

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE YEAR ENDED 31 AUGUST 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/08/2016 RM'000	Preceding Year Quarter 31/08/2015 RM'000	Current Year To Date 31/08/2016 RM'000	Preceding Year To Date 31/08/2015 RM'000
Revenue	33,923	38,112	157,567	146,419
Operating Expenses	(29,009)	(31,120)	(125,384)	(117,304)
Other Operating Income	640	1,984	4,053	4,513
Finance Costs	(7)	(25)	(70)	(110)
Profit before tax	5,547	8,951	36,166	33,518
Taxation	(960)	(2,310)	(8,140)	(7,819)
Profit for the year	4,587	6,641	28,026	25,699
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	4,587	6,641	28,026	25,699
Profit for the year attributable to:				
Owners of the Company	4,587	6,641	28,026	23,551
Non-controlling interests	-	-	-	2,148
	4,587	6,641	28,026	25,699
Total comprehensive income attributable to:				
Owners of the Company	4,587	6,641	28,026	23,551
Non-controlling interests	-	-	-	2,148
	4,587	6,641	28,026	25,699
Earnings per ordinary share (sen)				
Basic	1.53	2.21	9.34	7.85
* Diluted	1.53	2.21	9.25	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 2015 and the accompanying explanatory notes attached to the interim financial statements.

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 31 Aug 2016 since the exercise price is above the average market value of the Company's shares.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2016**

	Unaudited As at 31-Aug-16 RM'000	Audited As at 31-Aug-15 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	39,972	32,195
Goodwill	478	478
	40,450	32,673
Current Assets		
Inventories	26,401	26,153
Trade and other receivables	10,345	11,975
Derivative assets	16	-
Deposits, bank and cash balances	57,017	52,331
	93,779	90,459
TOTAL ASSETS	134,229	123,132
EQUITY AND LIABILITIES		
Share capital	60,002	60,000
Reserves	56,556	42,023
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	116,558	102,023
Non-Current Liabilities		
Borrowings	-	1,401
Deferred tax liabilities	1,906	2,156
	1,906	3,557
Current Liabilities		
Trade and other payables	9,436	8,596
Borrowings	-	463
Derivative financial liability	-	2,366
Dividend payable	6,000	4,500
Tax payable	329	1,627
	15,765	17,552
TOTAL LIABILITIES	17,671	21,109
TOTAL EQUITY AND LIABILITIES	134,229	123,132
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.39	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.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 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>Total</u>		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31 August 2016						
As at 1 September 2015	60,000	-	42,023	102,023	-	102,023
Total comprehensive income for the year	-	-	28,026	28,026	-	28,026
Dividends	-	-	(13,500)	(13,500)	-	(13,500)
Exersice of Warrants	2	7	-	9	-	9
As at 31 August 2016	60,002	7	56,549	116,558	-	116,558
12 months ended 31 August 2015						
As at 1 September 2014	40,000	3,017	49,133	92,150	8,791	100,941
Total comprehensive income for the year	-	-	23,551	23,551	2,148	25,699
Bonus issue	20,000	(3,017)	(16,983)	-	-	-
Dividends	-	-	(10,700)	(10,700)	(1,750)	(12,450)
Parent's dilution arising from chang in stake	-	-	(2,978)	(2,978)	(9,189)	(12,167)
As at 31 August 2015	60,000	-	42,023	102,023	-	102,023

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.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE YEAR ENDED 31 AUGUST 2016**

	Current Year 12 Months Ended 31/08/2016 RM'000	Preceding Year 12 Months Ended 31/08/2015 RM'000
Cash Flow From Operating Activities		
Profit before tax	36,166	33,518
Adjustment for:		
Depreciation	2,394	2,546
Other adjustments	(3,225)	451
Operating profit before changes in working capital	35,335	36,515
Changes in working capital		
Net changes in current assets	2,447	(6,822)
Net changes in current liabilities	518	(211)
Cash From Operations	38,300	29,482
Interest paid	(70)	(110)
Interest received	1,278	1,360
Tax paid	(11,036)	(6,020)
Net Cash From Operating Activities	28,472	24,712
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	157	209
Purchase of property, plant and equipment	(10,066)	(2,155)
Net cash outflow from acquisition	-	(12,167)
Net withdrawal of fixed deposit with licensed bank	-	4,069
Net Cash Flows (Used In) Investing Activities	(9,909)	(10,044)
Cash From Financing Activities		
Repayment of borrowings	(1,863)	(612)
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	(13,854)	(10,562)
Net Changes In Cash and Cash Equivalents	4,709	4,106
Cash and Cash Equivalents at Beginning of the Financial Period	52,331	47,517
Effect of exchange differences	(23)	708
Cash and Cash Equivalents at End of the Financial Period	57,017	52,331

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.

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.

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 except the conversion of 10,000 warrants at the exercise price of RM0.92 per share during the financial period 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 to all holders of ordinary share whose name appeared in the Record of Depositors at the close of business on 3 February 2016.

