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	AS AT CURRENT QUARTER ENDED 31.12.2019 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2019 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	38,358	39,408
Right of Use Assets	323	-
Investment in an Associated Company	654	654
	<u>39,335</u>	<u>40,062</u>
Current Assets		
Inventories	21,782	22,459
Receivables	18,639	12,525
Tax Assets	366	2,147
Deposits, Cash and Bank Balances	13,377	12,368
	<u>54,164</u>	<u>49,499</u>
TOTAL ASSETS	<u>93,499</u>	<u>89,561</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Foreign Exchange Reserve	(425)	(382)
Retained Profits	19,746	17,748
	<u>69,319</u>	<u>67,364</u>
Non-Controlling Interest	<u>(2,330)</u>	<u>(1,936)</u>
Total Equity	<u>66,989</u>	<u>65,428</u>
Non-current Liabilities		
Lease Liabilities	231	-
Deferred Taxation	810	810
	<u>1,041</u>	<u>810</u>
Current Liabilities		
Payables	19,018	15,261
Borrowings	6,327	8,041
Lease Liabilities	96	-
Tax Liabilities	28	21
	<u>25,469</u>	<u>23,323</u>
Total Liabilities	<u>26,510</u>	<u>24,133</u>
TOTAL EQUITY AND LIABILITIES	<u>93,499</u>	<u>89,561</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.39</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)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	CURRENT PERIOD TO DATE 31.12.2019 RM'000	PRECEDING PERIOD TO DATE 31.12.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	1,660	(3,453)
Adjustments for:-		
Allowance for doubtful debt	(14)	-
Depreciation of property, plant and equipment	1,241	1,178
Depreciation of right of use assets	51	-
Unrealised foreign exchange loss/(gain)	211	153
Net changes in fair value on derivative financial instruments	-	(31)
Interest expenses	165	155
Interest income	(99)	(133)
Loss/(gain) on disposal of property, plant and equipment	(14)	-
Operating Profit/(Loss) Before Changes In Working Capital	<u>3,201</u>	<u>(2,131)</u>
Changes In Working Capital		
Inventories	654	1,081
Receivables	(6,322)	(1,660)
Payables	3,790	(234)
Cash generated from / (used in) operations	<u>1,323</u>	<u>(2,944)</u>
Interest expenses	(165)	(155)
Interest income	99	133
Tax paid	(132)	(324)
Tax refund	1,847	-
Net Cash Flows Generated From / (Used In) Operating Activities	<u>2,972</u>	<u>(3,290)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	14	-
Purchase of property, plant and equipment	(195)	(632)
Net Cash Flows Generated From / (Used In) Investing Activities	<u>(181)</u>	<u>(632)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	(1,696)	520
Repayment of lease liabilities	(47)	-
Net Cash Flows Generated From / (Used In) Financing Activities	<u>(1,743)</u>	<u>520</u>
Exchange gain / (loss) in translation of financial statements of foreign subsidiary	(12)	34
Net Change In Cash And Cash Equivalents	<u>1,036</u>	<u>(3,368)</u>
Effect of exchange rate changes	(23)	(14)
Cash And Cash Equivalents At Beginning Of Year	<u>12,188</u>	<u>15,802</u>
Cash And Cash Equivalents At End Of Period	<u>13,201</u>	<u>12,420</u>

(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

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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						
31.12.2019						
Balance At Beginning Of Year	49,998	(382)	17,748	67,364	(1,936)	65,428
Profit/ (Loss) after tax for the period	-	-	1,998	1,998	(411)	1,587
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	(43)	-	(43)	17	(26)
Total Comprehensive Income/ (Loss) For The Period	-	(43)	1,998	1,955	(394)	1,561
Balance At End Of Period	49,998	(425)	19,746	69,319	(2,330)	66,989
Preceding Period To Date						
31.12.2018						
Balance At Beginning Of Year	49,998	(281)	25,735	75,452	(812)	74,640
Profit/ (Loss) after tax for the period	-	-	(3,049)	(3,049)	(438)	(3,487)
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	16	-	16	25	41
Total Comprehensive Income/ (Loss) For The Period	-	16	(3,049)	(3,033)	(413)	(3,446)
Balance At End Of Period	49,998	(265)	22,686	72,419	(1,225)	71,194

(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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 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	Changes	As at
	30-Jun-19		1-Jul-19
	RM'000	RM'000	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	Australia	Consolidated Adjustments & Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Sales to external customers	64,247	2,352	-	66,599
Inter-segment sales	64	-	(64)	-
Total Revenue	64,311	2,352	(64)	66,599
Profit/ (Loss) before taxation	3,010	(1,368)	18	1,660
Total assets	99,943	2,332	(8,777)	93,498
Total liabilities	24,554	10,427	(8,472)	26,509

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 31.12.2019 RM'000	To Date 31.12.2019 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>	1,762	3,468
<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>	196	209

