

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2022
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/8/2022 RM'000	Preceding Year Quarter 31/8/2021 RM'000	Current Year To Date 31/8/2022 RM'000	Preceding Year To Date 31/8/2021 RM'000
Revenue	51,140	6,315	243,294	164,903
Operating Expenses	(40,410)	(7,481)	(198,020)	(141,847)
Other Operating Income	2,392	1,217	8,376	4,653
Profit before tax	13,122	51	53,650	27,709
Taxation	(2,162)	199	(12,662)	(5,380)
Profit for the year	10,960	250	40,988	22,329
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	10,960	250	40,988	22,329
Profit for the year attributable to:				
Owners of the Company	10,960	250	40,988	22,329
Non-controlling interests	-	-	-	-
	10,960	250	40,988	22,329
Total comprehensive income attributable to:				
Owners of the Company	10,960	250	40,988	22,329
Non-controlling interests	-	-	-	-
	10,960	250	40,988	22,329
Earnings per ordinary share (sen)				
Basic	2.41	0.06	9.61	5.53
Diluted*	2.41	0.06	9.61	4.98

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 31 Aug 2022 and year ended 31 Aug 2022 since the 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 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2022
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2022**

	Unaudited As at 31/8/2022 RM'000	Audited As at 31/8/2021 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	69,409	69,086
Right of use assets	2,083	1,540
Prepaid lease payments	7,570	7,570
Deferred tax assets	-	1,200
Goodwill	478	478
	79,540	79,874
Current Assets		
Inventories	32,298	60,243
Trade and other receivables	24,221	9,243
Deposits, bank and cash balances	148,197	84,125
	204,716	153,611
TOTAL ASSETS	284,256	233,485
EQUITY AND LIABILITIES		
Share capital	98,019	76,375
Reserves	161,948	128,112
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	259,967	204,487
Non-Current Liabilities		
Lease liabilities	290	-
Deferred tax liabilities	4,736	3,336
	5,026	3,336
Current Liabilities		
Trade and other payables	12,270	24,479
Derivative financial liability	152	-
Lease liabilities	294	9
Dividend payable	4,632	-
Tax payable	1,915	1,174
	19,263	25,662
TOTAL LIABILITIES	24,289	28,998
TOTAL EQUITY AND LIABILITIES	284,256	233,485
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.56	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 FOURTH QUARTER ENDED 31 AUGUST 2022
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 2022

<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>12 months ended 31 Aug 2022</u>			
As at 1 September 2021	76,375	128,112	204,487
Total comprehensive income for the financial year	-	40,988	40,988
Dividends	-	(7,152)	(7,152)
Exercise of Warrants	21,644	-	21,644
As at 31 Aug 2022	98,019	161,948	259,967
<u>12 months ended 31 Aug 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 Aug 2021	76,375	128,112	204,487

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 FOURTH QUARTER ENDED 31 AUGUST 2022
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 31 AUGUST 2022

	Current Year 12 Months Ended 31/08/2022 RM'000	Preceding Year 12 Months Ended 31/8/2021 RM'000
Cash Flow From Operating Activities		
Profit before tax	53,650	27,709
Adjustment for:		
Depreciation and amortisation	6,767	5,586
Other adjustments	(1,910)	(1,184)
Operating profit before changes in working capital	58,507	32,111
Changes in working capital		
Net changes in current assets	12,410	(16,413)
Net changes in current liabilities	(12,170)	5,404
Cash From Operations	58,747	21,102
Interest received	1,691	1,455
Net tax paid	(8,447)	(7,719)
Net Cash From Operating Activities	51,991	14,838
Cash Flows (For) / From Investing Activities		
Proceeds from disposal of property, plant and equipment	238	217
Net withdrawal of fixed deposit with licensed bank with tenure of more than three months	5,128	25,384
Net cash outflow from acquisition property, plant and equipment, right of use asset and prepaid lease	(7,134)	(14,243)
Net Cash (For) / From Investing Activities	(1,768)	11,358
Cash Flows From Financing Activities		
Proceeds from exercise of warrant	21,644	16,358
Interest paid for lease	(32)	(2)
Repayment of lease liabilities	(247)	(85)
Dividend paid to shareholders	(2,520)	(10,319)
Net Cash Flows From Financing Activities	18,845	5,952
Net Changes In Cash and Cash Equivalents	69,068	32,148
Cash and Cash Equivalents at Beginning of the Financial Year	78,998	47,035
Effect of exchange differences	131	(185)
Cash and Cash Equivalents at End of the Financial Year	148,197	78,998
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	148,197	84,125
Less: Fixed deposit with licensed bank with tenure of more than three months	-	(5,127)
	148,197	78,998

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2022

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 FOURTH QUARTER ENDED 31 AUGUST 2022**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 2022	Allotment	Conversion	Lapsed	As at 31 Aug 2022
Ordinary shares	427,987,034	35,251,268	-	-	463,238,302
Warrants B	40,780,575	-	35,251,268	5,529,307	-
Warrants C	82,271,100	-	-	-	82,271,100

7. Dividend Paid

A final single tier tax-exempt dividend of 0.6 sen per ordinary share for financial year ended 31 August 2021 was approved by the shareholders during Annual General Meeting held on 25 January 2022 and subsequent paid on 11 March 2022.

