



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 31.03.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2016 RM'000	CURRENT YEAR TO DATE 31.03.2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2016 RM'000
Revenue	32,184	26,484	84,468	90,717
Cost of Sales	(25,715)	(20,147)	(70,786)	(68,292)
Gross Profit	6,469	6,337	13,682	22,425
Other Operating Income	413	66	2,833	2,014
Operating Expenses	(4,943)	(3,417)	(11,248)	(12,360)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	28	48	-	151
Profit/(Loss) From Operations	1,967	3,034	5,267	12,230
Finance Cost	(55)	(66)	(156)	(206)
Share of Profits of Associate Company	-	-	-	-
Profit/(Loss) Before Taxation	1,912	2,968	5,111	12,024
Taxation	(278)	(205)	(748)	(1,045)
Profit/(Loss) For The Period	1,634	2,763	4,363	10,979
Other Comprehensive Income/(Loss) For The Period				
Foreign Currency Translation	(5)	-	(5)	-
Total Comprehensive Income/(Loss) For The Period	1,629	2,763	4,358	10,979
Profit/(Loss) For The Period Attributable to:				
Owners of the parent	1,739	2,763	4,468	10,979
Non-controlling interest	(105)	-	(105)	-
	1,634	2,763	4,363	10,979
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	1,736	2,763	4,465	10,979
Non-controlling interest	(107)	-	(107)	-
	1,629	2,763	4,358	10,979
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	3.48	5.53	8.94	21.96
(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 31.03.2017 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2016 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	40,286	40,175
Investment in an Associated Company	366	366
	<u>40,652</u>	<u>40,541</u>
Current Assets		
Inventories	26,250	19,100
Receivables	15,431	8,323
Tax Assets	1,416	799
Investment Management Fund	2,000	2,000
Derivatives Financial Instruments at Fair Value	-	13
Deposits, Cash and Bank Balances	26,194	33,973
	<u>71,291</u>	<u>64,208</u>
TOTAL ASSETS	<u>111,943</u>	<u>104,749</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Foreign Exchange Reserve	(3)	-
Retained Profits	36,992	37,524
	<u>86,987</u>	<u>87,522</u>
Non-Controlling Interest	(4)	-
Total Equity	<u>86,983</u>	<u>87,522</u>
Non-current Liabilities		
Deferred Taxation	1,676	1,676
	<u>1,676</u>	<u>1,676</u>
Current Liabilities		
Payables	13,965	8,424
Borrowings	9,313	7,077
Tax Liabilities	6	50
	<u>23,284</u>	<u>15,551</u>
Total Liabilities	<u>24,960</u>	<u>17,227</u>
TOTAL EQUITY AND LIABILITIES	<u>111,943</u>	<u>104,749</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.74</u>	<u>1.75</u>

(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

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	CURRENT PERIOD TO DATE 31.03.2017 RM'000	PRECEDING PERIOD TO DATE 31.03.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	5,111	12,024
Adjustments for:-		
Depreciation of property, plant and equipment	1,557	1,763
Distribution of investment management funds	(47)	(47)
Unrealised foreign exchange loss/(gain)	378	886
Net changes in fair value on derivative financial instruments	13	(482)
Interest expenses	156	206
Interest income	(512)	(531)
Property, plant and equipment written off	18	69
Loss/(gain) on disposal of property, plant and equipment	(56)	(27)
Operating Profit/(Loss) Before Changes In Working Capital	6,618	13,861
Changes In Working Capital		
Inventories	(7,150)	4,654
Receivables	(7,164)	2,638
Payables	5,466	(1,472)
Cash generated from / (used in) operations	(2,230)	19,681
Interest expenses	(156)	(206)
Interest income	512	531
Dividend paid	(5,000)	(5,000)
Tax paid	(1,408)	(1,059)
Net Cash Flows Generated From / (Used In) Operating Activities	(8,282)	13,947
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	227	27
Purchase of property, plant and equipment	(1,858)	(1,930)
Distribution received from investment management funds	47	47
Subscription of ordinary shares in a subsidiary company by non-controlling interest	103	-
Net Cash Flows Generated From / (Used In) Investing Activities	(1,481)	(1,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	2,027	(1,505)
Repayment of hire purchase obligations	(18)	(156)
Net Cash Flows Generated From / (Used In) Financing Activities	2,009	(1,661)
Exchange gain / (loss) in translation of financial statements of foreign subsidiary	(5)	-
Net Change In Cash And Cash Equivalents	(7,754)	10,430
Effect of exchange rate changes	(20)	-
Cash And Cash Equivalents At Beginning Of Year	33,973	24,081
Cash And Cash Equivalents At End Of Period	26,194	34,511

