

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2021
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 30 NOVEMBER 2021**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-11-2021 RM'000	Preceding Year Quarter 30-11-2020 RM'000	Current Year To Date 30-11-2021 RM'000	Preceding Year To Date 30-11-2020 RM'000
Revenue	58,536	52,542	58,536	52,542
Operating Expenses	(49,103)	(44,114)	(49,103)	(44,114)
Other Operating Income	1,533	775	1,533	775
Profit before tax	10,966	9,203	10,966	9,203
Taxation	(2,500)	(1,900)	(2,500)	(1,900)
Profit for the year	8,466	7,303	8,466	7,303
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	8,466	7,303	8,466	7,303
Profit for the year attributable to:				
Owners of the Company	8,466	7,303	8,466	7,303
Non-controlling interests	-	-	-	-
	8,466	7,303	8,466	7,303
Total comprehensive income attributable to:				
Owners of the Company	8,466	7,303	8,466	7,303
Non-controlling interests	-	-	-	-
	8,466	7,303	8,466	7,303
Earnings per ordinary share (sen) *				
Basic	2.05	1.93	2.05	1.93
Diluted	2.04	1.89	2.04	1.89

* Note

For comparative purpose, the earnings per share for the quarter ended 30 November 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 comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2021
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 NOVEMBER 2021**

	Unaudited As at 30/11/2021 RM'000	Audited As at 31/8/2021 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	68,487	69,086
Right of use assets	1,526	1,540
Prepaid lease payments	7,569	7,570
Deferred tax assets	900	1,200
Goodwill	478	478
	78,960	79,874
Current Assets		
Inventories	52,392	60,243
Trade and other receivables	24,146	9,243
Derivative assets	4	-
Deposits, bank and cash balances	91,762	84,125
	168,304	153,611
TOTAL ASSETS	247,264	233,485
EQUITY AND LIABILITIES		
Share capital	76,471	76,375
Reserves	136,578	128,112
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	213,049	204,487
Non-Current Liabilities		
Deferred tax liabilities	3,336	3,336
	3,336	3,336
Current Liabilities		
Trade and other payables	29,824	24,479
Lease liabilities	-	9
Tax payable	1,055	1,174
	30,879	25,662
TOTAL LIABILITIES	34,215	28,998
TOTAL EQUITY AND LIABILITIES	247,264	233,485
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.52	0.50

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2021
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 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>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>3 months ended 30 November 2021</u>			
As at 1 September 2021	76,375	128,112	204,487
Total comprehensive income for the financial period	-	8,466	8,466
Exercise of Warrants	96	-	96
As at 30 November 2021	76,471	136,578	213,049
<u>3 months ended 30 November 2020</u>			
As at 1 September 2020	60,017	116,102	176,119
Total comprehensive income for the financial period	-	7,303	7,303
Exercise of Warrants	9,660	-	9,660
As at 30 November 2020	69,677	123,405	193,082

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2021
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2021

	Current Year 3 Months Ended 30/11/2021 RM'000	Preceding Year 3 Months Ended 30/11/2020 RM'000
Cash Flow From Operating Activities		
Profit before tax	10,966	9,203
Adjustment for:		
Depreciation and amortisation	1,655	1,156
Other adjustments	(956)	(122)
Operating profit before changes in working capital	11,665	10,237
Changes in working capital		
Net changes in current assets	(7,467)	(1,543)
Net changes in current liabilities	5,236	3,061
Cash From Operations	9,434	11,755
Interest received	328	353
Net tax paid	(1,445)	(1,320)
Net Cash From Operating Activities	8,317	10,788
Cash Flows (For) Investing Activities		
Proceeds from disposal of property, plant and equipment	-	5
Net withdrawal / (placement) of fixed deposit with licensed bank with tenure of more than three months	(57)	17,834
Net cash outflow from acquisition property, plant and equipment, right of use asset and prepaid lease	(1,209)	(7,098)
Net Cash From / (For) Investing Activities	(1,266)	10,741
Cash Flows From / (For) Financing Activities		
Proceeds from exercise of warrant	96	9,659
Repayment of lease liabilities	(9)	(21)
Net Cash Flows From / (For) Financing Activities	87	9,638
Net Changes In Cash and Cash Equivalents	7,138	31,167
Cash and Cash Equivalents at Beginning of the Financial Year	78,998	47,034
Effect of exchange differences	442	(268)
Cash and Cash Equivalents at End of the Financial Year	86,578	77,933
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	91,762	90,611
Less: Fixed deposit with licensed bank with tenure of more than three months	(5,184)	(12,678)
	86,578	77,933

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2021 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 2021 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 2021.

The audited financial statements of the Group for the year ended 31 August 2021 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 2021 except for the adoption of the following new amendments to MFRS:

Description:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

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 2021.

