



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 30.09.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2019 RM'000	CURRENT YEAR TO DATE 30.09.2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2019 RM'000
Revenue	30,192	30,257	30,192	30,257
Cost of Sales	(25,482)	(26,652)	(25,482)	(26,652)
Gross Profit/(Loss)	4,710	3,605	4,710	3,605
Other Operating Income	269	426	269	426
Operating Expenses	(3,767)	(4,557)	(3,767)	(4,557)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	7	1	7	1
Profit/(Loss) From Operations	1,219	(525)	1,219	(525)
Finance Cost	(40)	(85)	(40)	(85)
Share of Profits of Associate Company	-	-	-	-
Profit/(Loss) Before Taxation	1,179	(610)	1,179	(610)
Taxation	(16)	(15)	(16)	(15)
Profit/(Loss) For The Period	1,163	(625)	1,163	(625)
Other Comprehensive Income/(Loss) For The Period				
Foreign Currency Translation	-	58	-	58
Total Comprehensive Income/(Loss) For The Period	1,163	(567)	1,163	(567)
Profit/(Loss) For The Period Attributable to:				
Owners of the parent	1,163	(342)	1,163	(342)
Non-controlling interest	-	(283)	-	(283)
	1,163	(625)	1,163	(625)
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	1,163	(334)	1,163	(334)
Non-controlling interest	-	(233)	-	(233)
	1,163	(567)	1,163	(567)
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	2.33	(0.68)	2.33	(0.68)
(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 2020)

**SHH RESOURCES HOLDINGS BERHAD**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	AS AT CURRENT QUARTER ENDED 30.09.2020 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2020 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	36,882	37,284
Right of Use Assets	245	268
Investment in an Associated Company	711	711
	<u>37,838</u>	<u>38,263</u>
Current Assets		
Inventories	26,282	22,850
Inventories-property development cost	11,543	11,003
Receivables	10,551	8,986
Tax Assets	429	371
Derivatives Financial Instruments at Fair Value	7	16
Deposits, Cash and Bank Balances	16,014	14,499
	<u>64,826</u>	<u>57,725</u>
TOTAL ASSETS	<u>102,664</u>	<u>95,988</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Retained Profits	16,237	15,074
	<u>66,235</u>	<u>65,072</u>
Non-Controlling Interest	<u>97</u>	<u>97</u>
Total Equity	<u>66,332</u>	<u>65,169</u>
Non-current Liabilities		
Borrowings	6,241	6,241
Lease Liabilities	162	186
Deferred Taxation	1,055	1,055
	<u>7,458</u>	<u>7,482</u>
Current Liabilities		
Payables	21,899	17,413
Borrowings	6,862	5,818
Lease Liabilities	91	88
Tax Liabilities	22	18
	<u>28,874</u>	<u>23,337</u>
Total Liabilities	<u>36,332</u>	<u>30,819</u>
TOTAL EQUITY AND LIABILITIES	<u>102,664</u>	<u>95,988</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.32</u>	<u>1.30</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2020)

**SHH RESOURCES HOLDINGS BERHAD**

(Company No.: 304227-U)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	CURRENT PERIOD TO DATE 30.09.2020 RM'000	PRECEDING PERIOD TO DATE 30.09.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	1,179	(610)
Adjustments for:-		
Depreciation of property, plant and equipment	609	624
Depreciation of right of use assets	23	25
Expenses relating to short-term lease	1	-
Unrealised foreign exchange loss/(gain)	7	34
Net changes in fair value on derivative financial instruments	10	(1)
Interest expenses	40	85
Interest income	(25)	(49)
Loss/(gain) on disposal of property, plant and equipment	(21)	(9)
Operating Profit/(Loss) Before Changes In Working Capital	1,823	99
Changes In Working Capital		
Inventories	(3,432)	(732)
Inventories-property development costs	(540)	-
Receivables	(1,590)	(5,776)
Payables	4,495	3,477
Cash generated from / (used in) operations	756	(2,932)
Interest expenses	(40)	(85)
Interest income	25	49
Tax paid	(71)	(56)
Tax refund	-	1,496
Short term lease payment	(1)	-
Net Cash Flows Generated From / (Used In) Operating Activities	669	(1,528)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	21	9
Purchase of property, plant and equipment	(208)	(25)
Net Cash Flows Generated From / (Used In) Investing Activities	(187)	(16)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	1,061	831
Repayment of lease liabilities	(22)	(23)
Net Cash Flows Generated From / (Used In) Financing Activities	1,039	808
Exchange gain / (loss) in translation of financial statements of foreign subsidiary	-	3
Net Change In Cash And Cash Equivalents	1,521	(733)
Effect of exchange rate changes	(6)	(25)
Cash And Cash Equivalents At Beginning Of Year	13,762	12,188
Cash And Cash Equivalents At End Of Period	15,277	11,430

