

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE YEAR ENDED 31 AUGUST 2017**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/8/2017 RM'000	Preceding Year Quarter 31/8/2016 RM'000	Current Year To Date 31/8/2017 RM'000	Preceding Year To Date 31/8/2016 RM'000
Revenue	39,658	33,923	168,958	157,567
Operating Expenses	(32,040)	(29,009)	(133,446)	(125,384)
Other Operating Income	1,071	640	3,609	4,053
Finance Costs	-	(7)	-	(70)
Profit before tax	8,689	5,547	39,121	36,166
Taxation	(1,683)	(960)	(8,233)	(8,140)
Profit for the year	7,006	4,587	30,888	28,026
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	7,006	4,587	30,888	28,026
Profit for the year attributable to:				
Owners of the Company	7,006	4,587	30,888	28,026
Non-controlling interests	-	-	-	-
	7,006	4,587	30,888	28,026
Total comprehensive income attributable to:				
Owners of the Company	7,006	4,587	30,888	28,026
Non-controlling interests	-	-	-	-
	7,006	4,587	30,888	28,026
Earnings per ordinary share (sen)				
Basic	2.34	1.53	10.30	9.34
Diluted	2.33	*1.53	*10.30	9.25

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 fourth quarter ended 31 Aug 2016 and year ended 31 Aug 2017 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 2017**

	Unaudited As at 31-Aug-17 RM'000	Audited As at 31-Aug-16 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	43,980	39,972
Goodwill	478	478
	44,458	40,450
Current Assets		
Inventories	32,717	26,401
Trade and other receivables	12,783	10,345
Derivative assets	129	16
Deposits, bank and cash balances	60,782	57,017
	106,411	93,779
TOTAL ASSETS	150,869	134,229
EQUITY AND LIABILITIES		
Share capital	60,002	60,002
Reserves	72,443	56,556
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	132,445	116,558
Non-Current Liabilities		
Deferred tax liabilities	1,906	1,906
	1,906	1,906
Current Liabilities		
Trade and other payables	13,068	9,436
Dividend payable	3,000	6,000
Tax payable	450	329
	16,518	15,765
TOTAL LIABILITIES	18,424	17,671
TOTAL EQUITY AND LIABILITIES	150,869	134,229
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.44	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 YEAR ENDED 31 AUGUST 2017

<u>Group</u>	<u>Attributable To Owners Of The Company</u>			
	<u>Share Capital</u>	<u>Non-Distributable Share Premium</u>	<u>Distributable Retained Profits</u>	<u>Total Equity</u>
	RM'000	RM'000	RM'000	RM'000
<u>12 months ended 31 Aug 2017</u>				
As at 1 September 2016	60,002	7	56,549	116,558
Total comprehensive income for the year	-	-	30,888	30,888
Dividends	-	-	(15,001)	(15,001)
As at 31 Aug 2017	60,002	7	72,436	132,445
<u>12 months ended 31 Aug 2016</u>				
As at 1 September 2015	60,000	-	42,023	102,023
Total comprehensive income for the year	-	-	28,026	28,026
Excercise of Warrants	2	7	-	9
Dividends	-	-	(13,500)	(13,500)
As at 31 Aug 2016	60,002	7	56,549	116,558

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 YEAR ENDED 31 AUGUST 2017**

	Current Year 12 Months Ended 31/8/2017 RM'000	Preceding Year 12 Months Ended 31/8/2016 RM'000
Cash Flow From Operating Activities		
Profit before tax	39,121	36,166
Adjustment for:		
Depreciation	2,538	2,394
Other adjustments	(1,758)	(3,225)
Operating profit before changes in working capital	39,901	35,335
Changes in working capital		
Net changes in current assets	(9,766)	2,447
Net changes in current liabilities	2,882	518
Cash From Operations	33,017	38,300
Interest paid	-	(70)
Interest received	1,614	1,278
Tax paid	(7,134)	(11,036)
Net Cash From Operating Activities	27,497	28,472
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	1	157
Net (placement) of fixed deposit with licensed bank	(16,000)	-
Purchase of property, plant and equipment	(5,821)	(10,066)
Net Cash Flows (Used In) Investing Activities	(21,820)	(9,909)
Cash From Financing Activities		
Repayment of borrowings	-	(1,863)
Proceeds from exercise of warrant	-	9
Dividend paid to shareholders	(18,001)	(12,000)
Net Cash (Used In) Financing Activities	(18,001)	(13,854)
Net Changes In Cash and Cash Equivalents	(12,324)	4,709
Cash and Cash Equivalents at Beginning of the Financial Period	57,017	52,331
Effect of exchange differences	89	(23)
Cash and Cash Equivalents at End of the Financial Period	44,782	57,017
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	60,782	57,017
Less: Fixed deposit with licensed bank with maturity period of more than three months	(16,000)	-
	44,782	57,017

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

A final single tier tax exempt dividend of 15.0% per share amounting to RM9 million in respect of financial year ended 31 August 2016 was approved by the shareholders during the Annual General Meeting held on 25 January 2017 and subsequently paid on 16 February 2017.

