

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 31 MAY 2015**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31 May 2015 RM'000	Preceding Year Quarter 31 May 2014 RM'000	Current Year Quarter 31 May 2015 RM'000	Preceding Year Quarter 31 May 2014 RM'000
Revenue	37,094	29,611	108,307	93,939
Operating	(29,590)	(24,046)	(88,193)	(74,611)
Other Operating Income	1,592	406	4,538	980
Finance Costs	(26)	(29)	(85)	(91)
Profit before tax	9,070	5,942	24,567	20,217
Taxation	(2,109)	(353)	(5,509)	(2,603)
Profit for the period	6,961	5,589	19,058	17,614
Other comprehensive income / (expenses) for the period	-	-	-	-
Total comprehensive income for the year	6,961	5,589	19,058	17,614
Profit attributable to:				
Owners of the Company	6,087	4,652	16,910	15,055
Non-controlling interests	874	937	2,148	2,559
	6,961	5,589	19,058	17,614
Total comprehensive income attributable to:				
Owners of the Company	6,087	4,652	16,910	15,055
Non-controlling interests	874	937	2,148	2,559
	6,961	5,589	19,058	17,614
Earnings per ordinary share (sen)				
Basic	3.04	2.33	8.46	7.53

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2014 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MAY 2015**

	Unaudited As at 31-May-15 RM'000	Audited As at 31-Aug-14 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	31,908	33,059
Goodwill	478	478
	32,386	33,537
Current Assets		
Inventories	28,539	21,272
Trade and other receivables	16,768	9,665
Derivative assets	-	18
Deposits, bank and cash balances	50,415	51,586
	95,722	82,541
TOTAL ASSETS	128,108	116,078
EQUITY AND LIABILITIES		
Share capital	40,000	40,000
Reserves	62,860	52,150
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	102,860	92,150
NON-CONTROLLING INTERESTS	9,189	8,791
TOTAL EQUITY	112,049	100,941
Non-Current Liabilities		
Borrowings	1,577	1,928
Deferred tax liabilities	2,310	2,310
	3,887	4,238
Current Liabilities		
Trade and other payables	8,664	8,350
Borrowings	431	548
Derivative financial liability	160	
Dividend payable	-	2,000
Tax payable	2,917	1
	12,172	10,899
TOTAL LIABILITIES	16,059	15,137
TOTAL EQUITY AND LIABILITIES	128,108	116,078
 NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	 0.51	 0.46

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2014 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED 31 MAY 2015

<u>Group</u>	<u>Attributable To Owners Of The Company</u>				<u>Non-Controlling Interest</u>	<u>Total Equity</u>
	<u>Share Capital</u>	<u>Non-Distributable Share Premium</u>	<u>Distributable Retained Profits</u>	<u>Total</u>		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31 May 2015						
As at 1 September 2014	40,000	3,017	49,133	92,150	8,791	100,941
Total comprehensive income for the period	-	-	16,910	16,910	2,148	19,058
Dividends	-	-	(6,200)	(6,200)	(1,750)	(7,950)
As at 31 May 2015	40,000	3,017	59,843	102,860	9,189	112,049
9 months ended 31 May 2014						
As at 1 September 2013	40,000	3,017	38,386	81,403	5,855	87,258
Total comprehensive income for the period	-	-	15,055	15,055	2,559	17,614
Dividends	-	-	(7,500)	(7,500)	(1,120)	(8,620)
As at 31 May 2014	40,000	3,017	45,941	88,958	7,294	96,252

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 August 2014 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED 31 MAY 2015**

	Current Year 9 Months Ended 31 May 2015 RM'000	Preceding Year 9 Months Ended 31 May 2014 RM'000
Cash Flow From Operating Activities		
Profit before tax	24,567	20,217
Adjustment for:		
Depreciation	1,962	1,827
Other adjustments	(856)	(902)
Operating profit before changes in working capital	25,673	21,142
Changes in working capital		
Net changes in current assets	(14,493)	4,176
Net changes in current liabilities	(90)	(597)
Cash From Operations	11,090	24,721
Interest paid	(85)	(91)
Interest received	1,048	816
Tax paid	(2,304)	(2,180)
Net Cash From Operating Activities	9,749	23,266
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	190	109
Purchase of property, plant and equipment	(939)	(1,174)
Net (placement) of fixed deposit with licensed bank	(71)	-
Net Cash Flows (Used In) Investing Activities	(820)	(1,065)
Cash From Financing Activities		
Repayment of borrowings	(468)	(274)
Dividend paid to non-controlling interest	(1,750)	(1,120)
Dividend paid to shareholders	(8,200)	(7,500)
Net Cash (Used In) Financing Activities	(10,418)	(8,894)
Net Changes In Cash and Cash Equivalents	(1,489)	13,307
Cash and Cash Equivalents at Beginning of the Financial Period	47,517	30,710
Effect of exchange differences	247	(150)
Cash and Cash Equivalents at End of the Financial Period	46,275	43,867
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	50,415	47,867
Less: Fixed deposit with licensed bank with maturity period of more than three months	(4,140)	(4,000)
	46,275	43,867

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2014 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board.