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



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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						
31.03.2017						
Balance At Beginning Of Year	49,998	-	37,524	87,522	-	87,522
Profit after tax for the period	-	-	4,468	4,468	(105)	4,363
Other comprehensive expense for the period						
- Foreign currency translation	-	(3)	-	(3)	(2)	(5)
Total Comprehensive Income For The Period	-	(3)	4,468	4,465	(107)	4,358
Dividends	-	-	(5,000)	(5,000)	-	(5,000)
Subscription of ordinary shares in a subsidiary company by non-controlling interest	-	-	-	-	103	103
Balance At End Of Period	49,998	(3)	36,992	86,987	(4)	86,983

Preceding Period To Date

31.03.2016

Balance At Beginning Of Year	49,998	-	30,709	80,707	-	80,707
Total Comprehensive Income For The Period	-	-	10,979	10,979	-	10,979
Dividends	-	-	(5,000)	(5,000)	-	(5,000)
Balance At End Of Period	49,998	-	36,688	86,686	-	86,686

(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 3RD QUARTER ENDED 31 MARCH 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 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

The proposed first and final tax exempt dividend of 10% in respect of the financial year ended 30 June 2016, was duly declared, approved and paid on 10 January 2017 to depositors registered in the Record of Depositors of the Company at the close of business on 27 December 2016.

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 and profit before taxation were based on the geographical location.

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

	Malaysia RM'000	Australia RM'000	Eliminations RM'000	Total RM'000
Sales to external customers	84,468	-	-	84,468
Profit/ (Loss) before taxation	5,461	(350)	-	5,111

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 during the quarter under review, except for the following:

Reference is made to the announcement of the Company dated 28 February 2017 that the Company through its wholly own subsidiary, SHH Furniture Industries Sdn Bhd had completed a subscription of 70,000 new ordinary shares in Zillo & Co Pty Ltd ("Zillo") for a total cash consideration of Australian Dollar (AUD) 70,000. Following the subscription, Zillo is deemed a 70% owned subsidiary of the Company.

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 31.03.2017 RM'000	Current Year To Date 31.03.2017 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) Teu Liat Soo was 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. He resigned as director of KSSB and MCSB on 27 January 2017</p>	1,599	4,866
<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 was a director of KSSB and MCSB. He has a 50% equity interest in Gerak Teras Sdn Bhd whom has a 51% shareholding in DHSB. He resigned as director of KSSB and MCSB on 27 January 2017</p>	109	882
<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 was a director of the Company and SHH Furniture. He resigned as director of the Company and SHH Furniture on 16 December 2016</p> <p>b) Ling Hee Keat is a director and major shareholder of NDSB.</p> <p>The rental of premises has ceased with effect from 1 January 2017</p>	-	28

15 Review of performance

	Individual Quarter			Cumulative Quarter		
	31.03.2017 RM'000	31.03.2016 RM'000	Variance %	31.03.2017 RM'000	31.03.2016 RM'000	Variance %
Revenue	32,184	26,484	21.52	84,468	90,717	(6.89)
Gross profit	6,469	6,337	2.08	13,682	22,425	(38.99)
Profit before taxation	1,912	2,968	(35.58)	5,111	12,024	(57.49)

For the current quarter under review, the Group's revenue has increased by 21.52% to RM32.18 million as compared to RM26.48 million in the preceding year's corresponding 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 higher gross profit of RM6.47 million in the current quarter as compared to a gross profit of RM6.34 million in the preceding year's corresponding quarter. The gross profit is lower compare to the increase of revenue due to higher raw materials and labour costs and higher production of lower margin products. However, the profit before tax of the Group reduced to RM1.91 million in the current quarter compared to a profit before tax of RM2.97 million in the preceding year's corresponding quarter. The decrease in the profit before tax were mainly due to the higher operating expenses as a result of bonus expenses and additional administrative cost of foreign subsidiary.

