

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE YEAR ENDED 31 AUGUST 2015**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/08/2015 RM'000	Preceding Year Quarter 31/08/2014 RM'000	Current Year To Date 31/08/2015 RM'000	Preceding Year To Date 31/08/2014 RM'000
Revenue	38,112	33,237	146,419	127,176
Operating Expenses	(31,120)	(27,470)	(117,304)	(102,081)
Other Operating Income	1,984	496	4,513	1,476
Finance Costs	(25)	(30)	(110)	(121)
Profit before tax	8,951	6,233	33,518	26,450
Taxation	(2,310)	456	(7,819)	(2,147)
Profit for the year	6,641	6,689	25,699	24,303
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	6,641	6,689	25,699	24,303
Profit for the year attributable to:				
Owners of the Company	6,641	5,192	23,551	20,247
Non-controlling interests	-	1,497	2,148	4,056
	6,641	6,689	25,699	24,303
Total comprehensive income attributable to:				
Owners of the Company	6,641	5,192	23,551	20,247
Non-controlling interests	-	1,497	2,148	4,056
	6,641	6,689	25,699	24,303
Earnings per ordinary share (sen)				
Basic	2.21	1.73	7.85	6.75
Diluted	2.21	-	7.83	-

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 YEAR ENDED 31 AUGUST 2015
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2015**

	Unaudited As at 31-Aug-15 RM'000	Audited As at 31-Aug-14 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	32,195	33,059
Goodwill	478	478
	32,673	33,537
Current Assets		
Inventories	26,153	21,272
Trade and other receivables	11,975	9,665
Derivative assets	-	18
Deposits, bank and cash balances	52,331	51,586
	90,459	82,541
TOTAL ASSETS	123,132	116,078
EQUITY AND LIABILITIES		
Share capital	60,000	40,000
Reserves	42,023	52,150
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	102,023	92,150
NON-CONTROLLING INTERESTS	-	8,791
TOTAL EQUITY	102,023	100,941
Non-Current Liabilities		
Borrowings	1,401	1,928
Deferred tax liabilities	2,156	2,310
	3,557	4,238
Current Liabilities		
Trade and other payables	8,596	8,350
Borrowings	463	548
Derivative financial liability	2,366	-
Dividend payable	4,500	2,000
Tax payable	1,627	1
	17,552	10,899
TOTAL LIABILITIES	21,109	15,137
TOTAL EQUITY AND LIABILITIES	123,132	116,078
 NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	 0.34	 0.31

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 YEAR ENDED 31 AUGUST 2015
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED 31 AUGUST 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
<u>12 months ended 31 Aug 2015</u>						
As at 1 September 2014	40,000	3,017	49,133	92,150	8,791	100,941
Bonus issue	20,000	(3,017)	(16,983)	-	-	-
Total comprehensive income for the year	-	-	23,551	23,551	2,148	25,699
Dividends	-	-	(10,700)	(10,700)	(1,750)	(12,450)
Parent's dilution arising from change in stake			(2,978)	(2,978)	(9,189)	(12,167)
As at 31 Aug 2015	60,000	-	42,023	102,023	-	102,023
<u>12 months ended 31 Aug 2014</u>						
As at 1 September 2013	40,000	3,017	38,386	81,403	5,855	87,258
Total comprehensive income for the year	-	-	20,247	20,247	4,056	24,303
Dividends	-	-	(9,500)	(9,500)	(1,120)	(10,620)
As at 31 Aug 2014	40,000	3,017	49,133	92,150	8,791	100,941

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 YEAR ENDED 31 AUGUST 2015
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED 31 AUGUST 2015**

	Current Year 12 Months Ended 31/08/2015 RM'000	Preceding Year 12 Months Ended 31/08/2014 RM'000
Cash Flow From Operating Activities		
Profit before tax	33,518	26,450
Adjustment for:		
Depreciation	2,546	2,474
Other adjustments	451	(1,088)
Operating profit before changes in working capital	36,515	27,836
Changes in working capital		
Net changes in current assets	(6,822)	4,411
Net changes in current liabilities	(211)	182
Cash From Operations	29,482	32,429
Interest paid	(110)	(121)
Interest received	1,360	1,098
Tax paid	(6,020)	(3,769)
Net Cash From Operating Activities	24,712	29,637
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	209	109
Purchase of property, plant and equipment	(2,155)	(1,766)
Net cash outflow from acquisition	(12,167)	-
Net withdrawal / (placement) of fixed deposit with licensed bank	4,069	(69)
Net Cash Flows (Used In) Investing Activities	(10,044)	(1,726)
Cash From Financing Activities		
Repayment of borrowings	(612)	(381)
Dividend paid to non-controlling interest	(1,750)	(1,120)
Dividend paid to shareholders	(8,200)	(9,500)
Net Cash (Used In) Financing Activities	(10,562)	(11,001)
Net Changes In Cash and Cash Equivalents	4,106	16,910
Cash and Cash Equivalents at Beginning of the Financial Period	47,517	30,710
Effect of exchange differences	708	(103)
Cash and Cash Equivalents at End of the Financial Period	52,331	47,517
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	52,331	51,586
Less: Fixed deposit with licensed bank with maturity period of more than three months	-	(4,069)
	52,331	47,517

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 YEAR ENDED 31 AUGUST 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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

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 except 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.

