

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 29 FEBRUARY 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 29/02/2016 RM'000	Preceding Year Quarter 28/02/2015 RM'000	Current Year To Date 29/02/2016 RM'000	Preceding Year To Date 28/02/2015 RM'000
Revenue	42,492	37,848	83,166	71,213
Operating Expenses	(33,089)	(29,795)	(64,055)	(58,603)
Other Operating Income	1,290	1,323	3,248	2,946
Finance Costs	(21)	(28)	(44)	(59)
Profit before tax	10,672	9,348	22,315	15,497
Taxation	(2,600)	(2,150)	(5,350)	(3,400)
Profit for the year	8,072	7,198	16,965	12,097
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	8,072	7,198	16,965	12,097
Profit for the year attributable to:				
Owners of the Company	8,072	6,562	16,965	10,823
Non-controlling interests	-	636	-	1,274
	8,072	7,198	16,965	12,097
Total comprehensive income attributable to:				
Owners of the Company	8,072	6,562	16,965	10,823
Non-controlling interests	-	636	-	1,274
	8,072	7,198	16,965	12,097
Earnings per ordinary share (sen)				
* Basic	2.69	2.19	5.65	3.61
Diluted	2.68	-	5.59	-

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2015 and the accompanying explanatory notes attached to the interim financial statements.

* For comparative purpose, the Earnings Per Share for the quarter and year-to-date ended 28 February 2015 had been adjusted to reflect the bonus issue of One (1) bonus share for every Two (2) existing ordinary share of par value RM0.20 each which was completed on 8 July 2015

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 29 FEBRUARY 2016**

	Unaudited As at 29-Feb-16 RM'000	Audited As at 31-Aug-15 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	39,788	32,195
Goodwill	478	478
	40,266	32,673
Current Assets		
Inventories	25,732	26,153
Trade and other receivables	15,098	11,975
Deposits, bank and cash balances	47,135	52,331
	87,965	90,459
TOTAL ASSETS	128,231	123,132
EQUITY AND LIABILITIES		
Share capital	60,002	60,000
Reserves	51,495	42,023
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	111,497	102,023
NON-CONTROLLING INTERESTS	-	-
TOTAL EQUITY	111,497	102,023
Non-Current Liabilities		
Borrowings	1,157	1,401
Deferred tax liabilities	2,156	2,156
	3,313	3,557
Current Liabilities		
Trade and other payables	9,650	8,596
Borrowings	476	463
Derivative financial liability	-	2,366
Dividend payable	-	4,500
Tax payable	3,295	1,627
	13,421	17,552
TOTAL LIABILITIES	16,734	21,109
TOTAL EQUITY AND LIABILITIES	128,231	123,132
* NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.37	0.34

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2015 and the accompanying explanatory notes attached to the interim financial statements.

* For comparative purpose, the Net Assets per share for 31 August 2015 had been adjusted to reflect the bonus issue of One (1) bonus share for every Two (2) existing ordinary share of par value RM0.20 each which was completed on 8 July 2015.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED 29 FEBRUARY 2016

<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>Distributable Total</u>	RM'000	RM'000
		RM'000	RM'000	RM'000		
<u>6 months ended 29 February 2016</u>						
As at 1 September 2015	60,000	-	42,023	102,023	-	102,023
Total comprehensive income for the period	-	-	16,965	16,965	-	16,965
Dividends	-	-	(7,500)	(7,500)	-	(7,500)
Exersice of Warrants	2	7	-	9	-	9
As at 29 February 2016	60,002	7	51,488	111,497	-	111,497
<u>6 months ended 28 February 2015</u>						
As at 1 September 2014	40,000	3,017	49,133	92,150	8,791	100,941
Total comprehensive income for the period	-	-	10,823	10,823	1,274	12,097
Dividends	-	-	(6,200)	(6,200)	(1,750)	(7,950)
As at 28 February 2015	40,000	3,017	53,756	96,773	8,315	105,088

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED 29 FEBRUARY 2016**

	Current Year 6 Months Ended 29/02/2016 RM'000	Preceding Year 6 Months Ended 28/02/2015 RM'000
Cash Flow From Operating Activities		
Profit before tax	22,315	15,497
Adjustment for:		
Depreciation	1,161	1,302
Other adjustments	(3,052)	334
Operating profit before changes in working capital	20,424	17,133
Changes in working capital		
Net changes in current assets	(2,603)	(7,256)
Net changes in current liabilities	1,099	(2,026)
Cash From Operations	18,920	7,851
Interest paid	(44)	(59)
Interest received	638	682
Tax paid	(3,682)	(1,635)
Net Cash From Operating Activities	15,832	6,839
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	130	3
Purchase of property, plant and equipment	(8,965)	(710)
Net withdrawal / (placement) of fixed deposit with licensed bank	-	(71)
Net Cash Flows (Used In) Investing Activities	(8,835)	(778)
Cash From Financing Activities		
Repayment of borrowings	(230)	(310)
Proceeds from exercise of warrant	9	-
Dividend paid to non-controlling interest	-	(1,750)
Dividend paid to shareholders	(12,000)	(8,200)
Net Cash (Used In) Financing Activities	(12,221)	(10,260)
Net Changes In Cash and Cash Equivalents	(5,224)	(4,199)
Cash and Cash Equivalents at Beginning of the Financial Period	52,331	47,517
Effect of exchange differences	28	(17)
Cash and Cash Equivalents at End of the Financial Period	47,135	43,301
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	47,135	47,441
Less: Fixed deposit with licensed bank with maturity period of more than three months	-	(4,140)
	47,135	43,301

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2015 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016

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 2015 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 2015.

