

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-11-2020 RM'000	Preceding Year Quarter 30-11-2019 RM'000	Current Year To Date 30-11-2020 RM'000	Preceding Year To Date 30-11-2019 RM'000
Revenue	52,542	41,468	52,542	41,468
Operating Expenses	(44,114)	(31,894)	(44,114)	(31,894)
Other Operating Income	775	1,002	775	1,002
Profit before tax	9,203	10,576	9,203	10,576
Taxation	(1,900)	(2,500)	(1,900)	(2,500)
Profit for the year	7,303	8,076	7,303	8,076
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	7,303	8,076	7,303	8,076
Profit for the year attributable to:				
Owners of the Company	7,303	8,076	7,303	8,076
Non-controlling interests	-	-	-	-
	7,303	8,076	7,303	8,076
Total comprehensive income attributable to:				
Owners of the Company	7,303	8,076	7,303	8,076
Non-controlling interests	-	-	-	-
	7,303	8,076	7,303	8,076
Earnings per ordinary share (sen)				
Basic	2.42	2.69	2.42	2.69
Diluted	2.26	2.66	2.26	2.66

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 NOVEMBER 2020**

	Unaudited As at 30/11/2020 RM'000	Audited As at 31/8/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	67,840	61,820
Right of use assets	1,618	1,644
Prepaid lease	7,570	6,629
Goodwill	478	478
	77,506	70,571
Current Assets		
Inventories	34,164	32,815
Trade and other receivables	19,382	19,333
Deposits, bank and cash balances	90,611	77,547
	144,157	129,695
TOTAL ASSETS	221,663	200,266
EQUITY AND LIABILITIES		
Share capital	69,677	60,017
Reserves	123,405	116,102
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	193,082	176,119
Non-Current Liabilities		
Lease liabilities	-	9
Deferred tax liabilities	2,536	2,536
	2,536	2,545
Current Liabilities		
Trade and other payables	23,154	19,260
Lease liabilities	72	84
Tax payable	2,819	2,258
	26,045	21,602
TOTAL LIABILITIES	28,581	24,147
TOTAL EQUITY AND LIABILITIES	221,663	200,266
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.61	0.59

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2020

<u>Group</u>	<u>Attributable To Owners Of The Company</u>		
	Distributable		
	<u>Share Capital</u>	<u>Retained Profits</u>	<u>Total Equity</u>
	RM'000	RM'000	RM'000
<u>3 months ended 30 November 2020</u>			
As at 1 September 2020	60,017	116,102	176,119
Total comprehensive income for the period	-	7,303	7,303
Exercise of Warrants	9,660	-	9,660
As at 30 November 2020	69,677	123,405	193,082
<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
Exercise of Warrants	4	-	4
As at 30 November 2019	60,014	103,603	163,617

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2020

	Current Year 3 Months Ended 30/11/2020 RM'000	Preceding Year 3 Months Ended 30/11/2019 RM'000
Cash Flow From Operating Activities		
Profit before tax	9,203	10,576
Adjustment for:		
Depreciation and amortisation	1,156	1,080
Other adjustments	(122)	(684)
Operating profit before changes in working capital	10,237	10,972
Changes in working capital		
Net changes in current assets	(1,543)	136
Net changes in current liabilities	3,061	2,705
Cash From Operations	11,755	13,813
Interest paid	-	(2)
Interest received	353	612
Net tax paid	(1,320)	(1,195)
Net Cash From Operating Activities	10,788	13,228
Cash Flows From / (For) Investing Activities		
Proceeds from disposal of property, plant and equipment	5	-
Net withdrawal / (placement) of fixed deposit with licensed tenure of more than three months	17,834	(2,160)
Net cash outflow from acquisition property, plant and equipment, right of use asset and prepaid lease	(7,098)	(2,223)
Net Cash From / (For) Investing Activities	10,741	(4,383)
Cash Flows From / (For) Financing Activities		
Proceeds from exercise of warrant	9,659	4
Repayment of lease liabilities	(21)	-
Repayment of hire purchase payable	-	(49)
Dividend paid to shareholders	-	(6,000)
Net Cash Flows From / (For) Financing Activities	9,638	(6,045)
Net Changes In Cash and Cash Equivalents	31,167	2,800
Cash and Cash Equivalents at Beginning of the Financial Year	47,034	45,017
Effect of exchange differences	(268)	(17)
Cash and Cash Equivalents at End of the Financial Year	77,933	47,800
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	90,611	86,683
Less: Fixed deposit with licensed bank with tenure of more than three months	(12,678)	(38,883)
	77,933	47,800

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2020 and the accompanying explanatory notes attached to the interim financial statements.

