

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2021
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 31 MAY 2021**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-5-2021 RM'000	Preceding Year Quarter 31-5-2020 RM'000	Current Year To Date 31-5-2021 RM'000	Preceding Year To Date 31-5-2020 RM'000
Revenue	47,368	24,373	158,588	108,985
Operating Expenses	(38,374)	(22,565)	(134,366)	(91,810)
Other Operating Income	1,739	1,356	3,436	3,727
Profit before tax	10,733	3,164	27,658	20,902
Taxation	(2,279)	(705)	(5,579)	(4,525)
Profit for the year	8,454	2,459	22,079	16,377
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	8,454	2,459	22,079	16,377
Profit for the year attributable to:				
Owners of the Company	8,454	2,459	22,079	16,377
Non-controlling interests	-	-	-	-
	8,454	2,459	22,079	16,377
Total comprehensive income attributable to:				
Owners of the Company	8,454	2,459	22,079	16,377
Non-controlling interests	-	-	-	-
	8,454	2,459	22,079	16,377
Earnings per ordinary share (sen) *				
Basic	2.05	0.66	5.51	4.37
Diluted	2.03	0.66	4.97	4.37

*** Note**

- i. For comparative purpose, the earnings per share for the quarter and period to date ended 31 May 2020 had been adjusted to reflect the bonus issue of 1 for every 4 existing ordinary share which was completed on 16 December 2020.
- ii. There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter and period ended 31 May 2020 since the adjusted exercise price is above the average market value of the Company's shares.

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 THIRD QUARTER ENDED 31 MAY 2021
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MAY 2021**

	Unaudited As at 31/5/2021 RM'000	Audited As at 31/8/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	70,727	61,820
Right of use assets	1,565	1,644
Prepaid lease	7,570	6,629
Goodwill	478	478
	80,340	70,571
Current Assets		
Inventories	46,965	32,815
Trade and other receivables	23,067	19,333
Deposits, bank and cash balances	87,031	77,547
	157,063	129,695
TOTAL ASSETS	237,403	200,266
EQUITY AND LIABILITIES		
Share capital	76,375	60,017
Reserves	127,862	116,102
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	204,237	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	24,085	19,260
Lease liabilities	28	84
Dividend payable	4,129	-
Tax payable	2,388	2,258
	30,630	21,602
TOTAL LIABILITIES	33,166	24,147
TOTAL EQUITY AND LIABILITIES	237,403	200,266
NET ASSETS PER SHARE ATTRIBUTABLE TO* ORDINARY OWNERS OF THE PARENT (RM)	0.49	0.47

* For comparative purpose, the net assets per share attributable to ordinary owners of the parent as at 31 August 2020 had been adjusted to reflect the bonus issue of 1 for every 4 existing ordinary share which was completed on 16 December 2020.

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 THIRD QUARTER ENDED 31 MAY 2021
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 31 MAY 2021

<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>9 months ended 31 May 2021</u>			
As at 1 September 2020	60,017	116,102	176,119
Total comprehensive income for the period	-	22,079	22,079
Dividends	-	(10,319)	(10,319)
Exercise of Warrants	16,358	-	16,358
As at 31 May 2021	76,375	127,862	204,237
<u>9 months ended 31 May 2020</u>			
As at 1 September 2019	60,010	95,527	155,537
Total comprehensive income for the period	-	16,377	16,377
Dividends	-	(3,000)	(3,000)
Exercise of Warrants	6	-	6
As at 31 May 2020	60,016	108,904	168,920

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 THIRD QUARTER ENDED 31 MAY 2021
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 31 MAY 2021

	Current Year 9 Months Ended 31/5/2021 RM'000	Preceding Year 9 Months Ended 31/5/2020 RM'000
Cash Flow From Operating Activities		
Profit before tax	27,658	20,902
Adjustment for:		
Depreciation and amortisation	4,004	3,355
Other adjustments	(1,350)	(1,633)
Operating profit before changes in working capital	30,312	22,624
Changes in working capital		
Net changes in current assets	(17,263)	(4,369)
Net changes in current liabilities	5,180	(196)
Cash From Operations	18,229	18,059
Interest paid	-	(7)
Interest received	1,096	1,699
Net tax paid	(5,830)	(4,059)
Net Cash From Operating Activities	13,495	15,692
Cash Flows (For) Investing Activities		
Proceeds from disposal of property, plant and equipment	5	52
Net withdrawal / (placement) of fixed deposit with licensed tenure of more than three months	12,295	(3,876)
Net cash outflow from acquisition property, plant and equipment, right of use asset and prepaid lease	(14,278)	(14,282)
Net Cash From (For) Investing Activities	(1,978)	(18,106)
Cash Flows From / (For) Financing Activities		
Proceeds from exercise of warrant	16,358	6
Repayment of lease liabilities	(94)	(62)
Repayment of hire purchase payable	-	(198)
Dividend paid to shareholders	(6,190)	(9,000)
Net Cash Flows From / (For) Financing Activities	10,074	(9,254)
Net Changes In Cash and Cash Equivalents	21,591	(11,668)
Cash and Cash Equivalents at Beginning of the Financial Year	47,034	45,017
Effect of exchange differences	189	31
Cash and Cash Equivalents at End of the Financial Year	68,814	33,380
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	87,031	73,979
Less: Fixed deposit with licensed bank with tenure of more than three months	(18,217)	(40,599)
	68,814	33,380

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 THIRD QUARTER ENDED 31 MAY 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 THIRD QUARTER ENDED 31 MAY 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 1 March 2021	Allotment	Conversion	As at 31 May 2021
Ordinary shares	412,698,943 ordinary shares	204,061 ordinary shares	-	412,903,004 ordinary shares
Warrants B	56,068,666 warrants B	-	204,061 warrants B	55,864,605 warrants B
Warrants C	82,271,100 warrants C	-	-	82,271,100 warrants C

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.