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 30 June 2020)



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						
30.09.2020						
Balance At Beginning Of Year	49,998	-	15,074	65,072	97	65,169
Total Comprehensive Income/ (Loss) For The Period	-	-	1,163	1,163	-	1,163
Balance At End Of Period	49,998	-	16,237	66,235	97	66,332

Preceding 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

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2020)



SHH RESOURCES HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2020

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 2020. 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 2020.

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 2020 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 July 2020 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.

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 is that of the manufacturing and trading of wooden furniture and property development in Malaysia. As such, segmental reporting is only presented by business segments. In presenting information on the basis of business segments, segment revenue, profit before taxation, assets and liabilities were based on operating segment.

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

	Manufacturing of Furniture RM'000	Property Development RM'000	Consolidated Adjustments & Eliminations RM'000	Total RM'000
Sales to external customers	30,192	-	-	30,192
Inter-segment sales	-	-	-	-
Total Revenue	30,192	-	-	30,192
Profit/ (Loss) before taxation	1,178	(1)	2	1,179
Total assets	104,812	12,324	(14,472)	102,664
Total liabilities	39,221	11,838	(14,727)	36,332

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

On 28 May 2020, the Company announced that SHH Furniture Industries Sdn Bhd ("SFI"), a wholly owned subsidiary of the Company, has obtained a winding up order from the Supreme Court of Victoria at Melbourne, Australia for winding up and liquidation of Zillo & Co. Pty Ltd ("Zillo"). Zillo is a 70% owned subsidiary of SFI since financial year 2017. Anthony Robert Cant and Renee Sarah Di Carlo from Romanis Cant have been appointed jointly and severally as Liquidators for the purpose of winding up of Zillo. The affairs and conduct of Zillo are now placed under the control of the Liquidator who will manage the entire process of liquidation. The Group has deconsolidated Zillo and fully recognised the loss on deconsolidation in the previous financial year.

Save as disclosed above, there were no other 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 30.09.2020 RM'000	Current Year To Date 30.09.2020 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>	1,848	1,848
<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>	16	16

15 Review of performance

	Individual Quarter			Cumulative Quarter		
	30.09.2020 RM'000	30.09.2019 RM'000	Variance %	30.09.2020 RM'000	30.09.2019 RM'000	Variance %
Revenue	30,192	30,257	(0.21)	30,192	30,257	(0.21)
Gross profit/(loss)	4,710	3,605	30.65	4,710	3,605	30.65
Profit/(Loss) before interest and tax	1,219	(525)	More than 100	1,219	(525)	More than 100
Profit/(Loss) before taxation	1,179	(610)	More than 100	1,179	(610)	More than 100
Profit/(Loss) after taxation	1,163	(625)	More than 100	1,163	(625)	More than 100
Profit/(Loss) attributable to ordinary equity holders of the parent	1,163	(342)	More than 100	1,163	(342)	More than 100

For the current quarter under review, the Group's revenue has slightly decreased by 0.21% to RM30.19 million as compared to RM30.26 million in the preceding year's corresponding quarter. The Group has recorded a higher gross profit of RM4.71 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 was mainly due to the lower material consumption incurred as a result of the efforts by the Group in controlling its manufacturing costs and weakening of the Ringgit Malaysia against the US Dollar resulting to higher selling prices. The Group recorded a profit before tax of RM1.18 million in the current quarter compared to a loss before tax of RM0.61 million in the preceding year's corresponding quarter. The profit before tax were mainly due to the higher gross profit in the current quarter and the lower administrative expenses incurred due to the winding up of the Australian subsidiary.

