

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/8/2019 RM'000	Preceding Year Quarter 31/8/2018 RM'000	Current Year To Date 31/8/2019 RM'000	Preceding Year To Date 31/8/2018 RM'000
Revenue	33,661	40,160	147,709	166,445
Operating Expenses	(29,409)	(32,780)	(125,093)	(142,070)
Other Operating Income	1,278	1,079	5,062	2,833
Profit before tax	5,530	8,459	27,678	27,208
Taxation	(1,067)	(2,198)	(5,555)	(6,140)
Profit for the year	4,463	6,261	22,123	21,068
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	4,463	6,261	22,123	21,068
Profit for the year attributable to:				
Owners of the Company	4,463	6,261	22,123	21,068
Non-controlling interests	-	-	-	-
	4,463	6,261	22,123	21,068
Total comprehensive income attributable to:				
Owners of the Company	4,463	6,261	22,123	21,068
Non-controlling interests	-	-	-	-
	4,463	6,261	22,123	21,068
Earnings per ordinary share (sen)				
Basic	1.49	2.09	7.37	7.02
Diluted	1.47	2.09*	7.06	7.02*

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 31 Aug 2018 and year ended 31 Aug 2018 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 2019
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2019**

	Unaudited As at 31-Aug-19 RM'000	Audited As at 31-Aug-18 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	56,798	50,486
Goodwill	478	478
	57,276	50,964
Current Assets		
Inventories	23,504	30,122
Trade and other receivables	13,806	16,357
Deposits, bank and cash balances	81,740	64,904
	119,050	111,383
	176,326	162,347
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Share capital	60,010	60,002
Reserves	95,527	83,911
	155,537	143,913
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Non-Current Liabilities		
Deferred tax liabilities	2,706	2,406
	2,706	2,406
Current Liabilities		
Trade and other payables	10,891	13,005
Dividend payable	6,000	3,000
Tax payable	1,192	23
	18,083	16,028
	20,789	18,434
TOTAL LIABILITIES		
	176,326	162,347
TOTAL EQUITY AND LIABILITIES		
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)		
	0.52	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 YEAR ENDED 31 AUGUST 2019
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 2019

<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 2019</u>				
As at 1 September 2018	60,002	7	83,904	143,913
Total comprehensive income for the year	-	-	22,123	22,123
Transfer to share capital pursuant to Companies Act 2016	7	(7)	-	-
Dividends	-	-	(10,500)	(10,500)
Exersice of Warrants	1	-	-	1
As at 31 Aug 2019	60,010	-	95,527	155,537
<u>12 months ended 31 Aug 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 Aug 2018	60,002	7	83,904	143,913

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 YEAR ENDED 31 AUGUST 2019
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 2019

	Current Year 12 Months Ended 31/8/2019 RM'000	Preceding Year 12 Months Ended 31/08/2018 RM'000
Cash Flow From Operating Activities		
Profit before tax	27,678	27,208
Adjustment for:		
Depreciation	3,839	3,221
Other adjustments	(2,591)	(1,203)
Operating profit before changes in working capital	28,926	29,226
Changes in working capital		
Net changes in current assets	8,464	(832)
Net changes in current liabilities	(2,046)	403
Cash From Operations	35,344	28,797
Interest received	2,194	1,789
Net tax paid	(3,161)	(6,706)
Net Cash From Operating Activities	34,377	23,880
Cash Flows For Investing Activities		
Proceeds from disposal of property, plant and equipment	43	73
Net (placement) of fixed deposit with licensed bank with tenure of more than three months	(7,036)	(13,687)
Purchase of property, plant and equipment	(10,261)	(10,326)
Net Cash Flows (For) Investing Activities	(17,254)	(23,940)
Cash For Financing Activities		
Proceeds from exercise of warrant	1	-
Dividend paid to shareholders	(7,500)	(9,600)
Net Cash (For) Financing Activities	(7,499)	(9,600)
Net Changes In Cash and Cash Equivalents	9,624	(9,660)
Cash and Cash Equivalents at Beginning of the Financial Year	35,217	44,782
Effect of exchange differences	176	95
Cash and Cash Equivalents at End of the Financial Year	45,017	35,217
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	81,740	64,904
Less: Fixed deposit with licensed bank with tenure of more than three months	(36,723)	(29,687)
	45,017	35,217

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 YEAR ENDED 31 AUGUST 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 except the conversion of 950 of Warrants B at exercise price of RM0.54 per share.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 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.