A first interim single tier dividend of one (1) sen per share in respect of financial year ending 31 August 2022 was declared by the Board on 28 Jul 2022 and subsequently paid on 15 September 2022 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 August 2022.

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 2022 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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2022**11. Contingent Liabilities**

There were no material contingent liabilities as at 31 August 2022.

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 31 August 2022, 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 Liability:				
- Forward foreign currency contracts	-	152	-	152

13. Capital Commitments

The material capital commitments of the Group as at 31 August 2022 are as follow:

	RM'000
Additions of Property, Plant & Equipment	8,398

14. Related Party Transactions

	Quarter Ended		Year To Date Ended	
	31 Aug 2022 RM'000	31 Aug 2021 RM'000	31 Aug 2022 RM'000	31 Aug 2021 RM'000
Rental and deposit paid to a company which related to the director	16	N/A	72	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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2022
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 2022 (Q4FY2022) and year ended 31 August 2022 (FY2022) compared with the previous corresponding fourth quarter ended 31 August 2021 (Q4FY2021) and year ended 31 August 2021 (FY2021) are tabled below:

Description	Q4FY2022 RM'000	Q4FY2021 RM'000	Variance %	FY2022 RM'000	FY2021 RM'000	Variance %
Revenue	51,140	6,315	709.8	243,294	164,903	47.5
Profit before tax (" PBT")	13,122	51	25,629.4	53,650	27,709	93.6

The Group's revenue of RM51.140 million for Q4FY2022 and RM243.294 million for FY2022 increased by 709.8% and 47.5% respectively compared with the corresponding period last financial year. The increase in revenue was mainly attributed to the strengthening of US Dollar and increase in the volume sold.

The Group's PBT of RM13.122 million for Q4FY2022 and RM53.650 million for the FY2022 increased by 25,629.4% and 93.6% respectively compared with the corresponding period last financial year. The improvement in PBT was mainly attributed to the increase of revenue which enable the Group achieves a better economic of scale and the strengthening of US Dollar.

The lower of revenue and PBT for Q4FY2021 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 which Majlis Keselamatan Negara (MKN) only allowed 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

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year fourth quarter ended 31 August 2022 (Q4FY2022) compared to third quarter ended 31 May 2022 (Q3FY2022) are tabled below:

Description	Q4FY2022 RM'000	Q3FY2022 RM'000	Variance %
Revenue	51,140	64,698	-21.0
Profit before tax (" PBT")	13,122	15,719	-16.5

The Group's revenue of RM51.14 million for the Q4FY2022 decreased by 21.0% compared with Q3FY2022. The decrease in revenue was mainly attributed to the decrease in the volume sold.

The Group's PBT of RM13.122 million for Q4FY2022 decreased by 16.5% compared with Q3FY2022. This is mainly due to the decrease in the volume sold.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2022

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. Outlook for 2023 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 2023 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	762	10,062
Deferred tax expenses	1,400	2,600
	2,162	12,662

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2022

9. Group Borrowings and Debt Securities

There was no outstanding borrowing as at 31 August 2022.

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 31 August 2022 are as follows:

	Notional Amount RM'000	Derivative Financial Liability RM'000
Foreign currency forward contracts: Less than one year	8,783	152

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2022

The matter came up for decision of the Plaintiff's application for summary judgment before the learned judge of the Muar High Court on 18 July 2022. The learned judge dismissed the application for summary judgment with costs in the cause.

The Court fixed the matter for further case management on 7 December 2022 for the parties to file the, Common Bundle of Documents, Issues to be Tried and Agreed Facts.

12. Notes to the Statement of Comprehensive Income:

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

	Current Quarter Ended 31 Aug 2022 RM'000	Current Year To Date 31 Aug 2022 RM'000
Interest income	(659)	(1,691)
Depreciation and amortisation	1,762	6,767
Realised foreign exchange (gain)	(1,498)	(5,695)
Unrealised foreign exchange loss / (gain)	(65)	(258)
Fair value loss on foreign exchange contracts	110	152

13. Dividends

The Board of Directors is pleased to propose a final single tier dividend of one (1) sen per ordinary share for the financial year ended 31 August 2022. The proposed final dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

14. Earnings Per Share

The basic earnings per share have 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 2022	31 Aug 2021	31 Aug 2022	31 Aug 2021
Profit attributable to equity holders of the Company (RM'000)	10,960	250	40,988	22,329
Weighted average number of ordinary shares in issue ('000)	454,212	412,903	426,489	403,698
Effect of dilution of warrants ('000)	-	1,916	-	44,810
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	454,212	414,819	426,489	448,508
Basic earnings per share (sen)	2.41	0.06	9.61	5.53
Diluted earnings per share (sen)*	2.41	0.06	9.61	4.98

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 31 Aug 2022 and year ended 31 Aug 2022 since the exercise price is above the average market value of the Company's shares.

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31
AUGUST 2022**

15. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 28 Oct 2022 by the Board of Directors.

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