16 Comparison with preceding quarter's result

	Current Quarter	Preceding Quarter	Variance %
	30.09.2020 RM'000	30-06-2020 RM'000	
Revenue	30,192	12,994	More than 100
Gross profit/(loss)	4,710	260	More than 100
Profit/(Loss) before interest and tax	1,219	(4,135)	More than 100
Profit/(Loss) before taxation	1,179	(4,169)	More than 100
Profit/(Loss) after taxation	1,163	(4,490)	More than 100
Profit/(Loss) attributable to ordinary equity holders of the parent	1,163	(4,489)	More than 100

The Group's revenue for the current quarter under review of RM30.19 million represents an increase of more than 100% compared to RM12.99 million registered in the preceding quarter. The increase were mainly due to the increase in orders received for the current quarter under review and the enforced shutdown resulting to reduction in production capacity during the Movement Control Order ("MCO") on 18 March 2020 to address Covid-19 pandemic in the preceding quarter. Correspondingly, The Group has recorded a higher gross profit of RM4.71 million compare to a gross profit of RM0.26 million in the preceding quarter. The Group has also recorded a profit before tax of RM1.18 million in the current quarter compared to loss before tax of RM4.17 million in the preceding quarter. The profit before tax were mainly due to the higher gross profit in the current quarter and the loss on winding up of the Australian subsidiary in the preceding quarter.

17 Prospects

The Covid-19 pandemic has resulted in significant challenges and uncertainty to the global economy. The outlook of the US economy has also been affected by the Covid-19 pandemic and resulted to higher unemployment rate and lower consumers' confidence and spending. However, efforts by the US government to re-open back its economy from the Covid-19 pandemic has resulted to an increased in orders for furniture. Despite the positive development, going forward the Group expects the operating environment to remain challenging and competitive due to the Covid-19 pandemic, weak global sentiments, higher raw material and labour costs.

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	(25)	(25)
Other income	(223)	(223)
Interest expense	40	40
Depreciation of property, plant and equipment	609	609
Depreciation of right of use assets	23	23
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss/(gain) on disposal of property, plant and equipment	(21)	(21)
Property, plant and equipment written off	-	-
Expenses relating to short-term lease	1	1
Foreign exchange loss/(gain)		
- Realised	402	402
- Unrealised	7	7
Fair value loss/(gain) on derivative financial instruments		
- Unrealised	(7)	(7)

20 Taxation

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

	Current Quarter RM'000	Year To Date RM'000
Current		
- Malaysian taxation	16	16
- Deferred taxation	-	-
	<u>16</u>	<u>16</u>
Adjustment in respect of prior year		
- Malaysian taxation	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>
Total	<u>16</u>	<u>16</u>

The effective tax rate for the Group is lower than the statutory tax rate mainly due to the utilisation of 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 30.09.2020					
	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	-	-	-	-	-	-
Term Loan	-	6,241	-	-	-	6,241
Unsecured						
Revolving loan	-	-	481	-	481	-
Bankers acceptance	-	-	-	6,381	-	6,381
Overdraft	-	-	-	-	-	-
Total	-	6,241	481	6,381	481	12,622
	Preceding Year Corresponding Quarter 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

24 Corporate proposals

There were no corporate proposals announced and not completed as at to date.

25 Financial instruments
Derivatives

As at 30 September 2020 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	1,663	1,656	7

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 30.09.2020	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2019	CURRENT YEAR TO DATE 30.09.2020	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2019
Net profit / (loss) for the period attributable to owners of the parent (RM'000)	1,163	(342)	1,163	(342)
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	2.33	(0.68)	2.33	(0.68)

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng

Managing Director
24 NOV 2020