

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE YEAR ENDED 31 AUGUST 2018**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/8/2018 RM'000	Preceding Year Quarter 31/8/2017 RM'000	Current Year To Date 31/8/2018 RM'000	Preceding Year To Date 31/8/2017 RM'000
Revenue	40,160	39,658	166,445	168,958
Operating Expenses	(32,780)	(32,040)	(142,070)	(133,446)
Other Operating Income	1,079	1,071	2,833	3,609
Profit before tax	8,459	8,689	27,208	39,121
Taxation	(2,198)	(1,683)	(6,140)	(8,233)
Profit for the year	6,261	7,006	21,068	30,888
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	6,261	7,006	21,068	30,888
Profit for the year attributable to:				
Owners of the Company	6,261	7,006	21,068	30,888
Non-controlling interests	-	-	-	-
	6,261	7,006	21,068	30,888
Total comprehensive income attributable to:				
Owners of the Company	6,261	7,006	21,068	30,888
Non-controlling interests	-	-	-	-
	6,261	7,006	21,068	30,888
Earnings per ordinary share (sen)				
Basic	2.09	2.34	7.02	10.30
Diluted*	2.09	2.33	7.02	10.30

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2017 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 August 2018, year ended 31 August 2018 and year ended 31 August 2017 since the exercise price is above the average market value of the Company's shares.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2018**

	Unaudited As at 31-Aug-18 RM'000	Audited As at 31-Aug-17 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	50,486	43,980
Goodwill	478	478
	50,964	44,458
Current Assets		
Inventories	30,122	32,717
Trade and other receivables	16,357	12,783
Derivative assets	-	129
Deposits, bank and cash balances	64,904	60,782
	111,383	106,411
TOTAL ASSETS	162,347	150,869
EQUITY AND LIABILITIES		
Share capital	60,002	60,002
Reserves	83,911	72,443
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	143,913	132,445
Non-Current Liabilities		
Deferred tax liabilities	2,406	1,906
	2,406	1,906
Current Liabilities		
Trade and other payables	13,005	13,068
Dividend payable	3,000	3,000
Tax payable	23	450
	16,028	16,518
TOTAL LIABILITIES	18,434	18,424
TOTAL EQUITY AND LIABILITIES	162,347	150,869
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.48	0.44

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 2018

<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>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>12 months ended 31 August 2018</u>				
As at 1 September 2017	60,002	7	72,436	132,445
Total comprehensive income for the year	-	-	21,068	21,068
Dividends	-	-	(9,600)	(9,600)
As at 31 August 2018	60,002	7	83,904	143,913
<u>12 months ended 31 August 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 August 2017	60,002	7	72,436	132,445

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 2018

	Current Year 12 Months Ended 31/8/2018 RM'000	Preceding Year 12 Months Ended 31/8/2017 RM'000
Cash Flow From Operating Activities		
Profit before tax	27,208	39,121
Adjustment for:		
Depreciation	3,221	2,538
Other adjustments	(1,203)	(1,758)
Operating profit before changes in working capital	29,226	39,901
Changes in working capital		
Net changes in current assets	(832)	(9,766)
Net changes in current liabilities	403	2,882
Cash From Operations	28,797	33,017
Interest received	1,789	1,614
Tax paid	(6,706)	(7,134)
Net Cash From Operating Activities	23,880	27,497
Cash Flows For Investing Activities		
Proceeds from disposal of property, plant and equipment	73	1
Net (placement) of fixed deposit with licensed bank with tenure of more than three months	(13,687)	(16,000)
Purchase of property, plant and equipment	(10,326)	(5,821)
Net Cash Flows (For) Investing Activities	(23,940)	(21,820)
Cash For Financing Activity		
Dividend paid to shareholders	(9,600)	(18,001)
Net Cash (For) Financing Activity	(9,600)	(18,001)
Net Changes In Cash and Cash Equivalents	(9,660)	(12,324)
Cash and Cash Equivalents at Beginning of the Financial Period	44,782	57,017
Effect of exchange differences	95	89
Cash and Cash Equivalents at End of the Financial Period	35,217	44,782
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	64,904	60,782
Less: Fixed deposit with licensed bank with tenure of more than three months	(29,687)	(16,000)
	35,217	44,782

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2017 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 2017 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 2017.

The audited financial statements of the Group for the year ended 31 August 2017 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 2017.

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 2017.

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 2018

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 2.2 sen per share in respect of financial year ended 31 August 2017 was approved by the shareholders during the Annual General Meeting held on 25 January 2018 and subsequently paid on 1 March 2018.

