

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2022 RM'000	Preceding Year Quarter 30/11/2021 RM'000	Current Year To Date 30/11/2022 RM'000	Preceding Year To Date 30/11/2021 RM'000
Revenue	38,940	58,536	38,940	58,536
Operating Expenses	(33,311)	(49,103)	(33,311)	(49,103)
Other Operating Income	2,779	1,533	2,779	1,533
Profit before tax	8,408	10,966	8,408	10,966
Taxation	(2,100)	(2,500)	(2,100)	(2,500)
Profit for the period	6,308	8,466	6,308	8,466
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	6,308	8,466	6,308	8,466
Profit for the year attributable to:				
Owners of the Company	6,308	8,466	6,308	8,466
Non-controlling interests	-	-	-	-
	6,308	8,466	6,308	8,466
Total comprehensive income attributable to:				
Owners of the Company	6,308	8,466	6,308	8,466
Non-controlling interests	-	-	-	-
	6,308	8,466	6,308	8,466
Earnings per ordinary share (sen)				
Basic	1.36	2.05	1.36	2.05
Diluted*	1.36	2.04	1.36	2.04

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 30 November 2022 and period ended 30 November 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 2022 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 NOVEMBER 2022**

	Unaudited As at 30/11/2022 RM'000	Audited As at 31/8/2022 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	69,015	69,409
Right of use assets	2,013	2,083
Prepaid lease payments	8,040	7,570
Goodwill	478	478
	79,546	79,540
Current Assets		
Inventories	28,425	32,298
Trade and other receivables	21,201	24,221
Deposits, bank and cash balances	156,774	148,197
	206,400	204,716
TOTAL ASSETS	285,946	284,256
EQUITY AND LIABILITIES		
Share capital	98,019	98,019
Reserves	168,256	161,948
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	266,275	259,967
Non-Current Liabilities		
Lease liabilities	235	290
Deferred tax liabilities	4,736	4,736
	4,971	5,026
Current Liabilities		
Trade and other payables	12,904	12,270
Derivative financial liability	32	152
Lease liabilities	286	294
Dividend payable	-	4,632
Tax payable	1,478	1,915
	14,700	19,263
TOTAL LIABILITIES	19,671	24,289
TOTAL EQUITY AND LIABILITIES	285,946	284,256
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.57	0.56

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2022 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 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>
	RM'000	RM'000	RM'000
<u>3 months ended 30 November 2022</u>			
As at 1 September 2022	98,019	161,948	259,967
Total comprehensive income for the financial period	-	6,308	6,308
As at 30 November 2022	98,019	168,256	266,275
<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

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2022

	Current Year 3 Months Ended 30/11/2022 RM'000	Preceding Year 3 Months Ended 30/11/2021 RM'000
Cash Flow From Operating Activities		
Profit before tax	8,408	10,966
Adjustment for:		
Depreciation and amortisation	1,621	1,655
Other adjustments	316	(956)
Operating profit before changes in working capital	10,345	11,665
Changes in working capital		
Net changes in current assets	6,654	(7,467)
Net changes in current liabilities	492	5,236
Cash From Operations	17,491	9,434
Interest received	940	328
Net tax paid	(2,554)	(1,445)
Net Cash From Operating Activities	15,877	8,317
Cash Flows (For) Investing Activities		
Net (placement) of fixed deposit with licensed bank with tenure of more than three months	(33,368)	(57)
Net cash outflow from acquisition property, plant and equipment, right of use asset and prepaid lease	(1,542)	(1,209)
Net Cash (For) Investing Activities	(34,910)	(1,266)
Cash Flows (For) / From Financing Activities		
Proceeds from exercise of warrant	-	96
Interest paid for lease	(36)	-
Repayment of lease liabilities	(63)	(9)
Dividend paid to shareholders	(4,632)	-
Net Cash Flows (For) / From Financing Activities	(4,731)	87
Net Changes In Cash and Cash Equivalents	(23,764)	7,138
Cash and Cash Equivalents at Beginning of the Financial Period	148,197	78,998
Effect of exchange differences	(1,027)	442
Cash and Cash Equivalents at End of the Financial Period	123,406	86,578
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	156,774	91,762
Less: Fixed deposit with licensed bank with tenure of more than three months	(33,368)	(5,184)
	123,406	86,578

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2022 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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 2022 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 2022.

