

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2021
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2021

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 28-2-2021 RM'000	Preceding Year Quarter 29-02-2020 RM'000	Current Year To Date 28-2-2021 RM'000	Preceding Year To Date 29-02-2020 RM'000
Revenue	58,678	43,144	111,220	84,612
Operating Expenses	(51,878)	(37,351)	(95,992)	(69,245)
Other Operating Income	922	1,369	1,697	2,371
Profit before tax	7,722	7,162	16,925	17,738
Taxation	(1,400)	(1,320)	(3,300)	(3,820)
Profit for the year	6,322	5,842	13,625	13,918
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	6,322	5,842	13,625	13,918
Profit for the year attributable to:				
Owners of the Company	6,322	5,842	13,625	13,918
Non-controlling interests	-	-	-	-
	6,322	5,842	13,625	13,918
Total comprehensive income attributable to:				
Owners of the Company	6,322	5,842	13,625	13,918
Non-controlling interests	-	-	-	-
	6,322	5,842	13,625	13,918
Earnings per ordinary share (sen)				
Basic	1.54	1.56	3.45	3.71
Diluted	1.49	1.55	3.13	3.69

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 SECOND QUARTER ENDED 28 FEBRUARY 2021
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 28 FEBRUARY 2021**

	Unaudited As at 28/02/2021 RM'000	Audited As at 31/8/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	70,077	61,820
Right of use assets	1,593	1,644
Prepaid lease	7,570	6,629
Goodwill	478	478
	79,718	70,571
Current Assets		
Inventories	38,263	32,815
Trade and other receivables	21,614	19,333
Deposits, bank and cash balances	95,177	77,547
	155,054	129,695
TOTAL ASSETS	234,772	200,266
EQUITY AND LIABILITIES		
Share capital	76,288	60,017
Reserves	123,537	116,102
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	199,825	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	23,166	19,260
Lease liabilities	50	84
Dividend payable	6,190	-
Tax payable	3,005	2,258
	32,411	21,602
TOTAL LIABILITIES	34,947	24,147
TOTAL EQUITY AND LIABILITIES	234,772	200,266
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.48	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 SECOND QUARTER ENDED 28 FEBRUARY 2021
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2021

<u>Group</u>	<u>Attributable To Owners Of The Company</u>		
	<u>Distributable</u>		
	<u>Share Capital</u>	<u>Retained Profits</u>	<u>Total Equity</u>
	RM'000	RM'000	RM'000
<u>6 months ended 28 February 2021</u>			
As at 1 September 2020	60,017	116,102	176,119
Total comprehensive income for the period	-	13,625	13,625
Dividends	-	(6,190)	(6,190)
Exercise of Warrants	16,271	-	16,271
As at 28 February 2021	76,288	123,537	199,825
<u>6 months ended 29 February 2020</u>			
As at 1 September 2019	60,010	95,527	155,537
Total comprehensive income for the period	-	13,918	13,918
Dividends	-	(3,000)	(3,000)
Exercise of Warrants	6	-	6
As at 29 February 2020	60,016	106,445	166,461

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 SECOND QUARTER ENDED 28 FEBRUARY 2021
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2021

	Current Year 6 Months Ended 28/02/2021 RM'000	Preceding Year 6 Months Ended 29/02/2020 RM'000
Cash Flow From Operating Activities		
Profit before tax	16,925	17,738
Adjustment for:		
Depreciation and amortisation	2,398	2,183
Other adjustments	(881)	(1,674)
Operating profit before changes in working capital	18,442	18,247
Changes in working capital		
Net changes in current assets	(7,553)	(1,532)
Net changes in current liabilities	3,682	440
Cash From Operations	14,571	17,155
Interest paid	-	(5)
Interest received	716	1,236
Net tax paid	(2,533)	(2,277)
Net Cash From Operating Activities	12,754	16,109
Cash Flows From / (For) Investing Activities		
Proceeds from disposal of property, plant and equipment	5	1
Net withdrawal / (placement) of fixed deposit with licensed tenure of more than three months	(3,057)	(5,683)
Net cash outflow from acquisition property, plant and equipment, right of use asset and prepaid lease	(11,325)	(10,813)
Net Cash From / (For) Investing Activities	(14,377)	(16,495)
Cash Flows From / (For) Financing Activities		
Proceeds from exercise of warrant	16,271	6
Repayment of lease liabilities	(94)	-
Repayment of hire purchase payable	-	(123)
Dividend paid to shareholders	-	(6,000)
Net Cash Flows From / (For) Financing Activities	16,177	(6,117)
Net Changes In Cash and Cash Equivalents	14,554	(6,503)
Cash and Cash Equivalents at Beginning of the Financial Year	47,034	45,017
Effect of exchange differences	21	206
Cash and Cash Equivalents at End of the Financial Year	61,609	38,720
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	95,177	81,126
Less: Fixed deposit with licensed bank with tenure of more than three months	(33,568)	(42,406)
	61,609	38,720

