



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
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Revenue	31,030	32,184	93,812	84,468
Cost of Sales	(31,029)	(25,715)	(87,914)	(70,786)
Gross Profit	1	6,469	5,898	13,682
Other Operating Income	292	413	969	2,833
Operating Expenses	(5,848)	(4,943)	(15,357)	(11,248)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	16	28	16	-
Profit/(Loss) From Operations	(5,539)	1,967	(8,474)	5,267
Finance Cost	(58)	(55)	(153)	(156)
Share of Profits of Associate Company	-	-	-	-
Profit/(Loss) Before Taxation	(5,597)	1,912	(8,627)	5,111
Taxation	200	(278)	(26)	(748)
Profit/(Loss) For The Period	(5,397)	1,634	(8,653)	4,363
Other Comprehensive Income/(Loss) For The Period				
Foreign Currency Translation	(116)	(5)	(262)	(5)
Total Comprehensive Income/(Loss) For The Period	(5,513)	1,629	(8,915)	4,358
Profit/(Loss) For The Period Attributable to:				
Owners of the parent	(5,182)	1,739	(8,078)	4,468
Non-controlling interest	(215)	(105)	(575)	(105)
	(5,397)	1,634	(8,653)	4,363
Total Comprehensive Income/(Loss) Attributable to:				
Owners of the parent	(5,340)	1,736	(8,400)	4,465
Non-controlling interest	(173)	(107)	(515)	(107)
	(5,513)	1,629	(8,915)	4,358
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	(10.36)	3.48	(16.16)	8.94
(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 31.03.2018 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2017 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	39,975	40,357
Investment in an Associated Company	439	439
	<u>40,414</u>	<u>40,796</u>
Current Assets		
Inventories	23,916	31,890
Receivables	15,150	11,364
Tax Assets	2,177	1,563
Investment Management Fund	2,000	2,000
Derivatives Financial Instruments at Fair Value	16	-
Deposits, Cash and Bank Balances	15,871	20,861
	<u>59,130</u>	<u>67,678</u>
TOTAL ASSETS	<u>99,544</u>	<u>108,474</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Foreign Exchange Reserve	(281)	40
Retained Profits	27,205	37,783
	76,922	87,821
Non-Controlling Interest	(695)	(180)
Total Equity	<u>76,227</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	13,135	11,588
Borrowings	7,596	6,652
Tax Liabilities	-	7
	<u>20,731</u>	<u>18,247</u>
Total Liabilities	<u>23,317</u>	<u>20,833</u>
TOTAL EQUITY AND LIABILITIES	<u>99,544</u>	<u>108,474</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.54</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 31.03.2018 RM'000	PRECEDING PERIOD TO DATE 31.03.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	(8,627)	5,111
Adjustments for:-		
Depreciation of property, plant and equipment	1,630	1,557
Distribution of investment management funds	(49)	(47)
Unrealised foreign exchange loss/(gain)	(50)	378
Net changes in fair value on derivative financial instruments	(16)	13
Interest expenses	153	156
Interest income	(167)	(512)
Property, plant and equipment written off	4	18
Loss/(gain) on disposal of property, plant and equipment	(18)	(56)
Operating Profit/(Loss) Before Changes In Working Capital	(7,140)	6,618
Changes In Working Capital		
Inventories	7,724	(7,150)
Receivables	(3,961)	(7,164)
Payables	2,037	5,466
Cash generated from / (used in) operations	(1,340)	(2,230)
Interest expenses	(153)	(156)
Interest income	167	512
Dividend paid	(2,500)	(5,000)
Tax paid	(1,018)	(1,408)
Tax refund	372	-
Net Cash Flows Generated From / (Used In) Operating Activities	(4,472)	(8,282)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	49	227
Purchase of property, plant and equipment	(1,303)	(1,858)
Distribution received from investment management funds	49	47
Subscription of ordinary shares in a subsidiary company by non-controlling interest	-	103
Net Cash Flows Generated From / (Used In) Investing Activities	(1,205)	(1,481)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	1,211	2,027
Repayment of hire purchase obligations	-	(18)
Net Cash Flows Generated From / (Used In) Financing Activities	1,211	2,009
Exchange gain / (loss) in translation of financial statements of foreign subsidiary	(459)	(5)
Net Change In Cash And Cash Equivalents	(4,925)	(7,759)
Effect of exchange rate changes	(65)	(20)
Cash And Cash Equivalents At Beginning Of Year	20,861	33,973
Cash And Cash Equivalents At End Of Period	15,871	26,194

(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						
31.03.2018						
Balance At Beginning Of Year	49,998	40	37,783	87,821	(180)	87,641
Profit/ (Loss) after tax for the period	-	-	(8,078)	(8,078)	(575)	(8,653)
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	(321)	-	(321)	60	(261)
Total Comprehensive Income/ (Loss) For The Period	-	(321)	(8,078)	(8,399)	(515)	(8,914)
Dividends	-	-	(2,500)	(2,500)	-	(2,500)
Balance At End Of Period	49,998	(281)	27,205	76,922	(695)	76,227

Preceding Period To Date

31.03.2017

Balance At Beginning Of Year	49,998	-	37,524	87,522	-	87,522
Profit/ (Loss) after tax for the period	-	-	4,468	4,468	(105)	4,363
Other comprehensive income/ (expense) for the period						
- Foreign currency translation	-	(3)	-	(3)	(2)	(5)
Total Comprehensive Income/ (Loss) 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

(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 3RD QUARTER ENDED 31 MARCH 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 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	93,051	761	-	93,812
Profit/ (Loss) before taxation	(7,172)	(1,914)	459	(8,627)
Total assets	101,834	2,369	(4,659)	99,544
Total liabilities	23,053	4,686	(4,422)	23,317

