



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
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Revenue	30,255	28,417	62,782	52,284
Cost of Sales	(29,310)	(24,486)	(56,885)	(45,071)
Gross Profit	945	3,931	5,897	7,213
Other Operating Income	308	1,728	677	2,420
Operating Expenses	(5,074)	(3,234)	(9,509)	(6,305)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	3	(21)	-	(28)
Profit/(Loss) From Operations	(3,818)	2,404	(2,935)	3,300
Finance Cost	(46)	(54)	(95)	(101)
Share of Profits of Associate Company	-	-	-	-
Profit/(Loss) Before Taxation	(3,864)	2,350	(3,030)	3,199
Taxation	(14)	(413)	(226)	(470)
Profit/(Loss) For The Period	(3,878)	1,937	(3,256)	2,729
Other Comprehensive Income/(Loss) For The Period				
Foreign Currency Translation	(114)	-	(146)	-
Total Comprehensive Income/(Loss) For The Period	(3,992)	1,937	(3,402)	2,729
Profit/(Loss) For The Period Attributable to:				
Owners of the parent	(3,694)	1,937	(2,896)	2,729
Non-controlling interest	(184)	-	(360)	-
	(3,878)	1,937	(3,256)	2,729
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	(3,824)	1,937	(3,060)	2,729
Non-controlling interest	(168)	-	(342)	-
	(3,992)	1,937	(3,402)	2,729
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	(7.39)	3.87	(5.79)	5.46
(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 2017)

**SHH RESOURCES HOLDINGS BERHAD**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	AS AT CURRENT QUARTER ENDED 31.12.2017 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2017 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	40,102	40,357
Investment in an Associated Company	439	439
	<u>40,541</u>	<u>40,796</u>
Current Assets		
Inventories	28,943	31,890
Receivables	14,479	11,364
Tax Assets	2,147	1,563
Investment Management Fund	2,000	2,000
Deposits, Cash and Bank Balances	17,037	20,861
	<u>64,606</u>	<u>67,678</u>
TOTAL ASSETS	<u>105,147</u>	<u>108,474</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Foreign Exchange Reserve	(123)	40
Retained Profits	34,887	37,783
	<u>84,762</u>	<u>87,821</u>
Non-Controlling Interest	<u>(522)</u>	<u>(180)</u>
Total Equity	<u>84,240</u>	<u>87,641</u>
Non-current Liability		
Deferred Taxation	2,586	2,586
	<u>2,586</u>	<u>2,586</u>
Current Liabilities		
Payables	12,344	11,588
Borrowings	5,970	6,652
Derivatives Financial Instruments at Fair Value	-	-
Tax Liabilities	7	7
	<u>18,321</u>	<u>18,247</u>
Total Liabilities	<u>20,907</u>	<u>20,833</u>
TOTAL EQUITY AND LIABILITIES	<u>105,147</u>	<u>108,474</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.70</u>	<u>1.76</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017)

**SHH RESOURCES HOLDINGS BERHAD**

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

	CURRENT PERIOD TO DATE 31.12.2017 RM'000	PRECEDING PERIOD TO DATE 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(3,030)	3,199
Adjustments for:-		
Depreciation of property, plant and equipment	1,076	1,047
Distribution of investment management funds	(32)	(31)
Unrealised foreign exchange loss/(gain)	111	185
Net changes in fair value on derivative financial instruments	-	41
Interest expenses	95	101
Interest income	(145)	(378)
Property, plant and equipment written off	4	-
Loss/(gain) on disposal of property, plant and equipment	(15)	(57)
Operating Profit/(Loss) Before Changes In Working Capital	(1,936)	4,107
Changes In Working Capital		
Inventories	2,825	(2,721)
Receivables	(3,263)	(6,495)
Payables	927	4,235
Cash generated from / (used in) operations	(1,447)	(874)
Interest expenses	(95)	(101)
Interest income	145	378
Tax paid	(809)	(811)
Net Cash Flows Generated From / (Used In) Operating Activities	(2,206)	(1,408)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	15	57
Purchase of property, plant and equipment	(834)	(734)
Distribution received from investment management funds	32	31
Net Cash Flows Generated From / (Used In) Investing Activities	(787)	(646)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	(533)	(316)
Repayment of hire purchase obligations	-	(18)
Net Cash Flows Generated From / (Used In) Financing Activities	(533)	(334)
Exchange gain / (loss) in translation of financial statements of foreign subsidiary	(204)	-
Net Change In Cash And Cash Equivalents	(3,730)	(2,388)
Effect of exchange rate changes	(94)	19
Cash And Cash Equivalents At Beginning Of Year	20,861	33,973
Cash And Cash Equivalents At End Of Period	17,037	31,604