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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 2020 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 2020.

The audited financial statements of the Group for the year ended 31 August 2020 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 2020 except for the adoption of the following new amendments to MFRS:

Description

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 108 and MFRS 101: Definition of Material

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above amendments to MFRSs do not have a material impact on the financial statements of the Group.

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 2020.

3. Seasonality or Cyclical 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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020

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 17,887,662 of Warrants B at exercise price of RM0.54 per share as illustrated as per below table:

Type of Securities	As at 01 Sept 2020	Allotment	Conversion	As at 30 Nov 2020
Ordinary shares	300,024,625 ordinary shares	17,887,662 ordinary shares	-	317,912,287 ordinary shares
Warrants B	74,987,783 warrants B	-	17,887,662 warrants B	57,100,121 warrants B

7. Dividend Paid

There were no dividends paid for the current financial quarter under review.

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 were no materials events subsequent to the current quarter ended 30 November 2020 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 2020.

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30
NOVEMBER 2020**

12. Capital Commitments

The material capital commitments of the Group as at 30 November 2020 are as follow:

	RM'000
Additions of Property, Plant & Equipment	4,425

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 2020

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 2020 (Q1FY2021) compared with the previous corresponding first quarter ended 30 November 2019 (Q1FY2020) are tabled below:

Description	Q1FY2021 RM'000	Q1FY2020 RM'000	Variance
Revenue	52,542	41,468	26.7%
Profit before tax ("PBT")	9,203	10,576	-13.0%

The Group's revenue of RM52.5 million for the Q1FY2021 increased by 26.7% compared with the corresponding period last financial year. The increase in revenue was mainly attributed to the increase in the volume sold.

However, the Group's profit before tax ("PBT") for the Q1FY2021 decreased by 13.0% compared with Q1FY2020. This was mainly attributed to the weakening of US Dollar, the progressively rising cost of raw materials and labour cost in Q1FY2021 compared with Q1FY2020.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year first quarter ended 30 November 2020 (Q1FY2021) compared to fourth quarter ended 31 August 2020 (Q4FY2020) are tabled below:

Description	Q1FY2021 RM'000	Q4FY2020 RM'000	Variance
Revenue	52,542	46,381	13.3%
Profit before tax ("PBT")	9,203	9,588	-4.0%

The Group's revenue for the Q1FY2021 increased by 13.3% compared with the preceding quarter Q4FY2020. The growth in revenue was mainly attributed to the increase in the volume sold.

However, the Group's profit before tax ("PBT") for the Q1FY2021 decreased by 4% compared with Q4FY2020. This was mainly attributed to the weakening of US Dollar and the progressively rising cost of raw materials in Q1FY2021 compared with Q4FY2020.

3. Current Year Prospects

The Group are operating in global economic uncertainties as well as facing increases in their production costs, fluctuation in foreign exchange rates and the COVID-19 pandemic.

As Covid-19 virus spreads across the world, the World Health Organisation declared it a pandemic in March 2020. In response to the outbreak, Malaysia implemented the unprecedented Movement Control Order (MCO) causing most business and social activities to be severely disrupted with major macro-economic impacts. Outlook for 2021 remains challenging and uncertain as the full impact of the COVID-19 pandemic has not been ascertained.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020

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 2021 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 RM'000	Period To Date RM'000
Income Tax	1,900	1,900
	1,900	1,900

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.

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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 in respect of which titles have yet to be issued.

9. Group Borrowings and Debt Securities

There was no outstanding borrowing as at 30 November 2020.

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 2020 RM'000	Current Year To Date 30 November 2020 RM'000
Interest income	(352)	(352)
Depreciation and amortisation	1,156	1,156
Realised foreign exchange (gain)	(329)	(329)
Unrealised foreign exchange loss	219	219

12. Dividends

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

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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 2020	30 Nov 2019	30 Nov 2020	30 Nov 2019
Profit attributable to equity holders of the Company (RM'000)	7,303	8,076	7,303	8,076
Weighted average number of ordinary shares in issue ('000)	302,174	300,014	302,174	300,014
Effect of dilution of warrants ('000)	21,222	3,265	21,222	3,265
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	323,396	303,279	323,396	303,279
Basic earnings per share (sen)	2.42	2.69	2.42	2.69
Diluted earnings per share (sen)	2.26	2.66	2.26	2.66

14. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 29 January 2021 by the Board of Directors.

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