



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 30.09.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2015 RM'000	CURRENT YEAR TO DATE 30.09.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2015 RM'000
Revenue	23,867	32,068	23,867	32,068
Cost of Sales	(20,585)	(23,964)	(20,585)	(23,964)
Gross Profit	3,282	8,104	3,282	8,104
Other Operating Income	692	1,085	692	1,085
Operating Expenses	(3,071)	(3,340)	(3,071)	(3,340)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	(7)	(1,913)	(7)	(1,913)
Profit/(Loss) From Operations	896	3,936	896	3,936
Finance Cost	(47)	(73)	(47)	(73)
Share of Profits of Associate Company	-	-	-	-
Profit/(Loss) Before Taxation	849	3,863	849	3,863
Taxation	(57)	(382)	(57)	(382)
Profit/(Loss) For The Period	792	3,481	792	3,481
Other Comprehensive Income/(Loss) For The Period	-	-	-	-
Total Comprehensive Income/(Loss) For The Period	792	3,481	792	3,481
Profit/(Loss) Attributable to:				
Owners of the parent	792	3,481	792	3,481
Non-controlling interest	-	-	-	-
	792	3,481	792	3,481
Attributable to:				
Owners of the parent	792	3,481	792	3,481
Non-controlling interest	-	-	-	-
	792	3,481	792	3,481
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	1.58	6.96	1.58	6.96
(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 2016)

**SHH RESOURCES HOLDINGS BERHAD**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT CURRENT QUARTER ENDED 30.09.2016 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2016 RM'000
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ASSETS**Non-current Assets**

Property, Plant and Equipment	40,146	40,175
Investment in an Associated Company	366	366
	<u>40,512</u>	<u>40,541</u>

Current Assets

Inventories	19,328	19,100
Receivables	12,837	8,323
Tax Assets	1,192	799
Investment Management Fund	2,000	2,000
Derivatives Financial Instruments at Fair Value	-	13
Deposits, Cash and Bank Balances	31,989	33,973
	<u>67,346</u>	<u>64,208</u>

TOTAL ASSETS

107,858	104,749
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EQUITY AND LIABILITIES**Equity attributable to owners of the parent**

Share Capital	49,998	49,998
Retained Profits	38,316	37,524
	<u>88,314</u>	<u>87,522</u>

Non-Controlling Interest

-	-
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Total Equity

<u>88,314</u>	<u>87,522</u>
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Non-current Liabilities

Deferred Taxation	1,676	1,676
	<u>1,676</u>	<u>1,676</u>

Current Liabilities

Payables	11,168	8,424
Borrowings	6,635	7,077
Derivatives Financial Instruments at Fair Value	7	-
Tax Liabilities	58	50
	<u>17,868</u>	<u>15,551</u>

Total Liabilities

<u>19,544</u>	<u>17,227</u>
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TOTAL EQUITY AND LIABILITIES

107,858	104,749
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Net assets per share attributable to the owners of the parent (RM)

<u>1.77</u>	<u>1.75</u>
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(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2016)

**SHH RESOURCES HOLDINGS BERHAD**

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

	CURRENT PERIOD TO DATE 30.09.2016 RM'000	PRECEDING PERIOD TO DATE 30.09.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	849	3,863
Adjustments for:-		
Depreciation of property, plant and equipment	520	582
Distribution of investment management funds	(16)	(15)
Unrealised foreign exchange loss/(gain)	(133)	237
Net changes in fair value on derivative financial instruments	20	1,582
Interest expenses	47	73
Interest income	(197)	(162)
Loss/(gain) on disposal of property, plant and equipment	(56)	-
Operating Profit/(Loss) Before Changes In Working Capital	1,034	6,160
Changes In Working Capital		
Inventories	(227)	2,065
Receivables	(4,354)	1,192
Payables	2,700	1,147
Cash generated from / (used in) operations	(847)	10,564
Interest expenses	(47)	(73)
Interest income	197	162
Tax paid	(441)	(353)
Net Cash Flows Generated From / (Used In) Operating Activities	(1,138)	10,300
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	57	-
Purchase of property, plant and equipment	(492)	(9)
Distribution received from investment management funds	16	15
Net Cash Flows Generated From / (Used In) Investing Activities	(419)	6
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	(496)	(1,872)
Repayment of hire purchase obligations	(18)	(51)
Net Cash Flows Generated From / (Used In) Financing Activities	(514)	(1,923)
Net Change In Cash And Cash Equivalents	(2,071)	8,383
Effect of exchange rate changes	87	-
Cash And Cash Equivalents At Beginning Of Year	33,973	24,081
Cash And Cash Equivalents At End Of Period	31,989	32,464

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 30 June 2016)



SHH RESOURCES HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	← Attributable to equity holders of the parent →			Non-controlling interest	Total equity	
	Share Capital	Other Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	
Current Period To Date						
30.09.2016						
Balance At Beginning Of Year	49,998	-	37,524	-	87,522	
Total Comprehensive Income For The Period	-	-	792	-	792	
Balance At End Of Period	49,998	-	38,316	-	88,314	
Preceding Period To Date						
30.09.2015						
Balance At Beginning Of Year	49,998	-	30,709	-	80,707	
Total Comprehensive Income For The Period	-	-	3,481	-	3,481	
Balance At End Of Period	49,998	-	34,190	-	84,188	

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2016)



SHH RESOURCES HOLDINGS BERHAD

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2016

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 2016. 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 2016.