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 12 April 2018 that the Company through its wholly own subsidiary, SHH Furniture Industries Sdn Bhd had completed a subscription of 400,000 new ordinary shares in Rampai Pesona Sdn Bhd ("RPSB") for a total cash consideration of RM400,000. Following the subscription, RPSB is deemed an 80% 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 31.03.2018 RM'000	Current Year To Date 31.03.2018 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 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>	1,631	5,388
<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>	13	103

15 Review of performance

	Individual Quarter			Cumulative Quarter		
	31.03.2018 RM'000	31.03.2017 RM'000	Variance %	31.03.2018 RM'000	31.03.2017 RM'000	Variance %
Revenue	31,030	32,184	(3.59)	93,812	84,468	11.06
Gross profit	1	6,469	(99.98)	5,898	13,682	(56.89)
Profit/(Loss) before interest and tax	(5,539)	1,967	(381.60)	(8,474)	5,267	(260.89)
Profit/(Loss) before taxation	(5,597)	1,912	(392.73)	(8,627)	5,111	(268.79)
Profit/(Loss) after taxation	(5,397)	1,634	(430.29)	(8,653)	4,363	(298.33)
Profit/(Loss) attributable to ordinary equity holders of the parent	(5,182)	1,739	(397.99)	(8,078)	4,468	(280.80)

For the current quarter under review, the Group's revenue has decreased by 3.59% to RM31.03 million as compared to RM32.18 million in the preceding year's corresponding quarter. The decrease was mainly due to strengthening of the Ringgit Malaysia against the US Dollar resulting in lower selling prices. The Group has recorded a lower gross profit of RM1 thousand in the current quarter as compared to a gross profit of RM6.47 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 RM5.60 million in the current quarter compared to a profit before tax of RM1.91 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 increase in the operational cost of the Australian subsidiary.

For the nine months period under review, the Group's revenue has increased by 11.06% to RM93.81 million as compared to the preceding year's corresponding period of RM84.47 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 nine months period compared to RM13.68 million in the preceding year's corresponding period. The gross profit was lower due to the higher raw materials and labour costs and the strengthening of Ringgit Malaysia against the US Dollar. The Group has also recorded a loss before tax of RM8.63 million in the current period compared to a profit before tax of RM5.11 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 increase in the operational costs of the Australian subsidiary.

16 Comparison with preceding quarter's result

	Current Quarter	Preceding Quarter	Variance %
	31.03.2018 RM'000	31-12-2017 RM'000	
Revenue	31,030	30,255	2.56
Gross profit	1	945	(99.89)
Profit/(Loss) before interest and tax	(5,539)	(3,818)	45.08
Profit/(Loss) before taxation	(5,597)	(3,864)	44.85
Profit/(Loss) after taxation	(5,397)	(3,878)	39.17
Profit/(Loss) attributable to ordinary equity holders of the parent	(5,182)	(3,694)	40.28

The Group's revenue for the current quarter under review of RM31.03 million represents an increase of 2.56% compared to RM30.26 million registered in the preceding quarter. The increase were mainly due to the increase in orders from customers. However, the Group has recorded a decrease in gross profit from RM0.95 million in the preceding quarter to RM1 thousand in the current quarter. The lower gross profit were due to the higher raw materials cost and the strengthening of the Ringgit Malaysia against the US Dollar. The Group has recorded a loss before tax of RM5.60 million in the current quarter compared to loss before tax of RM3.86 million in the preceding quarter. The loss before tax were mainly due to the lower gross profit achieved, bonus expenses and exhibition expenses incurred.

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	(22)	(167)
Distribution of investment management fund	(17)	(49)
Other income	(250)	(735)
Interest expense	58	153
Depreciation of property, plant and equipment	554	1,630
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Loss/(gain) on disposal of property, plant and equipment	(3)	(18)
Property, plant and equipment written off	-	4
Foreign exchange loss/(gain)		
- Realised	883	1,945
- Unrealised	(111)	(50)
Fair value loss/(gain) on derivative financial instruments		
- Unrealised	(16)	(16)

20 Taxation

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

	Current Quarter RM'000	Year To Date RM'000
Current		
- Malaysian taxation	(200)	26
- Deferred taxation	-	-
	(200)	26
Adjustment in respect of prior year		
- Malaysian taxation	-	-
- Deferred taxation	-	-
	-	-
Total	(200)	26

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 31.03.2018					
	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	-	-	-	-	-	-
Unsecured						
Revolving loan	-	-	2,393	-	2,393	-
Bankers acceptance	-	-	-	5,203	-	5,203
Total	-	-	2,393	5,203	2,393	5,203
	Preceding Year Corresponding Quarter 31.03.2017					
	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	-	-	2,644	-	2,644	-
Unsecured						
Revolving loan	-	-	2,740	-	2,740	-
Bankers acceptance	-	-	-	3,929	-	3,929
Total	-	-	5,384	3,929	5,384	3,929

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.

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 March 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	1,073	1,057	16

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 31.03.2018	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2017	CURRENT YEAR TO DATE 31.03.2018	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2017
Net profit / (loss) for the period attributable to owners of the parent (RM'000)	(5,182)	1,739	(8,078)	4,468
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	(10.36)	3.48	(16.16)	8.94

29 Realised and unrealised profits/losses disclosure

The retained profits as at 31 March 2018 is analysed as follows:-

	Current Quarter Ended 31.03.2018 RM'000	Preceding Year Ended 30.06.2017 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	27,994	38,832
- Unrealised	66	(194)
	<u>28,060</u>	<u>38,638</u>
Add: Consolidated adjustments	(855)	(855)
Total group retained profits as per consolidated financial statements	<u>27,205</u>	<u>37,783</u>

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng
Managing Director
21 MAY 2018