The audited financial statements of the Group for the year ended 31 August 2022 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 2022 except for the adoption of the relevant MFRSs, Amendments to MFRS and IC Interpretations that are effective for financial periods beginning on 1 September 2022.

The adoption of the relevant MFRSs, amendments to MFRSs and IC Interpretations 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 2022.

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.

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022**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 2022	Allotment	Conversion	Lapsed	As at 30 Nov 2022
Ordinary shares	463,238,302	-	-	-	463,238,302
Warrants C	82,271,100	-	-	-	82,271,100

7. Dividend Paid

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 30 November 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.

11. Contingent Liabilities

There were no material contingent liabilities as at 30 November 2022.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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 30 November 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	-	32	-	32

13. Capital Commitments

The material capital commitments of the Group as at 30 November 2022 are as follow:

	RM'000
Additions of Property, Plant & Equipment	7,196

14. Related Party Transactions

	Quarter Ended		Year To Date Ended	
	30 Nov 2022 RM'000	31 Nov 2021 RM'000	30 Nov 2022 RM'000	30 Nov 2021 RM'000
Rental and deposit paid to director and a company which related to the director	19	22	19	22

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 FIRST QUARTER ENDED 30 NOVEMBER 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 first quarter ended 30 November 2022 (Q1FY2023) compared with the previous corresponding first quarter ended 30 November 2021 (Q1FY2022) are tabled below:

Description	Q1FY2023 RM'000	Q1FY2022 RM'000	Variance
Revenue	38,940	58,536	-33.5%
Profit before tax ("PBT")	8,408	10,966	-23.3%

The Group's revenue and PBT for the Q1FY2023 decreased by 33.5% and 23.3% respectively compared with the corresponding period last financial year. The decrease in revenue and PBT were mainly attributed to the lower volume of product sold but partially cushioned by a stronger USD in the current quarter. In Q1FY2022, revenue was commendable also partly due to deliver the orders previously delayed during Movement Control Order 3.0.

2. Comparison with Preceding Quarter's Results

The Group's performance for the current year first quarter ended 30 November 2022 (Q1FY2023) compared to fourth quarter ended 31 August 2022 (Q4FY2022) are tabled below:

Description	Q1FY2023 RM'000	Q4FY2022 RM'000	Variance
Revenue	38,940	51,140	-23.9%
Profit before tax ("PBT")	8,408	13,122	-35.9%

The Group's revenue and PBT for the Q1FY2023 decreased by 23.9% and 35.9% compared with the preceding quarter Q4FY2022. These was mainly attributed to the lower volume sold as consumer demand was slower in Q1FY2023.

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. Outlook for 2023 remains challenging and uncertain.

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022

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	2,100	2,100
	2,100	2,100

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 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 30 November 2022 are as follows:

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022

	Notional Amount RM'000	Derivative Financial Liability RM'000
Foreign currency forward contracts: Less than one year	2,644	32

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 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 1 March 2023 for the parties to file the, Common Bundle of Documents, Issues to be Tried and Agreed Facts.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2022
12. Notes to the Statement of Comprehensive Income:

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

	Current Quarter Ended 30 Nov 2022 RM'000	Current Year To Date 30 Nov 2022 RM'000
Interest income	(940)	(940)
Depreciation and amortisation	1,621	1,621
Realised foreign exchange (gain)	(1,600)	(1,600)
Unrealised foreign exchange loss / (gain)	1,399	1,399
Fair value (gain) on foreign exchange contracts	(120)	(120)

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 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	
	30 Nov 2022	30 Nov 2021	30 Nov 2022	30 Nov 2021
Profit attributable to equity holders of the Company (RM'000)	6,308	8,466	6,308	8,466
Weighted average number of ordinary shares in issue ('000)	463,238	413,008	463,238	413,008
Effect of dilution of warrants ('000)	-	2,702	-	2,702
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	463,238	415,710	463,238	415,710
Basic earnings per share (sen)	1.36	2.05	1.36	2.05
Diluted earnings per share (sen)*	1.36	2.04	1.36	2.04

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 30 November 2022 and period ended 30 November 2022 since the exercise price is above the average market value of the Company's shares.

15. Authorisation for Issue of Report

The unaudited interim financial statements were authorised for issue on 17 January 2023 by the Board of Directors.