

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 30 NOVEMBER 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2016 RM'000	Preceding Year Quarter 30/11/2015 RM'000	Current Year To Date 30/11/2016 RM'000	Preceding Year To Date 30/11/2015 RM'000
Revenue	41,930	40,674	41,930	40,674
Operating Expenses	(32,643)	(30,966)	(32,643)	(30,966)
Other Operating Income	1,699	1,958	1,699	1,958
Finance Costs	-	(23)	-	(23)
Profit before tax	10,986	11,643	10,986	11,643
Taxation	(2,500)	(2,750)	(2,500)	(2,750)
Profit for the year	8,486	8,893	8,486	8,893
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	8,486	8,893	8,486	8,893
Profit for the year attributable to:				
Owners of the Company	8,486	8,893	8,486	8,893
Non-controlling interests	-	-	-	-
	8,486	8,893	8,486	8,893
Total comprehensive income attributable to:				
Owners of the Company	8,486	8,893	8,486	8,893
Non-controlling interests	-	-	-	-
	8,486	8,893	8,486	8,893
Earnings per ordinary share (sen)				
Basic	2.83	2.96	2.83	2.96
* Diluted	2.83	2.95	2.83	2.95

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2016 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 30 November 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 30 NOVEMBER 2016**

	Unaudited As at 30-Nov-16 RM'000	Audited As at 31-Aug-16 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	41,633	39,972
Goodwill	478	478
	42,111	40,450
Current Assets		
Inventories	26,000	26,401
Trade and other receivables	14,893	10,345
Derivative assets	-	16
Deposits, bank and cash balances	55,164	57,017
	96,057	93,779
TOTAL ASSETS	138,168	134,229
EQUITY AND LIABILITIES		
Share capital	60,002	60,002
Reserves	65,042	56,556
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	125,044	116,558
Non-Current Liabilities		
Deferred tax liabilities	1,906	1,906
	1,906	1,906
Current Liabilities		
Trade and other payables	10,849	9,436
Derivative financial liability	233	-
Dividend payable	-	6,000
Tax payable	136	329
	11,218	15,765
TOTAL LIABILITIES	13,124	17,671
TOTAL EQUITY AND LIABILITIES	138,168	134,229
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.42	0.39

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 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
<u>3 months ended 30 November 2016</u>						
As at 1 September 2016	60,002	7	56,549	116,558	-	116,558
Total comprehensive income for the period	-	-	8,486	8,486	-	8,486
As at 30 November 2016	60,002	7	65,035	125,044	-	125,044
<u>3 months ended 30 November 2015</u>						
As at 1 September 2015	60,000	-	42,023	102,023	-	102,023
Total comprehensive income for the period	-	-	8,893	8,893	-	8,893
As at 31 November 2015	60,000	-	50,916	110,916	-	110,916

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED 30 NOVEMBER 2016**

	Current Year 3 Months Ended 30/11/2016 RM'000	Preceding Year 3 Months Ended 30/11/2015 RM'000
Cash Flow From Operating Activities		
Profit before tax	10,986	11,643
Adjustment for:		
Depreciation	612	586
Other adjustments	(547)	(1,866)
Operating profit before changes in working capital	11,051	10,363
Changes in working capital		
Net changes in current assets	(3,860)	2,611
Net changes in current liabilities	1,134	(274)
Cash From Operations	8,325	12,700
Interest paid	-	(23)
Interest received	378	298
Tax paid	(2,725)	(2,228)
Net Cash From Operating Activities	5,978	10,747
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	-	15
Purchase of property, plant and equipment	(2,305)	(8,518)
Net Cash Flows (Used In) Investing Activities	(2,305)	(8,503)
Cash From Financing Activities		
Repayment of borrowings	-	(114)
Dividend paid to shareholders	(6,000)	(4,500)
Net Cash (Used In) Financing Activities	(6,000)	(4,614)
Net Changes In Cash and Cash Equivalents	(2,327)	(2,370)
Cash and Cash Equivalents at Beginning of the Financial Period	57,017	52,331
Effect of exchange differences	474	(26)
Cash and Cash Equivalents at End of the Financial Period	55,164	49,935

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2016 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 2016 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 2016.

The audited financial statements of the Group for the year ended 31 August 2016 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 2016.

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 2016.

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 during the financial period under review.

7. Dividend Paid

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 30 November 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 30 November 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 30 November 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 Liability:				
- Forward foreign currency contracts	-	(233)	-	(233)

13. Capital Commitments

The material capital commitments of the Group as at 30 November 2016 are as follow:

Property, plant and equipment	RM'000
Approved and contracted for	1,538

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 first quarter ended 30 November 2016 (Q1FY2017) compared with the previous corresponding first quarter ended 30 November 2015 (Q1FY2016) and are tabled below:

Description	Q1FY2017 RM'000	Q1FY2016 RM'000	Variance %
Revenue	41,930	40,674	3.1
Profit before tax ("PBT")	10,986	11,643	-5.6

The Group's revenue for the Q1FY2017 increased by 3.1% to RM41.930 million compared with the preceding quarter Q1FY2016. The increase in Revenue were as a result of increase of volume sold. The PBT declined by 5.6% compared to Q1FY2016 despite growth in sales volume due to weaker USD during the quarter under review. The average US dollar against Ringgit weakened by about 2.4%, (from RM4.29 in 1QFY2016 to RM4.19 in 1Q2017) during the quarter under review compared with the previous corresponding quarter.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year first quarter ended (Q1FY2017) compared to fourth quarter ended 31 Aug 2016 (Q4FY2016) are tabled below:

Description	Q1FY2017 RM'000	Q4FY2016 RM'000	Variance %
Revenue	41,930	33,923	23.6
Profit before tax ("PBT")	10,986	5,547	98.1

The Group's revenue and PBT for the Q1FY2017 increased by 23.6% and 98.1 % respectively compared with the preceding quarter Q4FY2016. The increase in PBT were mainly attributed to the increase of volume sold of about 20%, which has resulted in lower cost of production and coupled with the strengthening of USD by about 4%.

3. Current Year Prospects

The Group is operating in global economic uncertainties as well as facing increases in its production 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. 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	2,500	2,500
	2,500	2,500

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 30 November 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 30 November 2016 are as follows:

	Notional Amount RM'000	Derivative Financial (Liability) RM'000
Foreign currency forward contracts: Less than one year	3,346	(233)

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 30 November 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 30 November 2016 RM'000	As at 31 August 2016 RM'000
Total retained profits of the Homeritz Corporation Berhad and its subsidiaries:		
- Realised	115,259	107,112
- Unrealised	(1,534)	(1,761)
	113,725	105,351
Less: Consolidation adjustments	(48,690)	(48,802)
Total group retained profits as per consolidated accounts	65,035	56,549

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 30 November 2016 RM'000	Current Year To Date 30 November 2016 RM'000
Interest income	(378)	(378)
Depreciation	612	612
Foreign exchange loss / (Gain)	(1,257)	(1,257)
Fair value (gain)/loss on foreign exchange contracts	249	249

14. Dividends

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

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	
	30 Nov 2016	30 Nov 2015	30 Nov 2016	30 Nov 2015
Profit attributable to equity holders of the Company (RM'000)	8,486	8,893	8,486	8,893
Weighted average number of ordinary shares in issue ('000)	300,010	300,000	300,010	300,000
Effect of dilution of warrants ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	300,010	300,000	300,010	300,000
Basic earnings per share (sen)	2.83	2.96	2.83	2.96
Diluted earnings per share (sen)*	2.83	2.95	2.83	2.95

**There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 30 November 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 25 January 2017 by the Board of Directors.