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 2016 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 July 2016 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 dividends paid during the current financial period to date.

9 Segmental reporting

The Group operates principally in manufacturing industry in Malaysia. The Group is involved in the manufacturing and trading of wooden furniture.

The other business segments are not significant. Accordingly, information analysing geographical and industry segments is not presented.

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 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 30.09.2016 RM'000	Current Year To Date 30.09.2016 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) Teu Liat Soo is a director of Kurnia Sejati Sdn Bhd (KSSB) and Metro Court Sdn Bhd (MCSB). He has a 50% equity interest in Gerak Teras Sdn Bhd whom has a 51% shareholding in DHSB.</p>	1,490	1,490
<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) Teu Liat Soo is a director of KSSB and MCSB. He has a 50% equity interest in Gerak Teras Sdn Bhd whom has a 51% shareholding in DHSB.</p>	343	343
<p>(c) Rental of premises</p> <p>Rental of office space by Nuswarna Development Sdn Bhd (NDSB) to the Company</p> <p><u>Location</u> No. 4, Lorong Dungun, Bukit Damansara, 50400 Kuala Lumpur.</p> <p><u>Monthly rental</u> RM4,663.00</p> <p><u>Size of rented space</u> 1,554sqft</p>	<p>a) Ling Hee Keat is a director of the Company and SHH Furniture.</p> <p>b) Ling Hee Keat is a director and major shareholder of NDSB.</p>	14	14

15 Review of performance

For the current quarter under review, the Group's revenue has decreased by 25.57% to RM23.87 million as compared to RM32.07 million in the preceding year's corresponding quarter. The decrease in the revenue was mainly due to the drop in orders from customers. Correspondingly, the Group has recorded a lower gross profit of RM3.28 million in the current quarter as compared to a gross profit of RM8.10 million in the preceding year's corresponding quarter. The profit before tax of the Group also reduced to RM0.85 million in the current quarter compared to a profit before tax of RM3.86 million in the preceding year's corresponding quarter. The decrease in the operational profit were mainly due to the lower turnover as a result of a drop in orders from customers.

16 Comparison with preceding quarter's result

The Group's revenue for the current quarter under review of RM23.87 million represents an increase of 13.07% compared to RM21.11 million registered in the preceding quarter. The increase were mainly due to the increase in orders from customers. Despite the higher revenue, the Group has recorded a decrease in gross profit from RM3.52 million in the preceding quarter to RM3.28 million in the current quarter. The Group has also recorded a decrease in profit before tax of RM0.85 million in the current quarter compared to a profit before tax of RM1.03 million in the preceding quarter. The decrease was mainly due to higher production of lower margin products in the current quarter.

17 Prospects

The global economic growth remains moderate and uneven. The slowdown in emerging markets driven by the weak commodity prices will affect economic activities and sentiment in most countries. 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 production 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	(197)	(197)
Distribution of investment management fund	(16)	(16)
Other income	(202)	(202)
Interest expense	47	47
Depreciation of property, plant and equipment	520	520
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss/(gain) on disposal of property, plant and equipment	(56)	(56)
Property, plant and equipment written off	-	-
Foreign exchange loss/(gain)		
- Realised	(88)	(88)
- Unrealised	(133)	(133)
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	57	57
- Deferred taxation	-	-
	<u>57</u>	<u>57</u>
Adjustment in respect of prior year		
- Malaysian taxation	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>
Total	<u>57</u>	<u>57</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

	30.09.2016 RM'000
Secured	
- Short term	516
- Long term	-
	<u>516</u>
Unsecured	
- Short term	6,119
- Long term	-
	<u>6,119</u>
Total	<u>6,635</u>

Included in the above are short term borrowings amounting to RM3.076 million denominated in US Dollars.

24 Corporate proposals

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

25 Financial instrumentsDerivatives

As at 30 September 2016, 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	1,810	1,817	(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

At the Annual General Meeting held on 29 November 2016, the shareholders have approved the first and final tax -exempt dividend of 10 (ten) sen per share amounting to RM4,999,750 in respect of the financial year ended 30 June 2016.

- a. Type of dividend : First and final
 b. Amount per share : 10 sen (tax-exempt)
 c. Previous corresponding period : 10 sen (tax-exempt)
 d. Total dividend for the financial year : 10 sen (tax-exempt)

The dividend will be paid on 10 January 2017 to shareholders whose names appear in the Register of Members and Record of Depository on 27 December 2016.

28 Earning per share

Basic earnings per ordinary share

	CURRENT YEAR QUARTER 30.09.2016	PRECEDING YEAR CORRESPON DING QUARTER 30.09.2015	CURRENT YEAR TO DATE 30.09.2016	PRECEDING YEAR CORRESPON DING PERIOD 30.09.2015
Net profit / (loss) for the period (RM'000)	792	3,481	792	3,481
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	1.58	6.96	1.58	6.96

29 Realised and unrealised profits/losses disclosure

The retained profits as at 30 September 2016 is analysed as follows:-

	Current Quarter Ended 30.09.2016 RM'000	Preceding Year Ended 30.06.2016 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	39,356	39,066
- Unrealised	126	(375)
	39,482	38,691
Add: Consolidated adjustments	(1,166)	(1,167)
Total group retained profits as per consolidated financial statements	<u>38,316</u>	<u>37,524</u>

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng

Managing Director

29 NOVEMBER 2016