The interim financial statements should be read in conjunction with the audited financial statements of Homeritz Corporation Berhad (“Homeriz” or the “Company”) and its subsidiaries (“Group”) for the financial year ended 31 August 2014 and the accompanying explanatory notes attached to these interim financial statements.

These 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 financial year ended 31 August 2014.

The audited financial statements of the Group for the year ended 31 August 2014 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”). The significant accounting policies and method of computations adopted in preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 August 2014.

2. Auditors’ Report on Preceding Annual Financial Statements

There was no qualified report issued by the auditors in the financial statements of the Group for the financial year ended 31 August 2014.

3. Seasonality or Cyclicity of Operations

There were no material seasonal or cyclical factors affecting the business operations of the Group in the current quarter.

4. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial quarter under review.

5. Material Changes In Estimates

There were no material changes in estimates amount that had a material effect for the current financial period under review.

6. Issuance, Cancellation, Repurchase, Resale or Repayment of Debt and/or Equity Securities

There were no issuances, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial quarter under review.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015

7. Dividend Paid

A single tier final dividend of 15.50% per share amounting to RM6.2 million in respect of financial year ended 31 August 2014 was approved by the shareholders during the Annual General Meeting held on 29 January 2015 and subsequently paid on 16 February 2015.

8. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

9. Material Event Subsequent to the End of the Current Financial Quarter

Save as disclosed below, there was no materials events subsequent to the current quarter ended 31 May 2015 that have not been reflected in this report:

- a) On 1 Jun 2015, the Company had completed the transactions to purchase the remaining 70,000 ordinary shares of RM1.00 each representing 35% of paid-up share capital of Embrace Industries Sdn. Bhd. ("EISB"). Following this completion, EISB is now a wholly-owned subsidiary of the Company.

An announcement was duly made to Bursa Malaysia Securities Berhad on 1 Jun 2015 for the abovementioned.

- b) On 8 July 2015, Embrace Industries Sdn. Bhd. ("EISB" or "Purchaser"), a wholly-owned subsidiary of Homeritz had entered into a sale and purchase agreement ("SPA") for the acquisition of all that piece of agricultural land held under GRN 85821 Lot 4941 measuring approximately 4.0746 hectares situated in Mukim Jalan Bakri, District of Muar, State of Johor ("the Land") at a purchase consideration of RM7,675,408-00 ("Purchase Price") ("the Acquisition") to be satisfied by cash.

An announcement was duly made to Bursa Malaysia Securities Berhad on 8 July 2015 for the abovementioned.

- c) The bonus issue of 100,000,000 new ordinary shares of RM0.20 each and 50,000,000 free warrants were listed and quoted on the main market of Bursa Malaysia Securities Berhad on 8 July 2015 and 15 July 2015 respectively.

10. Changes in the Composition Of the Group

There were no other changes in the composition of the Group during the current quarter under review.

11. Contingent Liabilities

There were no material contingent liabilities as at 31 May 2015.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015**12. Fair Value Hierarchy**

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 : Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements derive from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 May 2015, the Group's financial instruments carried at fair values are analysed as below:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivatives liabilities:				
- Forward foreign currency contracts	-	(160)	-	(160)

13. Capital Commitments

The material capital commitments of the Group as at 31 May 2015 are as follow;

Property, plant and equipment	RM'000
Approved but not contracted for	592

14. Segment Information

The Group operates in a single industry in the business of design, manufacture and sale of upholstery furniture products in Malaysia. Accordingly, segmental information by industry and geographical segments has not been presented.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015**B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****1. Review of Performance**

The Group's performance for the third quarter ended 31 May 2015 (Q3FY2015) and nine months ended 31 May 2015 (9MFY2015) compared with the previous corresponding third quarter ended 31 May 2014 (Q3FY2014) and nine months ended 31 May 2014 (9MFY2014) are tabled below:

Description	Q3FY2015 RM'000	Q3FY2014 RM'000	Variance %	9MFY2015 RM'000	9MFY2014 RM'000	Variance %
Revenue	37,094	29,611	25.3	108,307	93,939	15.3
Profit before tax	9,070	5,942	52.6	24,567	20,217	21.5

The Group's revenue for the Q3FY2015 and 9MFY2015 improved by 25.3% to RM37.094 million and 15.3% to RM108.307 million respectively compared with the corresponding period last financial year. The stronger revenue was attributed to the growth in volume of sales volume and stronger US Dollar ("USD").