A first interim single tier tax-exempt dividend of 5.0% equivalent to 1 sen per share in respect of financial year ending 31 August 2017 was declared by the Board on 27 April 2017 and subsequently paid on 16 June 2017 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 26 May 2017.

A second interim single tier tax-exempt dividend of 5.0% equivalent to 1 sen per share in respect of financial year ending 31 August 2017 was declared by the Board on 27 July 2017 and subsequently paid on 29 September 2017 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 August 2017.

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 2017 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 2017.

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 2017, 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 Assets:				
- Forward foreign currency contracts	-	129	-	129

13. Capital Commitments

The material capital commitments of the Group as at 31 Aug 2017 are as follow:

Property, plant and equipment	RM'000
Approved and contracted for	1,509

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.

[The rest of this page is intentionally left blank]

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 2017 (Q4FY2017) and year ended 31 August 2017 (FY2017) compared with the previous corresponding fourth quarter ended 31 August 2016 (Q4FY2016) and year ended 31 August 2016 (FY2016) are tabled below:

Description	Q4FY2017 RM'000	Q4FY2016 RM'000	Variance %	FY2017 RM'000	FY2016 RM'000	Variance %
Revenue	39,658	33,923	16.9	168,958	157,567	7.2
Profit before tax ("PBT")	8,689	5,547	56.6	39,121	36,166	8.2

The Group's revenue for the Q4FY2017 and FY2017 improved by 16.9% to RM39.658 million and 7.2% to RM168.958 million respectively compared with the corresponding period last financial year. The growth in revenue was mainly attributed to the strengthening of USD exchange rate and increase in the volume sold.

The Group's profit before tax ("PBT") for the Q4FY2017 and FY2017 improved by 56.6% to RM8.689 million and 8.2% to RM39.121 million respectively in compared with Q4FY2016 and FY2016. This improvement was attributed to the higher sales register and the strengthening of USD.

In comparison with the corresponding period last financial year, the average USD exchange rate against RM for Q4FY2017 and FY2017 were strengthening by about 6% and 4 % respectively whereas the sales volume increased by 11% and 3% respectively.

The strengthening in USD not only improved both revenue and profit but also cushion the rising of labour cost.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year fourth quarter ended 31 August 2017 (Q4FY2017) compared to third quarter ended 31 May 2017 (Q3FY2017) are tabled below:

Description	Q4FY2017 RM'000	Q3FY2017 RM'000	Variance %
Revenue	39,658	44,617	-11.1
Profit before tax ("PBT")	8,689	9,617	-9.6

The Group's revenue and PBT for the Q4FY2017 decreased by 11.1% and 9.6% compared with the preceding quarter Q3FY2017.

The decrease of revenue and PBT was attributed to the lower sales volume of 6% and lower of average USD exchange rate of 2% in compared to Q3FY2017.

3. Current Year Prospects

The Group are operating in global economic uncertainties as well as facing increases in their production costs and fluctuation in foreign exchange rates.

Given the above scenario, the Group will continue to remain focused in their core business of design, manufacture, and sale of upholstered home furniture which includes upholstered sofas, upholstered dining chairs and upholstered bed frames. The Group are 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 2018 would remain profitable.

4. Variance on Forecast Profit/Profit Guarantee

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

5. Taxation

	Current Quarter RM'000	Period To Date RM'000
Income Tax	1,683	8,233
	1,683	8,233

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

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

7. Purchases and Sales of Quoted Securities

There were 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 2017.

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 2017 are as follows:

	Notional Amount RM'000	Derivative Financial Assets RM'000
Foreign currency forward contracts: Less than one year	4,780	129

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 2017, 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 Aug 2017 RM'000	As at 31 May 2017 RM'000
Total retained profits of the Homeritz Corporation Berhad and its subsidiaries:		
- Realised	122,735	118,603
- Unrealised	(1,560)	(1,529)
	121,175	117,074
Less: Consolidation adjustments	(48,739)	(48,644)
Total group retained profits as per consolidated accounts	72,436	68,430

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 2017 RM'000	Current Year To Date 31 Aug 2017 RM'000
Interest income	(519)	(1,614)
Depreciation	637	2,538
Foreign exchange (Gain)	(334)	(1,472)
Fair value loss / (gain) on foreign exchange contracts	154	(113)

14. Dividends

The Board of Directors is pleased to propose a final single tier tax-exempt dividend of 11% equivalent to 2.2 sen per share for the financial year ended 31 August 2017. 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 2017 is 21% of par value (equivalent to 4.2 sen per share) This represents more than 40% of the consolidated net profit attribute to the owners of the Company for financial year ended 31 August 2017.

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 2017	31 Aug 2016	31 Aug 2017	31 Aug 2016
Profit attributable to equity holders of the Company (RM'000)	7,006	4,587	30,888	28,026
Weighted average number of ordinary shares in issue ('000)	300,010	300,010	300,010	300,010
Effect of dilution of warrants ('000)	161	-	-	3,066
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	300,171	300,010	300,010	303,076
Basic earnings per share (sen)	2.34	1.53	10.30	9.34
Diluted earnings per share (sen)	2.33	*1.53	*10.30	9.25

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for fourth quarter ended 31 Aug 2016 and year ended 31 Aug 2017 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 30 Oct 2017 by the Board of Directors.