



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
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue	32,165	25,361	64,233	47,179
Cost of Sales	(24,181)	(20,927)	(48,145)	(39,650)
Gross Profit	7,984	4,434	16,088	7,529
Other Operating Income	863	300	1,948	566
Operating Expenses	(5,603)	(2,655)	(8,943)	(5,244)
Net Gain/(Loss) on Financial Assets and Financial Liabilities at Fair Value	2,016	(767)	103	(896)
Profit/(Loss) From Operations	5,260	1,312	9,196	1,955
Finance Cost	(67)	(75)	(140)	(136)
Share of Profits of Associate Company	-	-	-	-
Profit/(Loss) Before Taxation	5,193	1,237	9,056	1,819
Taxation	(458)	(342)	(840)	(531)
Profit/(Loss) For The Period	4,735	895	8,216	1,288
Other Comprehensive Income/(Loss) For The Period	-	-	-	-
Total Comprehensive Income/(Loss) For The Period	4,735	895	8,216	1,288
Profit/(Loss) Attributable to:				
Owners of the parent	4,735	895	8,216	1,288
Non-controlling interest	-	-	-	-
	4,735	895	8,216	1,288
Attributable to:				
Owners of the parent	4,735	895	8,216	1,288
Non-controlling interest	-	-	-	-
	4,735	895	8,216	1,288
Earnings/(Loss) Per Share (sen):-				
(a) Basic (sen)	9.47	1.79	16.43	2.58
(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 2015)



SHH RESOURCES HOLDINGS BERHAD

(Company No.: 304227-U)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	AS AT CURRENT QUARTER ENDED 31.12.2015 RM'000	AS AT PRECEDING YEAR ENDED 30.06.2015 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	41,003	40,462
Investment in an Associated Company	340	340
	<u>41,343</u>	<u>40,802</u>
Current Assets		
Inventories	19,203	22,096
Receivables	13,090	12,715
Tax Assets	146	269
Investment Management Fund	2,000	2,000
Derivatives Financial Instruments at Fair Value	103	-
Deposits, Cash and Bank Balances	36,189	24,081
	<u>70,731</u>	<u>61,161</u>
TOTAL ASSETS	<u>112,074</u>	<u>101,963</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	49,998	49,998
Retained Profits	38,925	30,709
	<u>88,923</u>	<u>80,707</u>
Non-Controlling Interest	-	-
Total Equity	<u>88,923</u>	<u>80,707</u>
Non-current Liabilities		
Borrowings	-	18
Deferred Taxation	1,539	1,539
	<u>1,539</u>	<u>1,557</u>
Current Liabilities		
Payables	13,563	10,508
Borrowings	7,986	8,828
Derivatives Financial Instruments at Fair Value	-	331
Tax Liabilities	63	32
	<u>21,612</u>	<u>19,699</u>
Total Liabilities	<u>23,151</u>	<u>21,256</u>
TOTAL EQUITY AND LIABILITIES	<u>112,074</u>	<u>101,963</u>
Net assets per share attributable to the owners of the parent (RM)	<u>1.78</u>	<u>1.61</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2015)



SHH RESOURCES HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	CURRENT PERIOD TO DATE 31.12.2015 RM'000	PRECEDING PERIOD TO DATE 31.12.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) Before Tax	9,056	1,819
Adjustments for:-		
Depreciation of property, plant and equipment	1,173	1,147
Distribution of investment management funds	(31)	(30)
Unrealised foreign exchange loss/(gain)	553	(41)
Net changes in fair value on derivative financial instruments	(435)	988
Interest expenses	140	136
Interest income	(372)	(260)
Property, plant and equipment written off	-	2
Loss/(gain) on disposal of property, plant and equipment	-	(56)
Operating Profit/(Loss) Before Changes In Working Capital	10,084	3,705
Changes In Working Capital		
Inventories	2,893	(2,284)
Receivables	(315)	(4,060)
Payables	2,749	1,386
Cash generated from / (used in) operations	15,411	(1,253)
Interest expenses	(140)	(136)
Interest income	372	260
Tax paid	(686)	(578)
Tax refund	-	333
Net Cash Flows Generated From / (Used In) Operating Activities	14,957	(1,374)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	56
Purchase of property, plant and equipment	(1,715)	(633)
Distribution received from investment management funds	31	30
Net Cash Flows Generated From / (Used In) Investing Activities	(1,684)	(547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in short term borrowings	(1,062)	2,257
Repayment of hire purchase obligations	(103)	(99)
Net Cash Flows Generated From / (Used In) Financing Activities	(1,165)	2,158
Net Change In Cash And Cash Equivalents	12,108	237
Cash And Cash Equivalents At Beginning Of Year	24,081	21,786
Cash And Cash Equivalents At End Of Period	36,189	22,023

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 30 June 2015)



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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 RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000		
Current Period To Date						
31.12.2015						
Balance At Beginning Of Year	49,998	-	30,709	80,707	-	80,707
Total Comprehensive Income For The Period	-	-	8,216	8,216	-	8,216
Balance At End Of Period	49,998	-	38,925	88,923	-	88,923
Preceding Period To Date						
31.12.2014						
Balance At Beginning Of Year	49,998	-	25,123	75,121	-	75,121
Total Comprehensive Income For The Period	-	-	1,288	1,288	-	1,288
Balance At End Of Period	49,998	-	26,411	76,409	-	76,409

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2015)



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2015

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 2015. 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 2015.