A first interim single tier tax-exempt dividend of 1.0 sen per share in respect of financial year ended 31 August 2018 was declared by the Board on 26 July 2018 and subsequently paid on 28 September 2018 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 August 2018.

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 2018 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 2018.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

12. Capital Commitments

The material capital commitments of the Group as at 31 August 2018 are as follow:

	RM'000
Additions of Property, Plant & Equipment	3,466

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 YEAR ENDED 31 AUGUST 2018
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 2018 (Q4FY2018) and year ended 31 August 2018 (FY2018) compared with the previous corresponding fourth quarter ended 31 August 2017 (Q4FY2017) and year ended 31 August 2017 (FY2017) are tabled below:

Description	Q4FY2018 RM'000	Q4FY2017 RM'000	Variance %	FY2018 RM'000	FY2017 RM'000	Variance %
Revenue	40,160	39,658	1.27	166,445	168,958	-1.49
Profit before tax ("PBT")	8,459	8,689	-2.65	27,208	39,121	-30.45

In FY 2018, the Group's revenue declined slightly by 1.49% compared with the corresponding period of the last financial year. The decline was mainly due to the weakening of US dollar ("USD") against the Ringgit Malaysia ("Ringgit"). The weakening of USD has reduced the Ringgit sales proceeds realised from export sales.

The Group's PBT of FY 2018 decreased by 30.45% compared with FY 2017. The PBT was adversely impacted by the weakening of US dollar against the Ringgit Malaysia, the increase of labour cost and the progressively rising cost of raw materials during early of the financial year.

The average USD exchange rate against the Ringgit of FY2018 decreased by 7% compared to the rate recorded in FY 2017. The decrease in USD rate has reduced the revenue and profit margin of the Group. Nevertheless, the increase in volume sold and progressively increase in selling price of certain product has helped to cushion the impact of weaker USD.

For Q4FY2018, the Group recorded revenue of RM40.16 million, slightly higher by 1.27% compared to the corresponding quarter last year despite the lower USD exchange rate. The Group's PBT of Q4FY2018 however, declined slightly by 2.65% to RM8.459 million from RM8.689 million recorded in the same quarter last year. The lower margin was mainly attributed to the weaker of USD. However, the increase in volume sold and certain products pricing has helped to cushion the effect.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year fourth quarter ended 31 August 2018 (Q4FY2018) compared to third quarter ended 31 May 2018 (Q3FY2018) are tabled below:

Description	Q4FY2018 RM'000	Q3FY2018 RM'000	Variance %
Revenue	40,160	39,843	0.80
Profit before tax ("PBT")	8,459	6,158	37.37

The Group's revenue for the current quarter of RM40.160 million was slightly higher by 0.8% as compared to the immediate preceding quarter revenue of RM39.843 million. However, the Group's profit before tax of RM8.459 million for the current quarter was 37.37% higher as compared to the preceding quarter ended 31 May 2018 of RM6.158 million. The higher revenue and the significant improvement of margins were mainly attributed by the stronger of USD rate and the increase in selling prices of certain products.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**3. Current Year Prospects**

The Group are operating in global economic uncertainties as well as facing increases in their production costs, rising of materials' cost 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 2019 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	Period To Date
	RM'000	RM'000
Income Tax	1,698	5,640
Deferred Tax	500	500
	2,198	6,140

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 2018.

10. Material Litigation

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018
11. Notes to the Statement of Comprehensive Income:

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

	Current Quarter Ended 31 Aug 2018 RM'000	Current Year To Date 31 Aug 2018 RM'000
Interest income	(489)	(1789)
Depreciation	842	3,221
Inventories written down	562	562
Foreign exchange (gain)	(455)	(362)
Fair value (gain) / loss on foreign exchange contracts	(7)	129

12. Dividends

The Board of Directors is pleased to propose a final single tier tax-exempt dividend of 1.5 sen per share for the financial year ended 31 August 2018. 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 2018 is 2.5 sen per share.

13. 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 2018	31 Aug 2017	31 Aug 2018	31 Aug 2017
Profit attributable to equity holders of the Company (RM'000)	6,261	7,006	21,068	30,888
Weighted average number of ordinary shares in issue ('000)	300,010	300,010	300,010	300,010
Effect of dilution of warrants ('000)	-	161	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	300,010	300,171	300,010	300,010
Basic earnings per share (sen)	2.09	2.34	7.02	10.30
Diluted earnings per share (sen)*	2.09	2.33	7.02	10.30

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 31 August 2018, year ended 31 August 2018 and year ended 31 August 2017 since the exercise price is above the average market value of the Company's shares.

14. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 30 October 2018 by the Board of Directors.