

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2019
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 28/2/2019 RM'000	Preceding Year Quarter 28/2/2018 RM'000	Current Year To Date 28/2/2019 RM'000	Preceding Year To Date 28/2/2018 RM'000
Revenue	40,383	40,459	76,481	86,442
Operating Expenses	(33,489)	(35,986)	(64,704)	(75,056)
Other Operating Income	477	146	2,075	1,205
Profit before tax	7,371	4,619	13,852	12,591
Taxation	(1,850)	(1,000)	(3,200)	(2,400)
Profit for the year	5,521	3,619	10,652	10,191
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	5,521	3,619	10,652	10,191
Profit for the year attributable to:				
Owners of the Company	5,521	3,619	10,652	10,191
Non-controlling interests	-	-	-	-
	5,521	3,619	10,652	10,191
Total comprehensive income attributable to:				
Owners of the Company	5,521	3,619	10,652	10,191
Non-controlling interests	-	-	-	-
	5,521	3,619	10,652	10,191
Earnings per ordinary share (sen)				
Basic	1.84	1.21	3.55	3.40
Diluted*	1.84	1.21	3.55	3.40

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 since the exercise price is above the average market value of the Company's shares.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2019
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 28 FEBRUARY 2019**

	Unaudited As at 28-Feb-19 RM'000	Audited As at 31-Aug-18 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	54,427	50,486
Goodwill	478	478
	54,905	50,964
Current Assets		
Inventories	25,772	30,122
Trade and other receivables	15,036	16,357
Derivative assets	-	-
Deposits, bank and cash balances	71,779	64,904
	112,587	111,383
TOTAL ASSETS	167,492	162,347
EQUITY AND LIABILITIES		
Share capital	60,002	60,002
Reserves	90,063	83,911
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	150,065	143,913
Non-Current Liabilities		
Deferred tax liabilities	2,406	2,406
	2,406	2,406
Current Liabilities		
Trade and other payables	9,926	13,005
Dividend payable	4,500	3,000
Tax payable	595	23
	15,021	16,028
TOTAL LIABILITIES	17,427	18,434
TOTAL EQUITY AND LIABILITIES	167,492	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 SECOND QUARTER ENDED 28 FEBRUARY 2019
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2019

<u>Group</u>	<u>Attributable To Owners Of The Company</u>			
	<u>Share Capital</u>	<u>Non-Distributable</u>	<u>Distributable</u>	<u>Total Equity</u>
		<u>Share Premium</u>	<u>Retained Profits</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>6 months ended 28 February 2019</u>				
As at 1 September 2018	60,002	7	83,904	143,913
Total comprehensive income for the period	-	-	10,652	10,652
Transfer to share capital pursuant to Companies Act 2016	7	(7)	-	-
Dividends	-	-	(4,500)	(4,500)
As at 28 February 2019	60,009	-	90,056	150,065
<u>6 months ended 28 February 2018</u>				
As at 1 September 2017	60,002	7	72,436	132,445
Total comprehensive income for the period	-	-	10,191	10,191
Dividends	-	-	(6,600)	(6,600)
As at 28 February 2018	60,002	7	76,027	136,036

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 SECOND QUARTER ENDED 28 FEBRUARY 2019
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2019

	Current Year 6 Months Ended 28/02/2019 RM'000	Preceding Year 6 Months Ended 28/2/2018 RM'000
Cash Flow From Operating Activities		
Profit before tax	13,852	12,591
Adjustment for:		
Depreciation	1,800	1,522
Other adjustments	(1,097)	(865)
Operating profit before changes in working capital	14,555	13,248
Changes in working capital		
Net changes in current assets	4,697	(2,216)
Net changes in current liabilities	(3,026)	(1,055)
Cash From Operations	16,226	9,977
Interest received	1,040	914
Tax paid	(1,620)	(3,389)
Net Cash From Operating Activities	15,646	7,502
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	(1,170)	(6,493)
Purchase of property, plant and equipment	(5,769)	(5,011)
Net Cash Flows (For) Investing Activities	(6,896)	(11,504)
Cash For Financing Activity		
Dividend paid to shareholders	(3,000)	(9,600)
Net Cash (For) Financing Activity	(3,000)	(9,600)
Net Changes In Cash and Cash Equivalents	5,750	(13,602)
Cash and Cash Equivalents at Beginning of the Financial Period	35,217	44,782
Effect of exchange differences	(45)	75
Cash and Cash Equivalents at End of the Financial Period	40,922	31,255
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	71,779	53,748
Less: Fixed deposit with licensed bank with tenure of more than three months	(30,857)	(22,493)
	40,922	31,255

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 SECOND QUARTER ENDED 28 FEBRUARY 2019

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.