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017)



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						
31.12.2017						
Balance At Beginning Of Year	49,998	40	37,783	87,821	(180)	87,641
Profit/ (Loss) after tax for the period	-	-	(2,896)	(2,896)	(360)	(3,256)
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	(163)	-	(163)	18	(145)
Total Comprehensive Income/ (Loss) For The Period	-	(163)	(2,896)	(3,059)	(342)	(3,401)
Balance At End Of Period	49,998	(123)	34,887	84,762	(522)	84,240

Preceding Period To Date

31.12.2016

Balance At Beginning Of Year	49,998	-	37,524	87,522	-	87,522
Total Comprehensive Income For The Period	-	-	2,729	2,729	-	2,729
Balance At End Of Period	49,998	-	40,253	90,251	-	90,251

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017)



SHH RESOURCES HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2017

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 2017. 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 2017.

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 2017 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 July 2017 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

The proposed first and final single-tier tax exempt dividend of 5 sen per ordinary share in respect of the financial year ended 30 June 2017, was duly declared, approved and paid on 10 January 2018 to depositors registered in the Record of Depositors of the Company at the close of business on 27 December 2017.

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	62,304	478	-	62,782
Profit/ (Loss) before taxation	(2,064)	(1,200)	234	(3,030)
Total assets	106,894	2,674	(4,421)	105,147
Total liabilities	20,705	4,415	(4,213)	20,907

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 31.12.2017 RM'000	Current Year To Date 31.12.2017 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 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>d) 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>	1,820	3,757
<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 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>d) 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>	5	90

15 Review of performance

	Individual Quarter			Cumulative Quarter		
	31.12.2017 RM'000	31.12.2016 RM'000	Variance %	31.12.2017 RM'000	31.12.2016 RM'000	Variance %
Revenue	30,255	28,417	6.47	62,782	52,284	20.08
Gross profit	945	3,931	(75.96)	5,897	7,213	(18.24)
Profit/(Loss) before interest and tax	(3,818)	2,404	(258.82)	(2,935)	3,300	(188.94)
Profit/(Loss) before taxation	(3,864)	2,350	(264.43)	(3,030)	3,199	(194.72)
Profit/(Loss) after taxation	(3,878)	1,937	(300.21)	(3,256)	2,729	(219.31)
Profit/(Loss) attributable to ordinary equity holders of the parent	(3,694)	1,937	(290.71)	(2,896)	2,729	(206.12)

For the current quarter under review, the Group's revenue has increased by 6.47% to RM30.26 million as compared to RM28.42 million in the preceding year's corresponding quarter. The increase was mainly due to the increase in orders from customers. However, the Group has recorded a lower gross profit of RM0.95 million in the current quarter as compared to a gross profit of RM3.93 million in the preceding year's corresponding quarter. The gross profit was lower due to the higher raw materials and labour costs and the strengthening of the Ringgit Malaysia against the US Dollar. The Group recorded a loss before tax of RM3.86 million in the current quarter compared to a profit before tax of RM2.35 million in the preceding year's corresponding quarter. The loss before tax were mainly due to the lower gross profit achieved, higher loss on foreign exchange and additional operational costs of the Australian subsidiary.