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 2015 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 July 2015 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 2015, was duly declared, approved and paid on 8 January 2016 to depositors registered in the Record of Depositors of the Company at the close of business on 23 December 2015.

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 31.12.2015 RM'000	Current Year To Date 31.12.2015 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>	1,718	3,112
<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>	521	851
<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	28

15 Review of performance

For the current quarter under review, the Group's revenue has increased by 26.83% to RM32.17 million as compared to RM25.36 million in the preceding year's corresponding quarter. The increase were mainly due to 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 a higher gross profit of RM7.98 million in the current quarter as compared to a gross profit of RM4.43 million in the preceding year's corresponding quarter. The profit before tax of the Group also improved to RM5.19 million in the current quarter compared to a profit before tax of RM1.24 million in the preceding year's corresponding quarter. The improved performance in the current quarter were mainly due to the weakening of the Ringgit Malaysia against the US dollar and the unrealised gain on derivative financial instruments. The operating expenses of the Group is higher in the current quarter mainly due to the realised loss on derivative financial instruments, unrealised loss on foreign exchange translation and staff bonus expenses.

For the six months under review, the Group's revenue has increased by 36.15% to RM64.23 million as compared to the preceding year's corresponding period of RM47.18 million. 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 managed to recorded a higher gross profit of RM16.09 million in the current six months period compared to RM7.53 million in the preceding year's corresponding period. The Group has also recorded a higher profit before tax of RM9.06 million in the current six months period compared to a profit before tax of RM1.82 million in the preceding year's corresponding period. The increase in the profit before tax were mainly due to the higher revenue and the weakening of the Ringgit Malaysia against the US dollar.

16 Comparison with preceding quarter's result

The Group's revenue for the current quarter under review of RM32.17 million represents a slight increase of 0.30% compared to RM32.07 million registered in the preceding quarter. The slight increase were mainly due to the weakening of the Ringgit Malaysia against the US Dollar which resulted to higher Ringgit selling prices of our exports. However, the Group has recorded a slight decrease in gross profit from RM8.10 million in the preceding quarter to RM7.98 million in the current quarter. The drop in gross profit despite the better exchange rate in the current quarter was mainly due to the price reduction given to our customers. The Group has recorded an increase in profit before tax of RM5.19 million in the current quarter compared to a profit before tax of RM3.86 million in the preceding quarter. The increase was mainly due to the unrealised gain on derivative financial instruments in the current quarter compared to an unrealised loss on derivative financial instruments in the preceding quarter. The operating expenses of the Group is higher in the current quarter mainly due to the realised loss on derivative financial instruments, unrealised loss on foreign exchange translation and staff bonus expenses.

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. 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	(210)	(372)
Distribution of investment management fund	(16)	(31)
Other income	(196)	(410)
Interest expense	67	140
Depreciation of property, plant and equipment	591	1,173
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	(33)	(1,134)
- Unrealised	316	553
Fair value loss/(gain) on derivative financial instruments		
- Realised	1,193	1,363
- Unrealised	(2,016)	(103)

20 Taxation

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

	Current Quarter RM'000	Year To Date RM'000
Current		
- Malaysian taxation	458	840
- Deferred taxation	-	-
	<u>458</u>	<u>840</u>
Adjustment in respect of prior year		
- Malaysian taxation	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>
Total	<u><u>458</u></u>	<u><u>840</u></u>

The effective tax rate for the Group is lower than the statutory tax rate mainly due to the utilisation of unabsorbed capital allowances.

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

	31.12.2015 RM'000
Secured	
- Short term	1,488
- Long term	-
	<u>1,488</u>
Unsecured	
- Short term	6,498
- Long term	-
	<u>6,498</u>
Total	<u><u>7,986</u></u>

Included in the above are short term borrowings amounting to RM4.033 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 31 December 2015, 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	12,394	12,291	103

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 31.12.2015	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2014	CURRENT YEAR TO DATE 31.12.2015	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2014
Net profit / (loss) for the period (RM'000)	4,735	895	8,216	1,288
Number of ordinary shares in issue ('000)	49,998	49,998	49,998	49,998
Basic earnings / (loss) per share (sen)	9.47	1.79	16.43	2.58

29 Realised and unrealised profits/losses disclosure

The retained profits as at 31 December 2015 is analysed as follows:-

	Current Quarter Ended 31.12.2015 RM'000	Preceding Year Ended 30.06.2015 RM'000
Total retained profits of the Company and the subsidiaries:		
- Realised	40,572	32,396
- Unrealised	(450)	(487)
	40,122	31,909
Add: Consolidated adjustments	(1,197)	(1,200)
Total group retained profits as per consolidated financial statements	38,925	30,709

BY ORDER OF THE BOARD

Dato' Teo Wee Cheng

Managing Director

25 FEBRUARY 2016