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2019

7. Dividend Paid

A final single tier tax-exempt dividend of 1.5 sen per ordinary share for financial year ended 31 August 2018 was approved by the shareholders during Annual General Meeting held on 23 January 2019 and subsequent paid on 8 March 2019.

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 28 February 2019 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 except the below mentioned:

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.

11. Contingent Liabilities

There were no material contingent liabilities as at 28 February 2019.

12. Capital Commitments

The material capital commitments of the Group as at 28 February 2019 are as follow:

Additions of Property, Plant & Equipment	RM'000 10,167
--	------------------

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2019
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 second quarter ended 28 February 2019 (Q2FY2019) and six months ended 28 February 2019 (1HFY2019) compared with the previous corresponding second quarter ended 28 February 2018 (Q2FY2018) and six months ended 28 February 2018 (1HFY2018) are tabled below:

Description	Q2FY2019 RM'000	Q2FY2018 RM'000	Variance %	1HFY2019 RM'000	1HFY2018 RM'000	Variance %
Revenue	40,383	40,459	-0.2	76,481	86,442	-11.5
Profit before tax ("PBT")	7,371	4,619	59.6	13,852	12,591	10.0

The Group's revenue for Q2FY2019 and 1HFY2019 were reduced by 0.2% and 11.5% respectively compared with the corresponding period of the last financial year. This was mainly attributed to the decrease in volume sold.

The Group's PBT for Q2FY2019 and 1HFY2019 were increased 59.6% and 10% respectively compared with the corresponding period of the last financial year. This was mainly attributed to higher selling price of certain product and strengthening of USD in Q2FY2019 and 1HFY2019 compared to Q2FY2018 and 1HFY2018. In Q2FY2019 and 1HFY2019, the purchase price of raw materials especially leather and foam was lower compared with Q2FY2018 and 1HFY2018.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year second quarter ended 28 February 2019 (Q2FY2019) compared to first quarter ended 30 November 2018 (Q1FY2019) are tabled below:

Description	Q2FY2019 RM'000	Q1FY2019 RM'000	Variance %
Revenue	40,383	36,098	11.9
Profit before tax ("PBT")	7,371	6,481	13.7

The Group's revenue and PBT for the Q2FY2019 increased by 11.9% and 13.7% respectively compared with the preceding quarter Q1FY2019. The increase in revenue was mainly attributed to the increase in the volume sold. The higher of PBT was mainly due to the higher revenue and strengthening of USD 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 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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2019

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	1,850	3,200
	1,850	3,200

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

Save as disclosed below, there were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report:

- (i) On 27 February 2019, the Company had announced that the wholly-owned subsidiaries of the Company, Home Newcastle Sdn Bhd and Homeours Sdn Bhd (collectively referred to as "Purchasers"), had on the same date each entered into 2 separate sale and purchase agreements with Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4 of 1968 (as amended under the Enactment No.5 of 1995) and having its registered address at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor for the acquisition of 4 plots of land located within an industrial park known as Muar Furniture Park held under Master Title known as H.S. (D) 38459, PTD 13399, H.S. (D) 38460, PTD 13400, Geran 50191, Lot 8531 all situated in Mukim Jalan Bakri, District of Muar, Johor Darul Takzim in respect of which titles have yet to be issued at a total purchase consideration of RM9,408,960.00.
- (ii) On 26 April 2019, the Company had announced that the Company proposes to undertake a proposed bonus issue of up to 87,500,000 free warrants in the Company ("Bonus Warrant(s)" or "Warrant(s) B") on the basis of one (1) Bonus Warrant for every four (4) existing ordinary shares in the Company held on an entitlement date to be determined and announced later.

9. Group Borrowings and Debt Securities

There were no outstanding borrowing as at 28 February 2019.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2019
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 28 February 2019 RM'000	Current Year To Date 28 February 2019 RM'000
Interest income	(519)	(1,040)
Depreciation	947	1,800
Foreign exchange (gain)	106	(769)

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	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Profit attributable to equity holders of the Company (RM'000)	5,521	3,619	10,652	10,191
Weighted average number of ordinary shares in issue ('000)	300,010	300,010	300,010	300,010
Effect of dilution of warrants ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	300,010	300,010	300,010	300,010
Basic earnings per share (sen)	1.84	1.21	3.55	3.40
Diluted earnings per share (sen)*	1.84	1.21	3.55	3.40

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued 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 29 April 2019 by the Board of Directors.