



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
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Revenue	28,972	32,527	28,972	32,527
Cost of Sales	(27,301)	(27,575)	(27,301)	(27,575)
Gross Profit/(Loss)	1,671	4,952	1,671	4,952
Other Operating Income	598	369	598	369
Operating Expenses	(4,894)	(4,435)	(4,894)	(4,435)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	3	(3)	3	(3)
Profit/(Loss) From Operations	(2,622)	883	(2,622)	883
Finance Cost	(77)	(49)	(77)	(49)
Share of Profits of Associate Company	-	-	-	-
Profit/(Loss) Before Taxation	(2,699)	834	(2,699)	834
Taxation	(16)	(212)	(16)	(212)
Profit/(Loss) For The Period	(2,715)	622	(2,715)	622
Other Comprehensive Income/(Loss) For The Period				
Foreign Currency Translation	53	(32)	53	(32)
Total Comprehensive Income/(Loss) For The Period	(2,662)	590	(2,662)	590
Profit/(Loss) For The Period Attributable to:				
Owners of the parent	(2,526)	798	(2,526)	798
Non-controlling interest	(189)	(176)	(189)	(176)
	(2,715)	622	(2,715)	622
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	(2,468)	764	(2,468)	764
Non-controlling interest	(194)	(174)	(194)	(174)
	(2,662)	590	(2,662)	590
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	(5.05)	1.60	(5.05)	1.60
(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 30.09.2018 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2018 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	39,399	39,606
Investment in an Associated Company	465	465
	<u>39,864</u>	<u>40,071</u>
Current Assets		
Inventories	24,255	23,620
Receivables	17,696	14,883
Tax Assets	1,970	1,849
Derivatives Financial Instruments at Fair Value	3	-
Deposits, Cash and Bank Balances	12,361	15,802
	<u>56,285</u>	<u>56,154</u>
TOTAL ASSETS	<u>96,149</u>	<u>96,225</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Foreign Exchange Reserve	(223)	(281)
Retained Profits	23,209	25,735
	<u>72,984</u>	<u>75,452</u>
Non-Controlling Interest	<u>(1,006)</u>	<u>(812)</u>
Total Equity	<u>71,978</u>	<u>74,640</u>
Non-current Liability		
Deferred Taxation	761	761
	<u>761</u>	<u>761</u>
Current Liabilities		
Payables	15,802	13,012
Borrowings	7,595	7,781
Derivatives Financial Instruments at Fair Value	-	21
Tax Liabilities	13	10
	<u>23,410</u>	<u>20,824</u>
Total Liabilities	<u>24,171</u>	<u>21,585</u>
TOTAL EQUITY AND LIABILITIES	<u>96,149</u>	<u>96,225</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.46</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**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	CURRENT PERIOD TO DATE 30.09.2018 RM'000	PRECEDING PERIOD TO DATE 30.09.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(2,699)	834
Adjustments for:-		
Depreciation of property, plant and equipment	564	530
Distribution of investment management funds	-	(16)
Unrealised foreign exchange loss/(gain)	(38)	219
Net changes in fair value on derivative financial instruments	(23)	3
Interest expenses	77	49
Interest income	(81)	(88)
Property, plant and equipment written off	-	1
Loss/(gain) on disposal of property, plant and equipment	-	(13)
Operating Profit/(Loss) Before Changes In Working Capital	(2,200)	1,519
Changes In Working Capital		
Inventories	(621)	(408)
Receivables	(2,718)	(3,740)
Payables	2,809	2,557
Cash generated from / (used in) operations	(2,730)	(72)
Interest expenses	(77)	(49)
Interest income	81	88
Tax paid	(133)	(409)
Net Cash Flows Generated From / (Used In) Operating Activities	(2,859)	(442)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	13
Purchase of property, plant and equipment	(356)	(207)
Distribution received from investment management funds	-	16
Net Cash Flows Generated From / (Used In) Investing Activities	(356)	(178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	(248)	(290)
Net Cash Flows Generated From / (Used In) Financing Activities	(248)	(290)
Exchange gain / (loss) in translation of financial statements of foreign subsidiary	1	(39)
Net Change In Cash And Cash Equivalents	(3,462)	(949)
Effect of exchange rate changes	21	(75)
Cash And Cash Equivalents At Beginning Of Year	15,802	20,861
Cash And Cash Equivalents At End Of Period	12,361	19,837

(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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	← Attributable to equity holders of the parent →					Total Equity RM'000
	Non-distributable		Distributable	Total RM'000	Non- Controlling Interest RM'000	
	Share Capital RM'000	Foreign Exchange Reserve RM'000	Retained Profits RM'000			
Current 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
Preceding Period To Date						
30.09.2017						
Balance At Beginning Of Year	49,998	40	37,783	87,821	(180)	87,641
Profit/ (Loss) after tax for the period	-	-	798	798	(176)	622
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	(34)	-	(34)	2	(32)
Total Comprehensive Income/ (Loss) For The Period	-	(34)	798	764	(174)	590
Balance At End Of Period	49,998	6	38,581	88,585	(354)	88,231

