

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2018
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 30 NOVEMBER 2018**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2018 RM'000	Preceding Year Quarter 30/11/2017 RM'000	Current Year To Date 30/11/2018 RM'000	Preceding Year To Date 30/11/2017 RM'000
Revenue	36,098	45,983	36,098	45,983
Operating Expenses	(31,215)	(39,070)	(31,215)	(39,070)
Other Operating Income	1,598	1,059	1,598	1,059
Profit before tax	6,481	7,972	6,481	7,972
Taxation	(1,350)	(1,400)	(1,350)	(1,400)
Profit for the year	5,131	6,572	5,131	6,572
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	5,131	6,572	5,131	6,572
Profit for the year attributable to:				
Owners of the Company	5,131	6,572	5,131	6,572
Non-controlling interests	-	-	-	-
	5,131	6,572	5,131	6,572
Total comprehensive income attributable to:				
Owners of the Company	5,131	6,572	5,131	6,572
Non-controlling interests	-	-	-	-
	5,131	6,572	5,131	6,572
Earnings per ordinary share (sen)				
Basic	1.71	2.19	1.71	2.19
Diluted	1.71*	2.19	1.71*	2.19

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2018
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 NOVEMBER 2018**

	Unaudited As at 30-Nov-18 RM'000	Audited As at 31-Aug-18 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	50,805	50,486
Goodwill	478	478
	51,283	50,964
Current Assets		
Inventories	28,438	30,122
Trade and other receivables	15,325	16,357
Derivative assets	-	-
Deposits, bank and cash balances	66,499	64,904
	110,262	111,383
TOTAL ASSETS	161,545	162,347
EQUITY AND LIABILITIES		
Share capital	60,002	60,002
Reserves	89,042	83,911
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	149,044	143,913
Non-Current Liabilities		
Deferred tax liabilities	2,406	2,406
	2,406	2,406
Current Liabilities		
Trade and other payables	10,095	13,005
Dividend payable	-	3,000
Tax payable	-	23
	10,095	16,028
TOTAL LIABILITIES	12,501	18,434
TOTAL EQUITY AND LIABILITIES	161,545	162,347
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.50	0.48

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2018 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 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>
	RM'000	RM'000	RM'000	RM'000
<u>3 months ended 30 November 2018</u>				
As at 1 September 2018	60,002	7	83,904	143,913
Total comprehensive income for the period	-	-	5,131	5,131
As at 30 November 2018	60,002	7	89,035	149,044
<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

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2018

	Current Year 3 Months Ended 30/11/2018 RM'000	Preceding Year 3 Months Ended 30/11/2017 RM'000
Cash Flow From Operating Activities		
Profit before tax	6,481	7,972
Adjustment for:		
Depreciation	853	719
Other adjustments	(665)	(154)
Operating profit before changes in working capital	<u>6,669</u>	<u>8,537</u>
Changes in working capital		
Net changes in current assets	2,190	(2,851)
Net changes in current liabilities	(2,698)	(21)
Cash From Operations	<u>6,161</u>	<u>5,665</u>
Interest received	521	469
Tax paid	(739)	(1,658)
Net Cash From Operating Activities	<u>5,943</u>	<u>4,476</u>
Cash Flows For Investing Activities		
Proceeds from disposal of property, plant and equipment	43	-
Net (placement) of fixed deposit with licensed bank with tenure of more than three months	(7,087)	(14,319)
Purchase of property, plant and equipment	(1,391)	(2,033)
Net Cash Flows (For) Investing Activities	<u>(8,435)</u>	<u>(16,352)</u>
Cash For Financing Activity		
Dividend paid to shareholders	(3,000)	(3,000)
Net Cash (For) Financing Activity	<u>(3,000)</u>	<u>(3,000)</u>
Net Changes In Cash and Cash Equivalents	(5,492)	(14,876)
Cash and Cash Equivalents at Beginning of the Financial Period	35,217	44,782
Effect of exchange differences	-	(32)
Cash and Cash Equivalents at End of the Financial Period	<u>29,725</u>	<u>29,874</u>
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	66,499	60,193
Less: Fixed deposit with licensed bank with tenure of more than three months	(36,774)	(30,319)
	<u>29,725</u>	<u>29,874</u>

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2018 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2018

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 2018 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 2018.

The audited financial statements of the Group for the year ended 31 August 2018 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 2018.

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 2018.

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 FIRST QUARTER ENDED 30 NOVEMBER 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 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

Save as disclosed below, there was no materials events subsequent to the current quarter ended 30 November 2018 that have not been reflected in this report.

The Company had on 6 December 2018 incorporated the following new wholly-owned subsidiaries:

- a) Homeours Sdn. Bhd.
- b) Home Newcastle Sdn. Bhd.

An announcement was duly made to Bursa Malaysia Securities Berhad on 6 December 2018 for the abovementioned.

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 2018.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30
NOVEMBER 2018**

12. Capital Commitments

The material capital commitments of the Group as at 30 November 2018 are as follow:

	RM'000
Additions of Property, Plant & Equipment	2,805

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 FIRST QUARTER ENDED 30 NOVEMBER 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 first quarter ended 30 November 2018 (Q1FY2019) compared with the previous corresponding first quarter ended 30 November 2017 (Q1FY2018) are tabled below:

Description	Q1FY2019 RM'000	Q1FY2018 RM'000	Variance
Revenue	36,098	45,983	-21.5%
Profit before tax ("PBT")	6,481	7,972	-18.7%

The Group's revenue of RM36.098 million and PBT of RM6.481 million for the Q1FY2019 declined by 21.5% and 18.7% respectively compared with the corresponding period last financial year. The decline in revenue and PBT were mainly attributed to the decrease in the volume sold and the weakening of US dollar ("USD") against the Ringgit Malaysia ("Ringgit").

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year first quarter ended 30 November 2018 (Q1FY2019) compared to fourth quarter ended 31 August 2018 (Q4FY2018) are tabled below:

Description	Q1FY2019 RM'000	Q4FY2018 RM'000	Variance
Revenue	36,098	40,160	-10.1%
Profit before tax ("PBT")	6,481	8,459	-23.4%

The Group's revenue and PBT for the Q1FY2019 decreased by 10.1% and 23.4 % respectively compared with the preceding quarter Q4FY2018. The decline in revenue was mainly attributed to the decrease in the volume sold. The lower of PBT was mainly due to the lower revenue generated in the current quarter.

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2018**5. Taxation**

	Current Quarter RM'000	Period To Date RM'000
Income Tax	1,350	1,350
	1,350	1,350

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 2018.

10. Material Litigation

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

11. Notes to the Statement of Comprehensive Income:

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

	Current Quarter Ended 30 November 2018 RM'000	Current Year To Date 30 November 2018 RM'000
Interest income	(521)	(521)
Depreciation	853	853
Foreign exchange (gain)	(875)	(875)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2018**12. Dividends**

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

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	
	30 Nov 2018	30 Nov 2017	30 Nov 2018	30 Nov 2017
Profit attributable to equity holders of the Company (RM'000)	5,131	6,572	5,131	6,572
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')	300,010	300,262	300,010	300,262
Basic earnings per share (sen)	1.71	2.19	1.71	2.19
Diluted earnings per share (sen)*	1.71*	2.19	1.71*	2.19

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 30 November 2018 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 23 January 2019 by the Board of Directors.