A first interim single tier dividend of one (1.0) sen per share in respect of financial year ended 31 August 2021 was declared by the Board on 24 May 2021 and subsequently 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.

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 31 May 2021 that have not been reflected in this report.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 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 31 May 2021.

12. Capital Commitments

The material capital commitments of the Group as at 31 May 2021 are as follow:

	RM'000
Additions of Property, Plant & Equipment	6,153

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 THIRD QUARTER ENDED 31 MAY 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 third quarter ended 31 May 2021 (Q3FY2021) and nine months ended 31 May 2021 (9MFY2021) compared with the previous corresponding third quarter ended 31 May 2020 (Q3FY2020) and nine months ended 31 May 2020 (9MFY2020) are tabled below:

Description	Q3FY2021 RM'000	Q3FY2020 RM'000	Variance %	9MFY2021 RM'000	9MFY2020 RM'000	Variance %
Revenue	47,368	24,373	94.3	158,588	108,985	45.5
Profit before tax (" PBT")	10,733	3,164	239.2	27,658	20,902	32.3

The Group's revenue increased by 94.3% and 45.5% to RM47.368 million for Q3FY2021 and RM158.588 million for the 9MFY2021 respectively compared with the corresponding period of last financial year. The increase in revenue was mainly attributed to the increase in the volume sold and progressive increases in the selling prices of the certain products.

The Group's PBT for Q3FY2021 and 9MFY2021 increased by 239.2% and 32.3% respectively. The higher PBT achieved in Q3FY2021 and 9MFY2021 were mainly due to the increase of the production output and progressive increases in the selling prices of the certain products in Q3FY2021. The increase of selling prices helped to cushion the effect of the rising of certain materials cost and the weakening of US Dollars.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year third quarter ended 31 May 2021 (Q3FY2021) compared to second quarter ended 28 Feb 2021 (Q2FY2021) are tabled below:

Description	Q3FY2021 RM'000	Q2FY2021 RM'000	Variance %
Revenue	47,368	58,678	-19.3
Profit before tax (" PBT")	10,733	7,722	39.0

The Group's revenue for the Q3FY2021 decreased by 19.3% to RM47.368 million compared with Q2FY2021. The decrease in revenue was mainly attributed to the decrease in the volume sold owing to the temporary stoppage of the Company's manufacturing facilities in April 2021 as of the discovery of some employees were tested positive for Covid 19.

Despite the decrease in turnover, the Group's PBT for Q3FY2021 increased by 39.0%. This was mainly attributed to the progressive increases in the selling price of the certain products were in Q3FY2021, strengthening of US Dollar in Q3FY 2021 compared to Q2FY2021.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 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 Movement Control Order 3.0 ("MCO 3.0") in June 2021 to contain the spread of COVID-19 causing most business and social activities to be severely disrupted with major macro-economic impacts. Due to this nationwide lockdown measure, the Group's production of furniture has to temporarily stop work from 1 June 2021 as the Ministry of International Trade and Industry ("MITI") of Malaysia considered the Group's furniture products were not essential products. The Group expects to resume the production of furniture in mid of September 2021 after 14 days of second doses vaccination are administered to all the workers. 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	2,279	5,579
	2,279	5,579

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 THIRD QUARTER ENDED 31 MAY 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 31 May 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 31 May 2021 RM'000	Current Year To Date 31 May 2021 RM'000
Interest income	(380)	(1,096)
Depreciation and amortisation	1,606	4,004
Realised foreign exchange (gain)	(1,111)	(1,643)
Unrealised foreign exchange (gain)	(68)	(295)

12. Dividends

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 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	
	31 May 2021	31 May 2020	31 May 2021	31 May 2020
Profit attributable to equity holders of the Company (RM'000)	8,454	2,459	22,079	16,377
Weighted average number of ordinary shares in issue ('000)	412,902	375,026	400,853	375,021
Effect of dilution of warrants ('000)	4,343	-	43,290	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	417,245	375,026	444,143	375,021
Basic earnings per share (sen)	2.05	0.66	5.51	4.37
Diluted earnings per share (sen)	2.03	0.66	4.97	4.37

For comparative purpose, the earnings per share for the quarter and period to date ended 31 May 2020 had been adjusted to reflect the bonus issue of 1 for every 4 existing ordinary share which was completed on 16 December 2020.

There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter and period ended 31 May 2020 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 27 August 2021 by the Board of Directors.

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