For the six months period under review, the Group's revenue has increased by 20.08% to RM62.78 million as compared to the preceding year's corresponding period of RM52.28 million. The increase were mainly due to the increase in orders from customers. However, the Group has recorded a lower gross profit of RM5.90 million in the current six months period compared to RM7.21 million in the preceding year's corresponding period. The gross profit was lower due to the higher raw materials and labour costs. The Group has recorded a loss before tax of RM3.03 million in the current period compared to a profit before tax of RM3.20 million in the preceding year's corresponding period. The loss before tax were mainly due to the lower gross profit achieved, higher loss on foreign exchange and additional operational costs of the Australian subsidiary.

16 Comparison with preceding quarter's result

	Current Quarter	Preceding Quarter	Variance %
	31.12.2017 RM'000	30-09-2017 RM'000	
Revenue	30,255	32,527	(6.98)
Gross profit	945	4,952	(80.92)
Profit/(Loss) before interest and tax	(3,818)	883	(532.39)
Profit/(Loss) before taxation	(3,864)	834	(563.31)
Profit/(Loss) after taxation	(3,878)	622	(723.47)
Profit/(Loss) attributable to ordinary equity holders of the parent	(3,694)	798	(562.91)

The Group's revenue for the current quarter under review of RM30.26 million represents a decrease of 6.98% compared to RM32.53 million registered in the preceding quarter. The decrease were mainly due to the decrease in orders from customers and the strengthening of the Ringgit Malaysia against the US Dollar resulting to lower selling prices. Correspondingly, the Group has recorded a decrease in gross profit from RM4.95 million in the preceding quarter to RM0.95 million in the current quarter. The lower gross profit were also due to the higher raw materials and labour costs. The Group has recorded a loss before tax of RM3.87 million in the current quarter compared to profit before tax of RM0.83 million in the preceding quarter. The loss before tax were mainly due to the lower gross profit achieved and higher loss on foreign exchange and additional operational costs of the Australian subsidiary.

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 raw material 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	(57)	(145)
Distribution of investment management fund	(16)	(32)
Other income	(233)	(485)
Interest expense	46	95
Depreciation of property, plant and equipment	546	1,076
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss/(gain) on disposal of property, plant and equipment	(2)	(15)
Property, plant and equipment written off	3	4
Foreign exchange loss/(gain)		
- Realised	885	1,062
- Unrealised	(158)	61
Fair value loss/(gain) on derivative financial instruments		
- Unrealised	(3)	-

20 Taxation

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

	Current Quarter RM'000	Year To Date RM'000
Current		
- Malaysian taxation	14	226
- Deferred taxation	-	-
	<u>14</u>	<u>226</u>
Adjustment in respect of prior year		
- Malaysian taxation	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>
Total	<u>14</u>	<u>226</u>

The effective tax rate for the Group is higher than the statutory tax rate mainly due to the losses incurred in some of the subsidiaries of the Group which cannot be off-set in the profitable subsidiaries.

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 31.12.2017					
	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	-	-	-	-	-	-
Unsecured						
Revolving loan	-	-	2,511	-	2,511	-
Bankers acceptance	-	-	-	3,459	-	3,459
Total	-	-	2,511	3,459	2,511	3,459
	Preceding Year Corresponding Quarter 31.12.2016					
	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	-	-	318	-	318	-
Unsecured						
Revolving loan	-	-	2,778	-	2,778	-
Bankers acceptance	-	-	-	3,950	-	3,950
Total	-	-	3,096	3,950	3,096	3,950

24 Corporate proposals

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

25 Financial instruments

There are no derivative financial instruments as 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 31.12.2017	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2016	CURRENT YEAR TO DATE 31.12.2017	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2016
Net profit / (loss) for the period attributable to owners of the parent (RM'000)	(3,694)	1,937	(2,896)	2,729
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	(7.39)	3.87	(5.79)	5.46

29 Realised and unrealised profits/losses disclosure

The retained profits as at 31 December 2017 is analysed as follows:-

	Current Quarter Ended 31.12.2017 RM'000	Preceding Year Ended 30.06.2017 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	35,853	38,832
- Unrealised	(111)	(194)
	35,742	38,638
Add: Consolidated adjustments	(855)	(855)
Total group retained profits as per consolidated financial statements	34,887	37,783

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng
Managing Director
22 FEBRUARY 2018