On 28 July 2016, the Board of directors declared a first interim single tier tax-exempt dividend of 10% equivalent to 2 sen per share in respect of financial year ended 31 August 2016 to be paid on 29 September 2016 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 1 September 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 31 August 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 31 August 2016.

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 August 2016, 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 Asset:				
- Forward foreign currency contracts	-	16	-	16

13. Capital Commitments

The material capital commitments of the Group as at 31 August 2016 are as follow:

Property, plant and equipment	RM'000
Approved and contracted for	1,556

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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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 2016 (Q4FY2016) and year ended 31 August 2016 (FY2016) compared with the previous corresponding fourth quarter ended 31 August 2015 (Q4FY2015) and year ended 31 August 2015 (FY2015) are tabled below:

Description	FY2016 RM'000	FY2015 RM'000	Variance %	Q4FY2016 RM'000	Q4FY2015 RM'000	Variance %
Revenue	157,567	146,419	7.6	33,923	38,112	-11.0
Profit before tax ("PBT")	36,166	33,518	7.9	5,547	8,951	-38.0
Profit After tax ("PAT")	28,026	25,699	9.1	4,587	6,641	-30.9

In FY 2016, the Group has achieved another record performance and our best year yet. The Group attained its highest Revenue and PAT over FY 2015. Amidst the slight reduction in volume sold of 1% and increase in labour cost in FY 2016 compared with FY 2015, the Group's revenue and PAT registered growth of 7.6% and 9.1% respectively. The volume sold declined, arising from reduction of manpower stemming from the government's decision to temporarily freeze the intake of foreign workers for all sector announced in February 2016. The shortage of foreign workers had affected the performance of the Group in Q4FY2016. Nevertheless, the cost increase was cushioned by the stronger of USD.

For Q4FY2016, the Group recorded a Revenue of RM33.92 million and PBT of RM5.547 million representing decreases of 11% and 38% respectively, compared with Q4FY15. The less favourable result for Q4FY2016 was attributed to the reduction in volume sold of 8% compared with Q4FY2015.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year fourth quarter ended (Q4FY2016) compared to third quarter ended 31 May 2016 (Q3FY2016) are tabled below:

Description	Q4FY2016 RM'000	Q3FY2016 RM'000	Variance %
Revenue	33,923	40,478	-16.2
Profit before tax ("PBT")	5,547	8,304	-33.2

The Group's revenue for the Q4FY2016 decreased by 16.2% to RM33.923 million compared with the preceding quarter Q3FY2016, while the PBT stood at RM5.547 million, representing a decrease of 33.2% compared to Q3FY2016. The decrease in Revenue and PBT were as a result of reduction of volume sold of 15% compared with Q3FY2016.

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 2017 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 RM'000	Period To Date RM'000
Income Tax	1,210	8,390
Deferred tax	(250)	(250)
	960	8,140

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

There were no outstanding borrowing as at 31 August 2016.

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 August 2016 are as follows:

	Notional Amount RM'000	Derivative Financial Asset RM'000
Foreign currency forward contracts: Less than one year	5,290	16

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 August 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 31 August 2016 RM'000	As at 31 May 2016 RM'000
Total retained profits of the Homeritz Corporation Berhad and its subsidiaries:		
- Realised	107,112	105,796
- Unrealised	(1,761)	(818)
	105,351	106,614
Less: Consolidation adjustments	(48,802)	(48,652)
Total group retained profits as per consolidated accounts	56,549	57,962

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.

13. Notes to the Statement of Comprehensive Income:

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

	Current Quarter Ended 31 Aug 2016 RM'000	Current Year To Date 31 Aug 2016 RM'000
Interest income	(369)	(1,278)
Interest expenses	7	70
Depreciation	658	2,394
Foreign exchange loss / (Gain)	154	2,847
Fair value (gain)/loss on foreign exchange contracts	(65)	(2,382)
Bad debt written off	302	302

14. Dividends

The Board of Directors is pleased to propose a final single tier tax-exempt dividend of 15% equivalent to 3 sen per share for the financial year ended 31 August 2016. 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 2016 is 25% of par value (equivalent to 5 sen per share) This represents more than 50% of the consolidated net profit attribute to the owners of the Company for financial year ended 31 August 2016.

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.

	Quarter Ended		Year To Date Ended	
	31 Aug 2016	31 Aug 2015	31 Aug 2016	31 Aug 2015
Profit attributable to equity holders of the Company (RM'000)	4,587	6,641	28,026	23,551
Weighted average number of ordinary shares in issue ('000)	300,010	300,000	300,010	300,000
Effect of dilution of warrants ('000)	-	-	3,066	629
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	300,010	300,000	303,076	300,629
Basic earnings per share (sen)	1.53	2.21	9.34	7.85
Diluted earnings per share (sen)*	1.53	2.21	9.25	7.83

*There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 31 Aug 2016 since the exercise price is above the average market value of the Company's shares.

16. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 27 October 2016 by the Board of Directors.