A first interim single tier tax-exempt dividend of 2.0 sen per share in respect of financial year ended 31 August 2019 was declared by the Board on 8 July 2019 and subsequently paid on 26 September 2019 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 August 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 31 August 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.

11. Contingent Liabilities

There were no material contingent liabilities as at 31 August 2019.

12. Capital Commitments

The material capital commitments of the Group as at 31 August 2019 are as follow:

	RM'000
Additions of Property, Plant & Equipment	8,294

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 YEAR ENDED 31 AUGUST 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 fourth quarter ended 31 August 2019 (Q4FY2019) and year ended 31 August 2019 (FY2019) compared with the previous corresponding fourth quarter ended 31 August 2018 (Q4FY2018) and year ended 31 August 2018 (FY2018) are tabled below:

Description	Q4FY2019 RM'000	Q4FY2018 RM'000	Variance %	FY2019 RM'000	FY2018 RM'000	Variance %
Revenue	33,661	40,160	-16.18	147,709	166,445	-11.26
Profit before tax ("PBT")	5,530	8,459	-34.63	27,678	27,208	1.73

The Group's revenue for Q4FY2019 and FY2019 were reduced by 16.18% and 11.26% respectively compared with the corresponding period of the last financial year. This was mainly attributed to the decrease in volume sold. The number of container shipped out decreased by 21% and 13% respectively for Q4FY2019 and FY2019.

The PBT decreased by approximately 34.6 % to RM 5.530 million in Q4FY2019 as compared to Q4FY2018. The PBT margin fell from 21% in Q4FY2018 to 16% in Q4FY2019 mainly due to a drop in volume sold to customers, which resulted in lower economies of scale.

In FY 2019, the Group achieved a slight increase in net profit of 1.7% to RM27.7 million despite a 11.26% decrease in revenue to RM147.7 million. This was mainly attributed to the strengthening of USD and lower unit price of certain raw materials purchased compared with FY 2018.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year fourth quarter ended 31 August 2019 (Q4FY2019) compared to third quarter ended 31 May 2019 (Q3FY2019) are tabled below:

Description	Q4FY2019 RM'000	Q3FY2019 RM'000	Variance %
Revenue	33,661	37,567	-10.40
Profit before tax ("PBT")	5,530	8,296	-33.34

The Group's revenue for the Q4FY2019 decreased by 10.4% as the result of decrease in volume sold. The number of container shipped out decreased by 15% for Q4FY2019 as compared to Q3FY2019.

The PBT for Q4FY2019 decreased by 33.34% compared with Q3FY2019. This was mainly attributed to the lower volume of products sold to customers, which resulted in lower economies of scale and the one off expenses of about RM188K in relation to the Proposed Bonus Warrants incurred in Q4FY2019.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

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 2020 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	767	5,255
Deferred Tax	300	300
	1,067	5,555

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:

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 at a total purchase consideration of RM9,408,960.00 in respect of which titles have yet to be issued.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

9. Group Borrowings and Debt Securities

There were no outstanding borrowing as at 31 August 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 31 August 2019 RM'000	Current Year To Date 31 August 2019 RM'000
Interest income	(604)	(2,194)
Depreciation	1051	3,839
Inventories written down	277	277
Realised foreign exchange (gain)	(562)	(2,101)
Unrealised foreign exchange (gain)	(7)	(338)

12. Dividends

The Board of Directors is pleased to propose a final single tier tax-exempt dividend of 1 sen per ordinary share for the financial year ended 31 August 2019. 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 2019 is 3 sen per ordinary share.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019**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 2019	31 Aug 2018	31 Aug 2019	31 Aug 2018
Profit attributable to equity holders of the Company (RM'000)	4,463	6,261	22,123	21,068
Weighted average number of ordinary shares in issue ('000)	300,010	300,010	300,010	300,010
Effect of dilution of warrants ('000)	3,166	-	13,263	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	303,176	300,010	313,273	300,010
Basic earnings per share (sen)	1.49	2.09	7.37	7.02
Diluted earnings per share (sen)	1.47	2.09*	7.06	7.02*

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 31 Aug 2018 and year ended 31 Aug 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 29 October 2019 by the Board of Directors.