

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2019
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2019 RM'000	Preceding Year Quarter 30/11/2018 RM'000	Current Year To Date 30/11/2019 RM'000	Preceding Year To Date 30/11/2018 RM'000
Revenue	41,468	36,098	41,468	36,098
Operating Expenses	(31,894)	(31,215)	(31,894)	(31,215)
Other Operating Income	1,002	1,598	1,002	1,598
Profit before tax	10,576	6,481	10,576	6,481
Taxation	(2,500)	(1,350)	(2,500)	(1,350)
Profit for the year	8,076	5,131	8,076	5,131
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	8,076	5,131	8,076	5,131
Profit for the year attributable to:				
Owners of the Company	8,076	5,131	8,076	5,131
Non-controlling interests	-	-	-	-
	8,076	5,131	8,076	5,131
Total comprehensive income attributable to:				
Owners of the Company	8,076	5,131	8,076	5,131
Non-controlling interests	-	-	-	-
	8,076	5,131	8,076	5,131
Earnings per ordinary share (sen)				
Basic	2.69	1.71	2.69	1.71
Diluted	2.66	1.71*	2.66	1.71*

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2019 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 2019
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 NOVEMBER 2019**

	Unaudited As at 30/11/2019 RM'000	Audited As at 31/8/2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	54,334	56,798
Right of use assets	4,588	-
Goodwill	478	478
	59,400	57,276
Current Assets		
Inventories	22,467	23,504
Trade and other receivables	14,711	13,806
Deposits, bank and cash balances	86,683	81,740
	123,861	119,050
TOTAL ASSETS	183,261	176,326
EQUITY AND LIABILITIES		
Share capital	60,014	60,010
Reserves	103,603	95,527
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	163,617	155,537
Non-Current Liabilities		
Lease liabilities	83	-
Deferred tax liabilities	2,706	2,706
	2,789	2,706
Current Liabilities		
Trade and other payables	14,120	10,891
Hire purchase payable	251	-
Lease liabilities	72	-
Dividend payable	-	6,000
Tax payable	2,412	1,192
	16,855	18,083
TOTAL LIABILITIES	19,644	20,789
TOTAL EQUITY AND LIABILITIES	183,261	176,326
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.55	0.52

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2019 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2019
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 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>3 months ended 30 November 2019</u>				
As at 1 September 2019	60,010	-	95,527	155,537
Total comprehensive income for the period	-	-	8,076	8,076
Exersice of Warrants	4	-	-	4
As at 30 November 2019	60,014	-	103,603	163,617
<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

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2019
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2019

	Current Year 3 Months Ended 30/11/2019 RM'000	Preceding Year 3 Months Ended 30/11/2018 RM'000
Cash Flow From Operating Activities		
Profit before tax	10,576	6,481
Adjustment for:		
Depreciation and amortisation	1,080	853
Other adjustments	(684)	(665)
Operating profit before changes in working capital	10,972	6,669
Changes in working capital		
Net changes in current assets	136	2,190
Net changes in current liabilities	2,705	(2,698)
Cash From Operations	13,813	6,161
Interest paid	(2)	-
Interest received	612	521
Net tax paid	(1,195)	(739)
Net Cash From Operating Activities	13,228	5,943
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	(2,160)	(7,087)
Purchase of property, plant and equipment	(2,223)	(1,391)
Net Cash Flows (For) Investing Activities	(4,383)	(8,435)
Cash For Financing Activities		
Proceeds from exercise of warrant	4	-
Repayment of hire purchase payable	(49)	-
Dividend paid to shareholders	(6,000)	(3,000)
Net Cash (For) Financing Activities	(6,045)	(3,000)
Net Changes In Cash and Cash Equivalents	2,800	(5,492)
Cash and Cash Equivalents at Beginning of the Financial Year	45,017	35,217
Effect of exchange differences	(17)	-
Cash and Cash Equivalents at End of the Financial Year	47,800	29,725
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	86,683	66,499
Less: Fixed deposit with licensed bank with tenure of more than three months	(38,883)	(36,774)
	47,800	29,725

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2019 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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 2019 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 2019.

