



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
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Revenue	29,235	30,255	58,207	62,782
Cost of Sales	(25,625)	(29,310)	(52,926)	(56,885)
Gross Profit/(Loss)	3,610	945	5,281	5,897
Other Operating Income	380	308	978	677
Operating Expenses	(4,673)	(5,074)	(9,567)	(9,509)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	7	3	10	-
Profit/(Loss) From Operations	(676)	(3,818)	(3,298)	(2,935)
Finance Cost	(78)	(46)	(155)	(95)
Share of Profits of Associate Company	-	-	-	-
Profit/(Loss) Before Taxation	(754)	(3,864)	(3,453)	(3,030)
Taxation	(18)	(14)	(34)	(226)
Profit/(Loss) For The Period	(772)	(3,878)	(3,487)	(3,256)
Other Comprehensive Income/(Loss) For The Period				
Foreign Currency Translation	(12)	(114)	41	(146)
Total Comprehensive Income/(Loss) For The Period	(784)	(3,992)	(3,446)	(3,402)
Profit/(Loss) For The Period Attributable to:				
Owners of the parent	(523)	(3,694)	(3,049)	(2,896)
Non-controlling interest	(249)	(184)	(438)	(360)
	(772)	(3,878)	(3,487)	(3,256)
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	(565)	(3,824)	(3,033)	(3,060)
Non-controlling interest	(219)	(168)	(413)	(342)
	(784)	(3,992)	(3,446)	(3,402)
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	(1.05)	(7.39)	(6.10)	(5.79)
(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 31.12.2018 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2018 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	39,057	39,606
Investment in an Associated Company	465	465
	<u>39,522</u>	<u>40,071</u>
Current Assets		
Inventories	22,502	23,620
Receivables	16,449	14,883
Tax Assets	2,149	1,849
Derivatives Financial Instruments at Fair Value	10	-
Deposits, Cash and Bank Balances	12,420	15,802
	<u>53,530</u>	<u>56,154</u>
TOTAL ASSETS	<u>93,052</u>	<u>96,225</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Foreign Exchange Reserve	(265)	(281)
Retained Profits	22,686	25,735
	<u>72,419</u>	<u>75,452</u>
Non-Controlling Interest	<u>(1,225)</u>	<u>(812)</u>
Total Equity	<u>71,194</u>	<u>74,640</u>
Non-current Liability		
Deferred Taxation	761	761
	<u>761</u>	<u>761</u>
Current Liabilities		
Payables	12,715	13,012
Borrowings	8,363	7,781
Derivatives Financial Instruments at Fair Value	-	21
Tax Liabilities	19	10
	<u>21,097</u>	<u>20,824</u>
Total Liabilities	<u>21,858</u>	<u>21,585</u>
TOTAL EQUITY AND LIABILITIES	<u>93,052</u>	<u>96,225</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.45</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)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	CURRENT PERIOD TO DATE 31.12.2018 RM'000	PRECEDING PERIOD TO DATE 31.12.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(3,453)	(3,030)
Adjustments for:-		
Depreciation of property, plant and equipment	1,178	1,076
Distribution of investment management funds	-	(32)
Unrealised foreign exchange loss/(gain)	153	111
Net changes in fair value on derivative financial instruments	(31)	-
Interest expenses	155	95
Interest income	(133)	(145)
Property, plant and equipment written off	-	4
Loss/(gain) on disposal of property, plant and equipment	-	(15)
Operating Profit/(Loss) Before Changes In Working Capital	(2,131)	(1,936)
Changes In Working Capital		
Inventories	1,081	2,825
Receivables	(1,660)	(3,263)
Payables	(234)	927
Cash generated from / (used in) operations	(2,944)	(1,447)
Interest expenses	(155)	(95)
Interest income	133	145
Tax paid	(324)	(809)
Net Cash Flows Generated From / (Used In) Operating Activities	(3,290)	(2,206)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	15
Purchase of property, plant and equipment	(632)	(834)
Distribution received from investment management funds	-	32
Net Cash Flows Generated From / (Used In) Investing Activities	(632)	(787)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	520	(533)
Net Cash Flows Generated From / (Used In) Financing Activities	520	(533)
Exchange gain / (loss) in translation of financial statements of foreign subsidiary	34	(204)
Net Change In Cash And Cash Equivalents	(3,368)	(3,730)
Effect of exchange rate changes	(14)	(94)
Cash And Cash Equivalents At Beginning Of Year	15,802	20,861
Cash And Cash Equivalents At End Of Period	12,420	17,037

(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

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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						
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
Preceding 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

(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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 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	56,446	1,761	-	58,207
Inter-segment sales	61	-	(61)	-
Total Revenue	56,507	1,761	(61)	58,207
Profit/ (Loss) before taxation	(1,893)	(1,462)	(98)	(3,453)
Total assets	96,960	3,165	(7,073)	93,052
Total liabilities	20,957	7,579	(6,679)	21,857