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 FIRST QUARTER ENDED 30 NOVEMBER 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 Sept 2021	Allotment	Conversion	As at 30 Nov 2021
Ordinary shares	412,903,004 ordinary shares	223,895	-	413,126,899 ordinary shares
Warrants B	55,864,605 warrants B	-	223,895	55,640,710 warrants B
Warrants C	82,271,100 warrants C	-	-	82,271,100 warrants C

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 2021 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 2021.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2021**12. Fair Value Hierarchy**

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 : Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Fair value measurements derive from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 November 2021, the Group's financial instruments carried at fair values are analysed as below:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivatives Assets:				
- Forward foreign currency contracts	-	4	-	4

13. Capital Commitments

The material capital commitments of the Group as at 30 November 2021 are as follow:

	RM'000
Additions of Property, Plant & Equipment	10,844

14. Related Party Transactions

	Quarter Ended		Year To Date Ended	
	30 Nov 2021 RM'000	30 Nov 2020 RM'000	30 Nov 2021 RM'000	30 Nov 2020 RM'000
Rental and deposit paid to a company which related to the director	22	N/A	22	N/A

N/A: Not applicable

15. 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 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 first quarter ended 30 November 2021 (Q1FY2022) compared with the previous corresponding first quarter ended 30 November 2020 (Q1FY2021) are tabled below:

Description	Q1FY2022 RM'000	Q1FY2021 RM'000	Variance
Revenue	58,536	52,542	11.4%
Profit before tax ("PBT")	10,966	9,203	19.2%

The Group's revenue of RM58.5 million for the Q1FY2022 increased by 11.4% compared with the corresponding period last financial year. The increase in revenue was mainly attributed to the strengthening of US Dollar and progressive increases in the selling prices of the certain products.

The Group's profit before tax ("PBT") for the Q1FY2022 increased by 19.2% compared with Q1FY2021. This was mainly attributed to the strengthening of US Dollar and the increase of revenue. The impact of rising cost of raw materials was cushioned by the increase in selling price of its product and the strengthening of US Dollar.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year first quarter ended 30 November 2021 (Q1FY2022) compared to fourth quarter ended 31 August 2021 (Q4FY2021) are tabled below:

Description	Q1FY2022 RM'000	Q4FY2021 RM'000	Variance
Revenue	58,536	6,315	826.9%
Profit before tax ("PBT")	10,966	51	21,401.9%

The Group's revenue and PBT for the Q1FY2022 increased by 826.9% and 21,401.9% compared with the preceding quarter Q4FY2021. These was mainly attributed to the Group had resumed the production of furniture in mid of September 2021 after the full MCO since 1 Jun 2021. There was no production activity in the Q4FY2021.

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

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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 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 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 2021.

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10. Derivative Financial Instruments

During the financial period, the Group entered into forward foreign exchange contracts to hedge exposures to currency risk for receivables which are denominated in a currency other than the functional currency of the Group.

The details of the outstanding foreign currency forward contracts agreement as at 30 November 2021 are as follows:

	Notional Amount RM'000	Derivative Financial Assets RM'000
Foreign currency forward contracts: Less than one year	850	4

The above instruments are executed with credit worthy financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

There are also no cash requirements risks as the Group only uses forward foreign currency contracts as its hedging instruments.

11. 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 Plaintiff’s solicitors had received the statement of defence and counterclaim from the Defendant’s solicitors on 5 November 2021.

The Plaintiff’s solicitors had filed the amended statement of claim and, reply to defence and defence to counterclaim on 29 November 2021.

The Plaintiff’s solicitors have filed an application for summary judgment (“the said application”) against the Defendant. The Defendant’s solicitors requested for an adjournment of the matter to file an affidavit in reply to the said application.

The Court then fixed the matter for hearing on 10 April 2022 for the said application.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2021
12. Notes to the Statement of Comprehensive Income:

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

	Current Quarter Ended 30 November 2021 RM'000	Current Year To Date 30 November 2021 RM'000
Interest income	(328)	(328)
Depreciation and amortisation	1,655	1,655
Realised foreign exchange (gain)	(427)	(427)
Unrealised foreign exchange (gain)	(626)	(626)
Fair value (gain) on foreign exchange contracts	(4)	(4)

13. Dividends

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

14. 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 2021	30 Nov 2020	30 Nov 2021	30 Nov 2020
Profit attributable to equity holders of the Company (RM'000)	8,466	7,303	8,466	7,303
Weighted average number of ordinary shares in issue ('000)	413,008	377,718	413,008	377,718
Effect of dilution of warrants ('000)	2,702	9,205	2,702	9,205
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	415,710	386,923	415,710	386,923
Basic earnings per share (sen)	2.05	1.93	2.05	1.93
Diluted earnings per share (sen)	2.04	1.89	2.04	1.89

For comparative purpose, the earnings per share for the quarter ended 30 November 2020 had been adjusted to reflect the bonus issue of 1 for every 4 existing ordinary share which was completed on 16 December 2020.

15. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 25 January 2022 by the Board of Directors.