The audited financial statements of the Group for the year ended 31 August 2019 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 2019 except for the adoption of the following new MFRS and Issue Committee Interpretations (“IC Interpretations”):

Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 - 2017 Cycle
IC Interpretation 23: Uncertainty over Income Tax Treatments

Impact of the initial application of MFRS 16 Leases

On the date of initial application, the Group applied the simplified transitional approach and did not restate comparative amounts for the period prior to first adoption.

The adoption of MFRS 16 to the opening balance as at 1 September 2019 has the following impact:

	Audited 31 Aug 2019 RM'000	Adjustment RM'000	After MFRS 16 Adoption RM'000
Right to use assets	-	4,616	4,616
Lease Liabilities	-	(178)	(178)
Property, plant and equipment	56,798	(4,438)	52,360

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2019

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 2019.

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 7,650 of Warrants B at exercise price of RM0.54 per share as illustrated as per below table:

Type of Securities	As at 01 September 2019	Allotment	Conversion	As at 30 November 2019
Ordinary shares	300,010,950 ordinary shares	7,650 ordinary shares	-	300,018,600 ordinary shares
Warrants A	49,990,000 warrants A	-	-	49,990,000 warrants A
Warrants B	75,001,458 warrants B	-	7,650 warrants B	74,993,808 warrants B

7. Dividend Paid

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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 30 November 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 30 November 2019.

12. Capital Commitments

The material capital commitments of the Group as at 30 November 2019 are as follow:

	RM'000
Additions of Property, Plant & Equipment	7,477

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 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 first quarter ended 30 November 2019 (Q1FY2020) compared with the previous corresponding first quarter ended 30 November 2018 (Q1FY2019) are tabled below:

Description	Q1FY2020 RM'000	Q1FY2019 RM'000	Variance
Revenue	41,468	36,098	14.9%
Profit before tax ("PBT")	10,576	6,481	63.2%

The Group's revenue of RM41.468 million and PBT of RM10.57 million for the Q1FY2020 increased by 14.9% and 63.2% respectively compared with the corresponding period last financial year. The increase in revenue was mainly attributed to the increase in the volume sold.

The higher rate of increase in PBT was mainly attributed to the higher volume sold which has resulted in lower cost of production coupled with the lower of unit price purchased of certain raw materials compared to Q1FY2019, and the strengthening 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 2019 (Q1FY2020) compared to fourth quarter ended 31 Aug 2019 (Q4FY2019) are tabled below:

Description	Q1FY2020 RM'000	Q4FY2019 RM'000	Variance
Revenue	41,468	33,661	23.2%
Profit before tax ("PBT")	10,576	5,530	91.2%

The Group's revenue of RM41.468 million and PBT of RM10.576 million for the Q1FY2020 increased by 23.2% and 91.2% respectively compared with the corresponding period last financial year. The increase in revenue was mainly attributed to the increase in the volume sold.

The higher rate of increase in PBT was mainly attributed to the higher volume sold to customer which has resulted in lower cost of production coupled with the strengthening of US dollar ("USD") against the Ringgit Malaysia ("Ringgit").

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2019**4. Variance on Forecast Profit/Profit Guarantee**

The Group have not issued any profit forecast or profit guarantee.

5. Taxation

	Current Quarter RM'000	Period To Date RM'000
Income Tax	2,500	2,500
	2,500	2,500

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.

9. Group Borrowings and Debt Securities

The Group borrowings as at 30 November 2019 are as follow:

	Amount RM'000
Hire purchase payable – short term	251
	251

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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 30 November 2019 RM'000	Current Year To Date 30 November 2019 RM'000
Interest income	(612)	(612)
Interest expenses	2	2
Depreciation and amortisation	1,080	1,080
Realised foreign exchange (gain)	(243)	(243)
Unrealised foreign exchange (gain)	(75)	(75)

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 2019	30 Nov 2018	30 Nov 2019	30 Nov 2018
Profit attributable to equity holders of the Company (RM'000)	8,076	5,131	8,076	5,131
Weighted average number of ordinary shares in issue ('000)	300,014	300,010	300,014	300,010
Effect of dilution of warrants ('000)	3,265	-	3,265	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	303,279	300,010	303,279	300,010
Basic earnings per share (sen)	2.69	1.71	2.69	1.71
Diluted earnings per share (sen)	2.66	1.71*	2.66	1.71*

* 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 3 January 2020 by the Board of Directors.