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2021

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 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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2021
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 Warrants as illustrated as per below table:

Type of Securities	As at 01 Dec 2020	Addition	Allotment	Conversion	As at 28 February 2021
Ordinary shares	317,912,287 ordinary shares	82,274,350 ordinary shares *	12,512,306 ordinary shares	-	412,698,943 ordinary shares
Warrants B	57,100,121 warrants B	11,477,601 warrants B *	-	12,509,056 warrants B	56,068,666 warrants B
Warrants C	-	82,274,350 warrants C **	-	3,250 warrants C	82,271,100 warrants C

Notes:

* Additional 82,274,350 Bonus Shares, 11,477,601 Additional Warrants B have been issued pursuant to the Bonus Issue (after disregarding the fractional entitlements).

** Additional 82,274,350 Warrants C have been issued pursuant to the Free Warrant Issue (after disregarding the fractional entitlements).

7. Dividend Paid

A final single tier tax-exempt dividend of 1.5 sen per ordinary share for financial year ended 31 August 2020 was approved by the shareholders during Annual General Meeting held on 29 January 2021 and subsequent paid on 9 March 2021.

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 28 February 2021 that have not been reflected in this report.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2021

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 28 February 2021.

12. Capital Commitments

The material capital commitments of the Group as at 28 February 2021 are as follow:

	RM'000
Additions of Property, Plant & Equipment	4,104

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 SECOND QUARTER ENDED 28 FEBRUARY 2021**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 2021 (Q2FY2021) and six months ended 28 February 2021 (1HFY2021) compared with the previous corresponding second quarter ended 29 February 2020 (Q2FY2020) and six months ended 29 February 2020 (1HFY2019) are tabled below:

Description	Q2FY2021 RM'000	Q2FY2020 RM'000	Variance %	1HFY2021 RM'000	1HFY2020 RM'000	Variance %
Revenue	58,678	43,144	36.0	111,220	84,612	31.4
Profit before tax ("PBT")	7,722	7,162	7.8	16,925	17,738	-4.6

The Group's revenue of RM58.678 million for Q2FY2021 and RM111.22 million for the 1HFY2021 increased by 36.0% and 31.4% respectively compared with the corresponding period last financial year. The increase in revenue was mainly attributed to the increase in the volume sold.

However, the increase in the Group's PBT for Q2FY2021 of 7.8% was lower than the rate of 36% increase in revenue for Q2FY2021 and the Group's PBT of 1HFY2021 decreased by 4.6% despite higher turnover achieved in 1HFY2021. These were mainly due to the progressively rising cost of raw materials and weakening of US Dollars.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year second quarter ended 28 February 2021 (Q2FY2021) compared to first quarter ended 30 November 2020 (Q1FY2021) are tabled below:

Description	Q2FY2021 RM'000	Q1FY2021 RM'000	Variance %
Revenue	58,678	52,542	11.7
Profit before tax ("PBT")	7,722	9,203	-16.1

The Group's revenue of RM58.678 million for the Q2FY2021 increased by 11.7% compared with the corresponding period last financial year. The increase in revenue was mainly attributed to the increase in the volume sold.

Despite higher turnover, the decrease in the Group's PBT for Q2FY2021 by 16.1% was mainly attributed to the higher one-off cost incurred in Q2FY2021 compared to Q1FY2021, weakening of US Dollar and rising of materials' cost.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2021

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.

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	Period To Date
	RM'000	RM'000
Income Tax	1,400	3,300
	1,400	3,300

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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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2021

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 28 February 2021.

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 2021 RM'000	Current Year To Date 28 February 2021 RM'000
Interest income	(363)	(716)
Depreciation and amortisation	1,242	2,398
Realised foreign exchange (gain)	(203)	(532)
Unrealised foreign exchange (gain)	(446)	227

12. Dividends

On 24 May 2021, the Board of directors declared a first interim single tier dividend of one (1) sen per share in respect of financial year ending 31 August 2021 to be paid on 2 Jul 2021 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 14 Jun 2021.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2021**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 2021	29 Feb 2020	28 Feb 2021	29 Feb 2020
Profit attributable to equity holders of the Company (RM'000)	6,322	5,842	13,625	13,918
Weighted average number of ordinary shares in issue ('000)	411,237	375,026	394,925	375,021
Effect of dilution of warrants ('000)	12,639	967	40,720	2,224
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	423,876	375,993	435,645	377,245
Basic earnings per share (sen)	1.54	1.56	3.45	3.71
Diluted earnings per share (sen)	1.49	1.55	3.13	3.69

For comparative purpose, the earnings per share for the quarter and year to date ended 29 February 2020 had been adjusted to reflect the bonus issue of 1 for every 4 existing ordinary share which was completed on 16 December 2020.

14. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 24 May 2021 by the Board of Directors.

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