

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-8-2021 RM'000	Preceding Year Quarter 31-8-2020 RM'000	Current Year To Date 31-8-2021 RM'000	Preceding Year To Date 31-8-2020 RM'000
Revenue	6,315	46,381	164,903	155,366
Operating Expenses	(7,481)	(36,986)	(141,847)	(128,796)
Other Operating Income	1,217	193	4,653	3,920
Profit before tax	51	9,588	27,709	30,490
Taxation	199	(2,390)	(5,380)	(6,915)
Profit for the year	250	7,198	22,329	23,575
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	250	7,198	22,329	23,575
Profit for the year attributable to:				
Owners of the Company	250	7,198	22,329	23,575
Non-controlling interests	-	-	-	-
	250	7,198	22,329	23,575
Total comprehensive income attributable to:				
Owners of the Company	250	7,198	22,329	23,575
Non-controlling interests	-	-	-	-
	250	7,198	22,329	23,575
Earnings per ordinary share (sen) *				
Basic	0.06	1.92	5.53	6.29
Diluted	0.06	1.92	4.98	6.29

*** Note**

- i. For comparative purpose, the earnings per share for the quarter and period to date ended 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.
- ii. There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter and period ended 31 August 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 FINANCIAL YEAR ENDED 31 AUGUST 2021
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2021**

	Unaudited As at 31/8/2021 RM'000	Audited As at 31/8/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	69,086	61,820
Right of use assets	1,540	1,644
Prepaid lease payments	7,570	6,629
Deferred tax assets	1,200	-
Goodwill	478	478
	79,874	70,571
Current Assets		
Inventories	60,243	32,815
Trade and other receivables	9,243	19,333
Deposits, bank and cash balances	84,125	77,547
	153,611	129,695
TOTAL ASSETS	233,485	200,266
EQUITY AND LIABILITIES		
Share capital	76,375	60,017
Reserves	128,112	116,102
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	204,487	176,119
Non-Current Liabilities		
Lease liabilities	-	9
Deferred tax liabilities	3,336	2,536
	3,336	2,545
Current Liabilities		
Trade and other payables	24,479	19,260
Lease liabilities	9	84
Tax payable	1,174	2,258
	25,662	21,602
TOTAL LIABILITIES	28,998	24,147
TOTAL EQUITY AND LIABILITIES	233,485	200,266
NET ASSETS PER SHARE ATTRIBUTABLE TO* ORDINARY OWNERS OF THE PARENT (RM)	0.50	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 FINANCIAL YEAR ENDED 31 AUGUST 2021
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 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>12 months ended 31 August 2021</u>			
As at 1 September 2020	60,017	116,102	176,119
Total comprehensive income for the financial year	-	22,329	22,329
Dividends	-	(10,319)	(10,319)
Exercise of Warrants	16,358	-	16,358
As at 31 August 2021	76,375	128,112	204,487
<u>12 months ended 31 August 2020</u>			
As at 1 September 2019	60,010	95,527	155,537
Total comprehensive income for the financial year	-	23,575	23,575
Dividends	-	(3,000)	(3,000)
Exercise of Warrants	7	-	7
As at 31 August 2020	60,017	116,102	176,119

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 FINANCIAL YEAR ENDED 31 AUGUST 2021
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 2021

	Current Year 12 Months Ended 31/8/2021 RM'000	Preceding Year 12 Months Ended 31/8/2020 RM'000
Cash Flow From Operating Activities		
Profit before tax	27,709	30,490
Adjustment for:		
Depreciation and amortisation	5,586	4,483
Other adjustments	(1,184)	(1,796)
Operating profit before changes in working capital	32,111	33,177
Changes in working capital		
Net changes in current assets	(16,413)	(14,706)
Net changes in current liabilities	5,404	7,864
Cash From Operations	21,102	26,335
Interest received	1,455	2,062
Net tax paid	(7,719)	(5,954)
Net Cash From Operating Activities	14,838	22,443
Cash Flows (For) Investing Activities		
Proceeds from disposal of property, plant and equipment	217	219
Net withdrawal / (placement) of fixed deposit with licensed bank with tenure of more than three months	25,384	6,211
Net cash outflow from acquisition property, plant and equipment, right of use asset and prepaid lease	(14,243)	(17,504)
Net Cash From / (For) Investing Activities	11,358	(11,074)
Cash Flows From / (For) Financing Activities		
Proceeds from exercise of warrant	16,358	7
Drawdown of lease liability	-	300
Interest paid for lease	(2)	(14)
Repayment of lease liabilities	(85)	(383)
Dividend paid to shareholders	(10,319)	(9,000)
Net Cash Flows From / (For) Financing Activities	5,952	(9,090)
Net Changes In Cash and Cash Equivalents	32,148	2,279
Cash and Cash Equivalents at Beginning of the Financial Year	47,035	45,017
Effect of exchange differences	(185)	(261)
Cash and Cash Equivalents at End of the Financial Year	78,998	47,035
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	84,125	77,547
Less: Fixed deposit with licensed bank with tenure of more than three months	(5,127)	(30,512)
	78,998	47,035

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 FINANCIAL YEAR ENDED 31 AUGUST 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:

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

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

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

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 101 and MFRS 108: Definition of Material

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 Cyclicalities of Operations

There were no material seasonal or cyclical factors affecting the business operations of the Group in the current quarter.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**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 Warrants as illustrated as per below table:

Type of Securities	As at 1 Jun 2021	Allotment	Conversion	As at 31 Aug 2021
Ordinary shares	412,903,004 ordinary shares	-	-	412,903,004 ordinary shares
Warrants B	55,864,605 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 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 August 2021 that have not been reflected in this report.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 August 2021.

12. Capital Commitments

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

	RM'000
Additions of Property, Plant & Equipment	6,156

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.