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.

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 ended 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.

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 August 2015 that have not been reflected in this report:

With reference to the sale and purchase agreement ("SPA") entered by Embrace Industries Sdn. Bhd. ("EISB" or "Purchaser"), a wholly-owned subsidiary of Homeritz on 8 July 2015 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"), the Acquisition had completed on 7 September 2015.

An announcement was duly made to Bursa Malaysia Securities Berhad on 7 September 2015 for the abovementioned.

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 except the following:

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015**11. Contingent Liabilities**

There were no material contingent liabilities as at 31 August 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 Aug 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	-	(2,366)	-	(2,366)

13. Capital Commitments

The material capital commitments of the Group as at 31 August 2015 are as follow:

Property, plant and equipment	RM'000
Approved and contracted for	7,084

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 YEAR ENDED 31 AUGUST 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 fourth quarter ended 31 August 2015 (Q4FY2015) and year ended 31 August 2015 (FY2015) compared with the previous corresponding fourth quarter ended 31 August 2014 (Q4FY2014) and year ended 31 August 2014 (FY2014) are tabled below:

Description	Q4FY2015 RM'000	Q4FY2014 RM'000	Variance %	FY2015 RM'000	FY2014 RM'000	Variance %
Revenue	38,112	33,237	14.7	146,419	127,176	15.1
Profit before tax	8,951	6,233	43.6	33,518	26,450	26.7

The Group's revenue for FY2015 improved by 15.1% to RM146.419 million compared with the FY2014. The stronger revenue was attributed to the growth of sales volume and stronger US Dollar ("USD"). The Group's profit before tax ("PBT") for the FY2015 improved by 26.7% to RM33.518 million compared with FY 2014. This improvement was attributed to the higher sales register and the strengthening of USD.

The Group's revenue for Q4FY2015 rose by 14.7% to RM38.112 million compared with Q4FY2014. The increase in revenue was attributed to the stronger USD. The improvement of revenue also enabled the Group to register the increase of PBT by 43.6% to RM8.951 million compared with the Q4FY2014.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year fourth quarter ended 31 August 2015 (Q4FY2015) compared to third quarter ended 31 May 2015 (Q3FY2015) are tabled below:

Description	Q4FY2015 RM'000	Q3FY2015 RM'000	Variance %
Revenue	38,112	37,094	2.7%
Profit before tax	8,951	9,070	-1.3%

The Group's revenue of Q4FY2015 increased slightly by 2.7%. However, the PBT for the Q4FY2015 decreased slightly by 1.3% respectively. The decrease of the PBT was mainly due to the net foreign exchange loss (included the fair value loss on foreign exchange contract) incurred during the Q4FY2015 of about RM0.75 million.

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 2016 would remain profitable.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 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	2,464	7,973
Deferred Tax	(154)	(154)
	2,310	7,819

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

There were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

9. Group Borrowings and Debt Securities

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

	Amount RM'000
Short term	463
Long term	1,401
	1,864

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 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 Aug 2015 are as follows:

	Notional Amount RM'000	Derivative Financial Asset / (Liability) RM'000
Foreign currency forward contracts: Less than one year	18,711	(2,366)

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 Aug 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 August 2015 RM'000	As at 31 May 2015 RM'000
Total retained profits of the Homeritz Corporation Berhad and its subsidiaries:		
- Realised	92,713	107,493
- Unrealised	(1,970)	(1,927)
	90,743	105,566
Less: Consolidation adjustments	(48,720)	(45,723)
Total group retained profits as per consolidated accounts	42,023	59,843

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 YEAR ENDED 31 AUGUST 2015
13. Notes to the Statement of Comprehensive Income:

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

	Current Quarter Ended 31 Aug 2015 RM'000	Current Year To Date 31 Aug 2015 RM'000
Interest income	(312)	(1,360)
Interest expenses	25	110
Depreciation	584	2,546
Foreign exchange loss / (Gain)	(1,455)	(2,919)
Fair value (gain)/loss on foreign exchange contracts	2,206	2,384

14. Dividends

The Board of Directors is pleased to propose a final single tier tax-exempt dividend of 12.5% equivalent to 2.5 sen per share for the financial year ended 31 August 2015. The proposed final dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

The total dividend paid and proposed by the Company in respect of the financial year ended 31 August 2015 is 20% of par value (equivalent to 4 sen per share) This represents about 50% of the consolidated net profit attribute to the owners of the Company for financial year ended 31 August 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-Aug-2015	Preceding Year Quarter Ended 31-Aug-2014	Current Year To Date 31-Aug-2015	Preceding Year To Date 31-Aug-2014
Profit attributable to equity holders of the Company (RM'000)	6,641	5,192	23,551	20,247
Weighted average number of ordinary shares in issue ('000)	300,000	300,000	300,000	300,000
Basic earnings per share (sen)	2.21	1.73	7.85	6.75
Diluted earnings per share (sen)	2.21	-	7.83	-

16. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 29 Oct 2015 by the Board of Directors.

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