(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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2018

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. 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	28,023	949	-	28,972
Profit/ (Loss) before taxation	(1,884)	(628)	(187)	(2,699)
Total assets	99,498	3,090	(6,439)	96,149
Total liabilities	23,467	6,775	(6,071)	24,171

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 30.09.2018 RM'000	Current Year To Date 30.09.2018 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>	1,933	1,933
<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>	39	39

15 Review of performance

	Individual Quarter			Cumulative Quarter		
	30.09.2018 RM'000	30.09.2017 RM'000	Variance %	30.09.2018 RM'000	30.09.2017 RM'000	Variance %
Revenue	28,972	32,527	(10.93)	28,972	32,527	(10.93)
Gross profit/(loss)	1,671	4,952	(66.26)	1,671	4,952	(66.26)
Profit/(Loss) before interest and tax	(2,622)	883	(396.94)	(2,622)	883	(396.94)
Profit/(Loss) before taxation	(2,699)	834	(423.62)	(2,699)	834	(423.62)
Profit/(Loss) after taxation	(2,715)	622	(536.50)	(2,715)	622	(536.50)
Profit/(Loss) attributable to ordinary equity holders of the parent	(2,526)	798	(416.54)	(2,526)	798	(416.54)

For the current quarter under review, the Group's revenue has decreased by 10.93% to RM28.97 million as compared to RM32.53 million in the preceding year's corresponding quarter. The decrease was mainly due to the drop in orders from customers and the strengthening of the Ringgit Malaysia against the US Dollar resulting in lower selling prices. The Group has recorded a gross profit of RM1.67 million in the current quarter as compared to a gross profit of RM4.95 million in the preceding year's corresponding quarter. The lower gross profit in the current quarter was 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 RM2.70 million in the current quarter compared to a profit before tax of RM0.83 million in the preceding year's corresponding quarter. The loss before tax were mainly due to the lower gross profit in the current quarter as a result of higher raw materials and labour costs and the strengthening of the Ringgit Malaysia against the US Dollar. The Group recorded a higher operating expenses of RM4.89 mil in the current quarter compared to RM4.44 mil in the preceding year's corresponding quarter mainly due to additional trade exhibition and marketing expenses incurred in the current quarter.

16 Comparison with preceding quarter's result

	Current Quarter	Preceding Quarter	Variance %
	30.09.2018 RM'000	30-06-2018 RM'000	
Revenue	28,972	25,270	14.65
Gross profit/(loss)	1,671	(39)	More than 100
Profit/(Loss) before interest and tax	(2,622)	(3,426)	(23.47)
Profit/(Loss) before taxation	(2,699)	(3,506)	(23.02)
Profit/(Loss) after taxation	(2,715)	(1,687)	60.94
Profit/(Loss) attributable to ordinary equity holders of the parent	(2,526)	(1,470)	71.84

The Group's revenue for the current quarter under review of RM28.97 million represents an increase of 14.65% compared to RM25.27million registered in the preceding quarter. The increase were mainly due to the increase in orders from customers and the weakening of the Ringgit Malaysia against the US Dollar. Correspondingly, the Group has recorded a gross profit of RM1.67 million compare to a gross loss of RM0.04 million in the preceding quarter. As a result of the higher gross profit, the Group has recorded a lower loss before tax of RM2.70 million in the current quarter compared to loss before tax of RM3.51 million in the preceding quarter. The Group recorded a higher operating expenses of RM4.89 mil in the current quarter compared to RM3.70 mil in the preceding quarter. The higher operating expenses were mainly due to additional trade exhibition and marketing expenses and higher shipping, haulage and freight delivery expenses incurred as a result of higher sales volume. The Group recorded a higher loss after tax of RM2.72 mil in the current quarter compared to loss after tax of RM1.69 mil in the preceding quarter due to the reversal of deferred tax charge of RM1.83 mil in the preceding quarter.

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 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	(81)	(81)
Distribution of investment management fund	-	-
Other income	(247)	(247)
Interest expense	77	77
Depreciation of property, plant and equipment	564	564
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss/(gain) on disposal of property, plant and equipment	-	-
Property, plant and equipment written off	-	-
Foreign exchange loss/(gain)		
- Realised	(233)	(233)
- Unrealised	(38)	(38)
Fair value loss/(gain) on derivative financial instruments		
- Unrealised	(3)	(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	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>

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 30.09.2018					
	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
	Preceding Year Corresponding Quarter 30.09.2017					
	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	-	-	2,616	-	2,616	-
Bankers acceptance	-	-	-	3,702	-	3,702
Total	-	-	2,616	3,702	2,616	3,702

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. The subsequent payments will be as follows:

- Second payment - RM1,535,490 to be paid by 8 January 2019
- 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 2018 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	1,655	1,652	3

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 30.09.2018	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2017	CURRENT YEAR TO DATE 30.09.2018	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2017
Net profit / (loss) for the period attributable to owners of the parent (RM'000)	(2,526)	798	(2,526)	798
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	(5.05)	1.60	(5.05)	1.60

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng
Managing Director
27 NOVEMBER 2018