

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 30 NOVEMBER 2017**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2017 RM'000	Preceding Year Quarter 30/11/2016 RM'000	Current Year To Date 30/11/2017 RM'000	Preceding Year To Date 30/11/2016 RM'000
Revenue	45,983	41,930	45,983	41,930
Operating Expenses	(39,070)	(32,643)	(39,070)	(32,643)
Other Operating Income	1,059	1,699	1,059	1,699
Profit before tax	7,972	10,986	7,972	10,986
Taxation	(1,400)	(2,500)	(1,400)	(2,500)
Profit for the year	6,572	8,486	6,572	8,486
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	6,572	8,486	6,572	8,486
Profit for the year attributable to:				
Owners of the Company	6,572	8,486	6,572	8,486
Non-controlling interests	-	-	-	-
	6,572	8,486	6,572	8,486
Total comprehensive income attributable to:				
Owners of the Company	6,572	8,486	6,572	8,486
Non-controlling interests	-	-	-	-
	6,572	8,486	6,572	8,486
Earnings per ordinary share (sen)				
Basic	2.19	2.83	2.19	2.83
Diluted	2.19	2.83*	2.19	2.83*

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 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 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 2017**

	Unaudited As at 30-Nov-17 RM'000	Audited As at 31-Aug-17 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	45,216	43,980
Goodwill	478	478
	45,694	44,458
Current Assets		
Inventories	29,445	32,717
Trade and other receivables	18,464	12,783
Derivative assets	25	129
Deposits, bank and cash balances	60,193	60,782
	108,127	106,411
TOTAL ASSETS	153,821	150,869
EQUITY AND LIABILITIES		
Share capital	60,002	60,002
Reserves	79,015	72,443
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	139,017	132,445
Non-Current Liabilities		
Deferred tax liabilities	1,906	1,906
	1,906	1,906
Current Liabilities		
Trade and other payables	12,898	13,068
Dividend payable	-	3,000
Tax payable	-	450
	12,898	16,518
TOTAL LIABILITIES	14,804	18,424
TOTAL EQUITY AND LIABILITIES	153,821	150,869
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.46	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.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 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>3 months ended 30 November 2017</u>				
As at 1 September 2017	60,002	7	72,436	132,445
Total comprehensive income for the period	-	-	6,572	6,572
As at 30 November 2017	60,002	7	79,008	139,017
<u>3 months ended 30 November 2016</u>				
As at 1 September 2016	60,002	7	56,549	116,558
Total comprehensive income for the period	-	-	8,486	8,486
As at 30 November 2016	60,002	7	65,035	125,044

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.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED 30 NOVEMBER 2017**

	Current Year 3 Months Ended 30/11/2017 RM'000	Preceding Year 3 Months Ended 30/11/2016 RM'000
Cash Flow From Operating Activities		
Profit before tax	7,972	10,986
Adjustment for:		
Depreciation	719	612
Other adjustments	(154)	(547)
Operating profit before changes in working capital	8,537	11,051
Changes in working capital		
Net changes in current assets	(2,851)	(3,860)
Net changes in current liabilities	(21)	1,134
Cash From Operations	5,665	8,325
Interest received	469	378
Tax paid	(1,658)	(2,725)
Net Cash From Operating Activities	4,476	5,978
Cash Flows For Investing Activities		
Net (placement) of fixed deposit with licensed bank	(14,319)	-
Purchase of property, plant and equipment	(2,033)	(2,305)
Net Cash Flows (For) Investing Activities	(16,352)	(2,305)
Cash For Financing Activities		
Dividend paid to shareholders	(3,000)	(6,000)
Net Cash (For) Financing Activities	(3,000)	(6,000)
Net Changes In Cash and Cash Equivalents	(14,876)	(2,327)
Cash and Cash Equivalents at Beginning of the Financial Period	44,782	57,017
Effect of exchange differences	(32)	474
Cash and Cash Equivalents at End of the Financial Period	29,874	55,164
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	60,193	55,164
Less: Fixed deposit with licensed bank with maturity period of more than three months	(30,319)	-
	29,874	55,164

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.

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 second interim single tier tax-exempt dividend of 1 sen per share in respect of financial year ended 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 30 November 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 30 November 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 30 November 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	-	25	-	25

13. Capital Commitments

The material capital commitments of the Group as at 30 November 2017 are as follow:

Property, plant and equipment	RM'000
Approved and contracted for	1,155

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 2017 (Q1FY2018) compared with the previous corresponding first quarter ended 30 November 2016 (Q1FY2017) are tabled below:

Description	Q1FY2018 RM'000	Q1FY2017 RM'000	Variance %
Revenue	45,983	41,930	9.7
Profit before tax ("PBT")	7,972	10,986	-27.4

The Group's revenue for the Q1FY2018 improved by 9.7% to RM45.983 million compared with the corresponding period last financial year. The growth in revenue was mainly attributed to the increase in the volume sold.

However, the Group's profit before tax ("PBT") for the Q1FY2018 decreased by 27.4% to RM7.972 million in compared with Q1FY2017. This was mainly attributed to the increase of the raw materials' unit price of wood, foam and carton box in Q1FY2018 compared with Q1FY2017, incurred foreign exchange loss of RM0.2 million in Q1FY2018 compared with foreign exchange gain of RM1.3 million registered in Q1FY2017 and the continued rising of labour cost.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year first quarter ended 30 November 2017 (Q1FY2018) compared to fourth quarter ended 31 Aug 2017 (Q4FY2017) are tabled below:

Description	Q1FY2018 RM'000	Q4FY2017 RM'000	Variance %
Revenue	45,983	39,658	15.9
Profit before tax ("PBT")	7,972	8,689	-8.3

The Group's revenue for the Q1FY2018 increased by 15.9% compared with the preceding quarter Q4FY2017. The growth in revenue was mainly attributed to the increase in the volume sold.

However, the Group's profit before tax ("PBT") for the Q1FY2018 decreased by 8.3% to RM7.972 million compared with Q4FY2017. This was mainly attributed to the lower of average USD exchange rate of 2% compared to Q4FY2017 and the increase of the raw materials' unit price of foam and carton box in Q1FY2018 compared with Q4FY2017.

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 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	Period To Date
	RM'000	RM'000
Income Tax	1,400	1,400
	1,400	1,400

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 30 November 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 30 November 2017 are as follows:

	Notional Amount RM'000	Derivative Financial Assets RM'000
Foreign currency forward contracts: Less than one year	844	25

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. Notes to the Statement of Comprehensive Income:

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

	Current Quarter Ended 30 November 2017 RM'000	Current Year To Date 30 November 2017 RM'000
Interest income	(469)	(469)
Depreciation	719	719
Foreign exchange loss	214	214
Fair value loss on foreign exchange contracts	104	104

13. Dividends

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

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	
	30 Nov 2017	30 Nov 2016	30 Nov 2017	30 Nov 2016
Profit attributable to equity holders of the Company (RM'000)	6,572	8,486	6,572	8,486
Weighted average number of ordinary shares in issue ('000)	300,010	300,010	300,010	300,010
Effect of dilution of warrants ('000)	252	-	252	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	300,262	300,010	300,262	300,010
Basic earnings per share (sen)	2.19	2.83	2.19	2.83
Diluted earnings per share (sen)	2.19	2.83*	2.19	2.83*

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for first quarter ended 30 November 2016 since the exercise price is above the average market value of the Company's shares.

15. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 25 January 2018 by the Board of Directors.

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