(The rest of the page is intentionally left blank)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 fourth quarter ended 31 August 2021 (Q4FY2021) and year ended 31 August 2021 (FY2021) compared with the previous corresponding fourth quarter ended 31 August 2020 (Q4FY2020) and year ended 31 August 2020 (FY2020) are tabled below:

Description	Q4FY2021 RM'000	Q4FY2020 RM'000	Variance %	FY2021 RM'000	FY2020 RM'000	Variance %
Revenue	6,315	46,381	-86.4	164,903	155,366	6.1
Profit before tax (" PBT")	51	9,588	-99.5	27,709	30,490	-9.1

The Group's revenue and PBT of Q4FY2021 decreased by 86.4% to RM6.315 million and 99.5 % to about RM51 thousand respectively compared with the corresponding period of last financial year. This was mainly due to the Group's production of furniture had to temporarily stop work in the whole of Q4FY2021 which started 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 during Movement Control Order 3.0 ("MCO 3.0"). There was no output produced in Q4FY2021.

The revenue generated in Q4FY2021 was only from sales of finished goods. Majlis Keselamatan Negara (MKN) had agreed to allow all loading and unloading activities of non-essential cargo at factory warehouses which only involve deliveries and receiving of cargo or removal of cargo for the purpose of import and export from/to ports and airports during the MCO period.

The Group's revenue for FY 2021 increased by 6.1% to RM164.903 million compared to FY 2020. However, the Group's PBT for FY2021 decreased by 9.1% to RM27.709 million. The lower PBT recorded in FY2021 was mainly due to the rising of certain materials cost, the weakening of US Dollars and temporary stoppage for approximately 14 weeks in FY 2021 during Movement Control Order 3.0 ("MCO 3.0").

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year fourth quarter ended 31 August 2021 (Q4FY2021) compared to third quarter ended 31 May 2021 (Q3FY2021) are tabled below:

Description	Q4FY2021 RM'000	Q3FY2021 RM'000	Variance %
Revenue	6,315	47,368	-86.7
Profit before tax (" PBT")	51	10,733	-99.5

The Group's revenue and PBT of Q4FY2021 decreased by 86.7% to RM6.315 million and 99.5 % to about RM51 thousand respectively compared with Q3FY2021. This was mainly due to the Group's production of furniture had to temporarily stop work in the whole of Q4FY2021 which started 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 during Movement Control Order 3.0 ("MCO 3.0"). There was no output produced in Q4FY2021.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 had to temporarily stop work started 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 had resumed the production of furniture in mid of September 2021 after 14 days of second doses vaccination are administered to all the workers. Outlook for 2022 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 2022 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	200	5,779
Deferred Tax Income	-399	-399
	199	5,380

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.

(The rest of the page is intentionally left blank)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 August 2021.

10. Material Litigation

Save as disclosed below, there were no material litigations pending as at the date of this report:

Embrace Industries Sdn Bhd vs Khazanah Realty Sdn Bhd

On 24 September 2021, the wholly-owned subsidiary, Embrace Industries Sdn Bhd ("the Plaintiff") its solicitors, Messrs Chee Siah Le Kee & Partners, filed a writ of summons in the Muar High Court against Khazanah Realty Sdn Bhd ("the Defendant") in relation to the sale and purchase of two pieces of lands held under PN No. 81402, Lot No. 11722 and PN No. 73632, Lot No. 11723, both in Mukim Parit Bakar, District of Muar, State of Johor (the said lands"). The Plaintiff claiming for a declaration that the Defendant is not entitled to terminate the SPA; an injunction prohibiting the Defendant from selling the lands; specific performance of the SPA; general damages in addition to or in lieu of specific performance, interest and costs.

The Plaintiff has served the writ of summons to the Defendant's solicitors, Messrs Soh Yok Lam & Co on 27 September 2021. The Defendant has filed and served a memorandum of appearance dated 05 October 2021 to the Plaintiff.

The matter was called up before the Muar High Court on 25 October 2021. The Plaintiff's solicitors informed the Court that they have not received the statement of defence from the Defendant. The Defendant's solicitors informed the Court that they require more time to finalize the statement of defence and counterclaim.

The Court directed the Defendant to file the statement of defence and counterclaim, if any, on or before 8 November 2021 and the Plaintiff to file the reply to defence and defence to counterclaim, if any, on or before 29 November 2021.

The Court then fixed the matter for case management via e-Review on 14 December 2021 for the parties to update the Court on the status of filing of the pleadings.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021
11. Notes to the Statement of Comprehensive Income:

Profit for the period has been arrived at after (crediting) / charging:

	Current Quarter Ended 31 Aug 2021 RM'000	Current Year To Date 31 Aug 2021 RM'000
Interest income	(359)	(1,455)
Depreciation and amortisation	1,582	5,586
Realised foreign exchange (gain)	(990)	(2,633)
Unrealised foreign exchange loss	670	375

12. Dividends

The Board of Directors is pleased to propose a final single tier dividend of 0.6 sen per ordinary share for the financial year ended 31 August 2021. The proposed final dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

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 2021	31 Aug 2020	31 Aug 2021	31 Aug 2020
Profit attributable to equity holders of the Company (RM'000)	250	7,198	22,329	23,575
Weighted average number of ordinary shares in issue ('000)	412,903	375,026	403,698	375,025
Effect of dilution of warrants ('000)	1,916	-	44,810	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	414,819	375,026	448,508	375,025
Basic earnings per share (sen)	0.06	1.92	5.53	6.29
Diluted earnings per share (sen)	0.06	1.92	4.98	6.29

For comparative purpose, the earnings per share for the quarter and period to date ended 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.

There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter and period ended 31 August 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 28 October 2021 by the Board of Directors.