The Group's profit before tax ("PBT") for the Q3FY2015 and 9MFY2015 improved by 52.6% to RM9.070 million and 21.5% to RM24.567 million respectively compared with the corresponding period last financial year. This improvement was attributed to the higher sales register and the strengthening of USD.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year third quarter ended 31 May 2015 (Q3FY2015) compared to second quarter ended 28 February 2015 (Q2FY2015) are tabled below:

Description	Q3FY2015 RM'000	Q2FY2015 RM'000	Variance %
Revenue	37,094	37,848	-2%
Profit before tax	9,070	9,348	-3%

The Group's revenue and PBT for the Q3FY2015 decreased slightly by 2% and 3% respectively.

3. Current Year Prospects

The Group is operating in global economic uncertainties as well as facing increases in its raw materials costs and fluctuation in foreign exchange rates.

Given the above scenario, the Group will continue to remain focused in its core business of design, manufacture, and sale of upholstered home furniture which includes upholstered sofas, upholstered dining chairs and upholstered bed frames. The Group is continuing with concerted efforts to develop new products, new design for existing products, derive better cost efficiencies and effective cost management across all functions. Barring unforeseen circumstances, the Board believes that the Group's prospects for the financial year ending 31 August 2015 would remain profitable.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015**4. Variance on Forecast Profit/Profit Guarantee**

The Group has not issued any profit forecast or profit guarantee.

5. Taxation

	Current Quarter RM'000	Period To Date RM'000
Income Tax	2,109	5,509

6. Profit on Sale of Unquoted Investments and/or Properties

There was no sale of investments and properties for the current quarter and financial period-to-date.

7. Purchases and Sales of Quoted Securities

There was no purchase or disposal of quoted securities by the Group during the current financial quarter and current financial period to-date under review.

8. Status of Corporate Proposals Announced

On 8 July 2015, Embrace Industries Sdn Bhd., ("EISB", a wholly-owned subsidiary of Homeritz had entered into a sale and purchase agreement ("SPA") for the acquisition of all that piece of agricultural land held under GRN 85821 Lot 4941 situated in Mukim Jalan Bakri, District of Muar, State of Johor ("the Acquisition").

Save for the above, there were no corporate proposals announced which remain uncompleted as at the date of this report.

9. Group Borrowings and Debt Securities

The Group borrowings as at 31 May 2015 are as follow:

	Amount RM'000
Short term	431
Long term	1,577
	2,008

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015
10. Derivative Financial Instruments

During the financial period, the Group entered into forward foreign exchange contracts to hedge exposures to currency risk for receivables which are denominated in a currency other than the functional currency of the Group.

The details of the outstanding foreign currency forward contracts agreement as at 31 May 2015 are as follows:

	Notional Amount RM'000	Derivative Financial Asset / (Liability) RM'000
Foreign currency forward contracts: Less than one year	12,187	(160)

The above instruments are executed with credit worthy financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

There are also no cash requirements risks as the Group only uses forward foreign currency contracts as its hedging instruments.

11. Material Litigation

There were no material litigations pending since the last annual reporting date.

12. Realised and Unrealised Profits/Losses

The breakdown of the retained profits of the Group as at 31 May 2015, into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows :

	As at 31 May 2015 RM'000	As at 28 February 2015 RM'000
Total retained profits of the Homeritz Corporation Berhad and its subsidiaries:		
- Realised	107,493	101,614
- Unrealised	(1,927)	(3,043)
	105,566	98,571
Less: Consolidation adjustments	(45,723)	(44,815)
Total group retained profits as per consolidated accounts	59,843	53,756

The determination of realised and unrealised profits is made based on the Guidance on Special Matter No. 1, *determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2015
13. Notes to the Statement of Comprehensive Income:

Profit for the period has been arrived at after (crediting) / charging:

	Current Quarter Ended 31 May 2015 RM'000	Current Year To Date 31 May 2015 RM'000
Interest income	(366)	(1,048)
Interest expenses	26	85
Depreciation	660	1,962
Foreign exchange loss / (Gain)	411	(1,464)
Fair value (gain)/loss on foreign exchange contracts	(753)	178

14. Dividends

On 30 July 2015, the Board of directors declared a first interim single tier tax-exempt dividend of 7.5% equivalent to 1.5 sen per share in respect of financial year ending 31 August 2015 to be paid on 18 September 2015 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 1 September 2015.

15. Earnings Per Share

The basic earnings per share has been calculated by dividing the Company's profit for the current financial quarter and current financial year to-date by the number of ordinary shares in issue during the current financial quarter and current financial year to-date under review.

	Current Year Quarter Ended 31-May-2015	Preceding Year Quarter Ended 31-May-2014	Current Year To Date 31-May-2015	Preceding Year To Date 31-May-2014
Profit attributable to equity holders of the Company (RM'000)	6,087	4,652	16,910	15,055
Weighted average number of ordinary shares in issue ('000)	200,000	200,000	200,000	200,000
Basic earnings per share (sen)	3.04	2.33	8.46	7.53

16. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 30 July 2015 by the Board of Directors.

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