15 Review of performance

	Individual Quarter			Cumulative Quarter		
	31.12.2019 RM'000	31.12.2018 RM'000	Variance %	31.12.2019 RM'000	31.12.2018 RM'000	Variance %
Revenue	36,342	29,235	24.31	66,599	58,207	14.42
Gross profit/(loss)	7,352	3,610	More than 100	10,957	5,281	More than 100
Profit/(Loss) before interest and tax	2,350	(676)	More than 100	1,825	(3,298)	More than 100
Profit/(Loss) before taxation	2,270	(754)	More than 100	1,660	(3,453)	More than 100
Profit/(Loss) after taxation	2,212	(772)	More than 100	1,587	(3,487)	More than 100
Profit/(Loss) attributable to ordinary equity holders of the parent	2,340	(523)	More than 100	1,998	(3,049)	More than 100

For the current quarter under review, the Group's revenue has increased by 24.31% to RM36.34 million as compared to RM29.24 million in the preceding year's corresponding quarter. The increase was mainly due to the increase in orders from customers. Correspondingly, the Group has recorded a gross profit of RM7.35 million in the current quarter as compared to a gross profit of RM3.61 million in the preceding year's corresponding quarter. The higher gross profit in the current quarter were also due to the lower material and overhead cost incurred as a result of the efforts by the Group in controlling its manufacturing costs. The Group recorded a profit before tax of RM2.27 million in the current quarter compared to a loss before tax of RM0.75 million in the preceding year's corresponding quarter. The profit before tax were achieved mainly due to the higher gross profit in the current quarter as a result of the efforts by the Group in controlling its manufacturing cost.

For the six months period under review, the Group's revenue has increased by 14.42% to RM66.60 million as compared to the preceding year's corresponding period of RM58.21 million. The increase were 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 higher gross profit of RM10.96 million in the current six months period compared to RM5.28 million in the preceding year's corresponding period. The higher gross profit in the current period were mainly 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 has recorded a profit before tax of RM1.66 million in the current period compared to a loss before tax of RM3.45 million in the preceding year's corresponding period. The profit before tax were mainly due to the higher gross profit achieved and the weakening of the Ringgit Malaysia against the US Dollar.

16 Comparison with preceding quarter's result

	Current Quarter	Preceding Quarter	Variance %
	31.12.2019 RM'000	30-09-2019 RM'000	
Revenue	36,342	30,257	20.11
Gross profit/(loss)	7,352	3,605	More than 100
Profit/(Loss) before interest and tax	2,350	(525)	More than 100
Profit/(Loss) before taxation	2,270	(610)	More than 100
Profit/(Loss) after taxation	2,212	(625)	More than 100
Profit/(Loss) attributable to ordinary equity holders of the parent	2,340	(342)	More than 100

The Group's revenue for the current quarter under review of RM36.34 million represents an increase of 20.11% compared to RM30.26 million registered in the preceding quarter. The increase were mainly due to the increase in orders from the customers. The Group has recorded a gross profit of RM7.35 million compare to a gross profit of RM3.61 million in the preceding quarter mainly due to the higher revenue and lower raw material, direct labour and overhead cost incurred as a result of the efforts by the Group in controlling its manufacturing costs. The Group has recorded a profit before tax of RM2.27 million in the current quarter compared to loss before tax of RM0.61 million in the preceding quarter. The profit before tax were mainly due to the higher gross profit in the current quarter as a result of the efforts by the Group in controlling its manufacturing costs.

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, trade war between USA and China, high production and labour costs and stiffer competition. The recent Coronavirus outbreak is also expected to affect the supply chain and create disruption to businesses.

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	(50)	(99)
Other income	(269)	(507)
Interest expense	80	165
Depreciation of property, plant and equipment	617	1,241
Depreciation of right of use assets	26	51
Provision for and write off of receivables	(14)	(14)
Provision for and write off of inventories	-	-
Loss/(gain) on disposal of property, plant and equipment	(5)	(14)
Property, plant and equipment written off	-	-
Foreign exchange loss/(gain)		
- Realised	135	5
- Unrealised	177	211
Fair value loss/(gain) on derivative financial instruments		
- Unrealised	1	-

20 Taxation

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

	Current Quarter RM'000	Year To Date RM'000
Current		
- Malaysian taxation	58	73
- Deferred taxation	-	-
	<u>58</u>	<u>73</u>
Adjustment in respect of prior year		
- Malaysian taxation	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>
Total	<u>58</u>	<u>73</u>

The effective tax rate for the Group is lower than the statutory tax rate mainly due to the utilisation of capital allowances and business loss brought forward.

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 31.12.2019					
	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	-	-	-	580	-	580
Unsecured						
Revolving loan	-	-	1,902	-	1,902	-
Bankers acceptance	-	-	-	3,669	-	3,669
Overdraft	-	-	-	176	-	176
Total	-	-	1,902	4,425	1,902	4,425
	Preceding Year Corresponding Quarter 31.12.2018					
	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	-	-	-	965	-	965
Unsecured						
Revolving loan	-	-	2,560	-	2,560	-
Bankers acceptance	-	-	-	4,838	-	4,838
Total	-	-	2,560	5,803	2,560	5,803

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 final payments of RM6,141,960 is pending the release of bank loan and is expected to be released by March 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 31.12.2019	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2018	CURRENT YEAR TO DATE 31.12.2019	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2018
Net profit / (loss) for the period attributable to owners of the parent (RM'000)	2,340	(523)	1,998	(3,049)
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	4.68	(1.05)	4.00	(6.10)

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng
Managing Director
27 FEBRUARY 2020