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 31.12.2018 RM'000	Current Year To Date 31.12.2018 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>	1,852	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>	18	57

15 Review of performance

	Individual Quarter			Cumulative Quarter		
	31.12.2018 RM'000	31.12.2017 RM'000	Variance %	31.12.2018 RM'000	31.12.2017 RM'000	Variance %
Revenue	29,235	30,255	(3.37)	58,207	62,782	(7.29)
Gross profit/(loss)	3,610	945	282.01	5,281	5,897	(10.45)
Profit/(Loss) before interest and tax	(676)	(3,818)	(82.29)	(3,298)	(2,935)	12.37
Profit/(Loss) before taxation	(754)	(3,864)	(80.49)	(3,453)	(3,030)	13.96
Profit/(Loss) after taxation	(772)	(3,878)	(80.09)	(3,487)	(3,256)	7.09
Profit/(Loss) attributable to ordinary equity holders of the parent	(523)	(3,694)	(85.84)	(3,049)	(2,896)	5.28

For the current quarter under review, the Group's revenue has decreased by 3.37% to RM29.24 million as compared to RM30.26 million in the preceding year's corresponding quarter. The decrease was mainly due to the drop in orders from customers. Despite the lower revenue, the Group has recorded a higher gross profit of RM3.61 million in the current quarter as compared to a gross profit of RM0.95 million in the preceding year's corresponding quarter. The higher gross profit in the current quarter was mainly due to the lower labour cost incurred as a result of the efforts by the Group in controlling its labour overtime cost and efficiency. The Group recorded a loss before tax of RM0.68 million in the current quarter compared to a loss before tax of RM3.82 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 as a result of lower labour cost and lower loss in foreign exchange incurred in the current quarter.

For the six months period under review, the Group's revenue has decreased by 7.29% to RM58.21 million as compared to the preceding year's corresponding period of RM62.78 million. The decrease was mainly due to the drop in orders from customers and the strengthening of the Ringgit Malaysia against the US Dollar. Correspondingly, the Group has recorded a lower gross profit of RM5.28 million in the current six months period compared to RM5.90 million in the preceding year's corresponding period. The Group has also recorded a loss before tax of RM3.30 million in the current period compared to a loss before tax of RM2.94 million in the preceding year's corresponding period. The loss before tax were mainly due to the lower gross profit achieved and the increase in the operational costs of the Australian subsidiary.

16 Comparison with preceding quarter's result

	Current Quarter	Preceding Quarter	Variance %
	31.12.2018 RM'000	30-09-2018 RM'000	
Revenue	29,235	28,972	0.91
Gross profit/(loss)	3,610	1,671	More than 100
Profit/(Loss) before interest and tax	(676)	(2,622)	(74.22)
Profit/(Loss) before taxation	(754)	(2,699)	(72.06)
Profit/(Loss) after taxation	(772)	(2,715)	(71.57)
Profit/(Loss) attributable to ordinary equity holders of the parent	(523)	(2,526)	(79.30)

The Group's revenue for the current quarter under review of RM29.24 million represents a slight increase of 0.91% compared to RM28.97million registered in the preceding quarter. The increase were mainly due to the weakening of the Ringgit Malaysia against the US Dollar resulting to higher Ringgit selling prices. The Group has recorded a higher gross profit of RM3.61 million compare to a gross profit of RM1.67 million in the preceding quarter. The higher gross profit were mainly due to the lower labour cost incurred as a result of the efforts by the Group in controlling its labour overtime cost and efficiency and the weakening of the Ringgit Malaysia against the US Dollar. As a result of the higher gross profit, the Group has recorded a lower loss before tax of RM0.68 million in the current quarter compared to loss before tax of RM2.62 million in the preceding quarter. The lower loss before tax were also due to lower trade exhibition and marketing expenses incurred in the current 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	(52)	(133)
Other income	(275)	(522)
Interest expense	78	155
Depreciation of property, plant and equipment	614	1,178
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	(244)	(477)
- Unrealised	191	153
Fair value loss/(gain) on derivative financial instruments		
- Unrealised	(7)	(10)

20 Taxation

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

	Current Quarter RM'000	Year To Date RM'000
Current		
- Malaysian taxation	18	34
- Deferred taxation	-	-
	<u>18</u>	<u>34</u>
Adjustment in respect of prior year		
- Malaysian taxation	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>
Total	<u>18</u>	<u>34</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 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
	Preceding Year Corresponding Quarter 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

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 had been completed on 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 31 December 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	836	826	10

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 31.12.2018	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2017	CURRENT YEAR TO DATE 31.12.2018	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2017
Net profit / (loss) for the period attributable to owners of the parent (RM'000)	(523)	(3,694)	(3,049)	(2,896)
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	(1.05)	(7.39)	(6.10)	(5.79)

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng
Managing Director
26 FEBRUARY 2019