The audited financial statements of the Group for the year ended 31 August 2015 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 2015.

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 2015.

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 SECOND QUARTER ENDED 29 FEBRUARY 2016

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 conversion of 10,000 warrants at the exercise price of RM0.92 per share during the quarter under review.

7. Dividend Paid

A final single tier tax exempt dividend of 12.5% per share amounting to RM7.5 million in respect of financial year ended 31 August 2015 was approved by the shareholders during the Annual General Meeting held on 28 January 2016 and subsequently paid on 18 February 2016.

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

There was no materials events subsequent to the current quarter ended 29 February 2016 that have not been reflected in this report:

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 29 February 2016.

12. Capital Commitments

The material capital commitments of the Group as at 29 February 2016 are as follow:

Property, plant and equipment	RM'000
Approved but not contracted for	905

13. 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 SECOND QUARTER ENDED 29 FEBRUARY 2016**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 second quarter ended 29 February 2016 (Q2FY2016) and six months ended 29 February 2016 (1HFY2016) compared with the previous corresponding second quarter ended 28 February 2015 (Q2FY2015) and six months ended 28 February 2015 (1HFY2015) are tabled below:

Description	Q2FY2016 RM'000	Q2FY2015 RM'000	Variance %	1HFY2016 RM'000	1HFY2015 RM'000	Variance %
Revenue	42,492	37,848	12.3	83,166	71,213	16.8
Profit before tax	10,672	9,348	14.2	22,315	15,497	44.0

The Group continue posted strong result for Q2FY2016 and 1HFY2016. The Group's revenue for the Q2FY2016 and 1HFY2016 improved by 12.3% to RM42.492 million and 16.8% to RM83.166 million respectively compared with the corresponding period last financial year. The stronger revenue was mainly attributed to the stronger US Dollar ("USD").

The Group's profit before tax ("PBT") for the Q2FY2016 and 1HFY2016 improved by 14.2% to RM10.672 million and 44% to RM22.315 million respectively compared with the corresponding period last financial year. This improvement was attributed to the higher sales register and the strengthening of USD.

The Group's overall performance is credited to the on-going efforts to develop new products, new design for existing products, derive better cost efficiencies and effective cost management across all functions

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year second quarter ended 29 February 2016 (Q2FY2016) compared to first quarter ended 30 November 2015 (Q1FY2016) are tabled below:

Description	Q2FY2016 RM'000	Q1FY2016 RM'000	Variance %
Revenue	42,492	40,674	4.5
Profit before tax	10,672	11,643	-8.3

The Group's revenue for the Q2FY2016 increased slightly by 4.5% from RM40.674 million to RM42.492 million compared with the preceding quarter Q1FY2016, while the PBT stood at RM10.672 million, representing a decrease of 8.3% compare to Q1FY2016.

The decrease of PBT in Q2FY2016 was attributed to the one off cost incurred in the current quarter.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016

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.

4. Variance on Forecast Profit/Profit Guarantee

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

5. Taxation

	Current Quarter	Period To Date
	RM'000	RM'000
Income Tax	2,600	5,350
	2,600	5,350

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 29 February 2016 are as follow:

	Amount
	RM'000
Short term	476
Long term	1,157
	1,633

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016
10. Material Litigation

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

11. Realised and Unrealised Profits/Losses

The breakdown of the retained profits of the Group as at 29 February 2016, 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 29 Feb 2016 RM'000	As at 30 Nov 2015 RM'000
Total retained profits of the Homeritz Corporation Berhad and its subsidiaries:		
- Realised	102,004	102,343
- Unrealised	(1,844)	(2,760)
	100,160	99,583
Less: Consolidation adjustments	(48,672)	(48,667)
Total group retained profits as per consolidated accounts	51,488	50,916

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.

12. Notes to the Statement of Comprehensive Income:

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

	Current Quarter Ended 29 Feb 2016 RM'000	Current Year To Date 29 Feb 2016 RM'000
Interest income	(340)	(638)
Interest expenses	21	44
Depreciation	575	1,161
Foreign exchange loss / (Gain)	843	2,358
Fair value (gain)/loss on foreign exchange contracts	(784)	(2,367)

13. Dividends

The Board of Directors does not recommend any dividend payment for the period under review.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016

14. 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.

	Quarter Ended		Year To Date Ended	
	29 Feb 2016	28 Feb 2015	29 Feb 2016	28 Feb 2015
Profit attributable to equity holders of the Company (RM'000)	8,072	6,562	16,965	10,823
Weighted average number of ordinary shares in issue ('000)	300,004	300,000	300,002	300,000
Effect of dilution of warrants	1,713	-	3,513	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	301,717	300,000	303,515	300,000
Basic earnings per share (sen)	2.69	2.19	5.65	3.61
Diluted earnings per share (sen)	2.68	-	5.59	-

15. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 28 April 2016 by the Board of Directors.

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