For the nine months under review, the Group's revenue has decreased by 6.89% to RM84.47 million as compared to the preceding year's corresponding period of RM90.72 million. The decrease were mainly due to the drop in orders from customers. The Group has recorded a lower gross profit of RM13.68 million in the current nine months period compared to RM22.43 million in the preceding year's corresponding period. The Group has also recorded a lower profit before tax of RM5.11 million in the current nine months period compared to a profit before tax of RM12.02 million in the preceding year's corresponding period. The decrease in the operational profits were mainly due to the lower turnover as a result of drop in orders from customers, higher production of lower margin products and increase in raw materials and labour costs.

16 Comparison with preceding quarter's result

	Current Quarter	Preceding Quarter	Variance %
	31.03.2017 RM'000	31-12-2016 RM'000	
Revenue	32,184	28,417	13.26
Gross profit	6,469	3,931	64.56
Profit before taxation	1,912	2,350	(18.64)

The Group's revenue for the current quarter under review of RM32.18 million represents an increase of 13.26% compared to RM28.42 million 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 which resulted to higher Ringgit selling prices of our exports. Correspondingly, the Group has recorded an increase in gross profit from RM3.93 million in the preceding quarter to RM6.47 million in the current quarter. However, the Group has recorded a decrease in profit before tax of RM1.91 million in the current quarter compared to a profit before tax of RM2.35 million in the preceding quarter. The decrease in the profit before tax were mainly due to lower gain on foreign exchange in the current quarter and higher operating expenses as a result of bonus expenses and additional administrative cost of foreign subsidiary.

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	(134)	(512)
Distribution of investment management fund	(16)	(47)
Other income	(198)	(604)
Interest expense	55	156
Depreciation of property, plant and equipment	510	1,557
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss/(gain) on disposal of property, plant and equipment	1	(56)
Property, plant and equipment written off	18	18
Foreign exchange loss/(gain)		
- Realised	(35)	(1,583)
- Unrealised	193	378
Fair value loss/(gain) on derivative financial instruments		
- Unrealised	(28)	-

20 Taxation

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

	Current Quarter RM'000	Year To Date RM'000
Current		
- Malaysian taxation	278	748
- Deferred taxation	-	-
	<u>278</u>	<u>748</u>
Adjustment in respect of prior year		
- Malaysian taxation	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>
Total	<u>278</u>	<u>748</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**31.03.2017
RM'000**

Secured	
- Short term	2,644
- Long term	-
	<u>2,644</u>
Unsecured	
- Short term	6,669
- Long term	-
	<u>6,669</u>
Total	<u><u>9,313</u></u>

Included in the above are short term borrowings amounting to RM5.384 million denominated in US Dollars.

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 31.03.2017	PRECEDING YEAR CORRESPON DING QUARTER 31.03.2016	CURRENT YEAR TO DATE 31.03.2017	PRECEDING YEAR CORRESPON DING PERIOD 31.03.2016
Net profit / (loss) for the period attributable to owners of the parent (RM'000)	1,739	2,763	4,468	10,979
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	3.48	5.53	8.94	21.96

29 Realised and unrealised profits/losses disclosure

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

	Current Quarter Ended 31.03.2017 RM'000	Preceding Year Ended 30.06.2016 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	38,534	39,066
- Unrealised	(377)	(375)
	<u>38,157</u>	<u>38,691</u>
Add: Consolidated adjustments	(1,165)	(1,167)
Total group retained profits as per consolidated financial statements	<u><u>36,992</u></u>	<u><u>37,524</u></u>

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng
Managing Director
26 MAY 2017