

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2023**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 28/2/2023 RM'000	Preceding Year Quarter 28/2/2022 RM'000	Current Year To Date 28/2/2023 RM'000	Preceding Year To Date 28/2/2022 RM'000
Revenue	39,802	68,920	78,742	127,456
Operating Expenses	(34,148)	(56,175)	(67,459)	(105,278)
Other Operating Income	1,215	1,098	3,994	2,631
Profit before tax	6,869	13,843	15,277	24,809
Taxation	(1,300)	(3,500)	(3,400)	(6,000)
Profit for the period	5,569	10,343	11,877	18,809
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	5,569	10,343	11,877	18,809
<b>Profit for the year attributable to:</b>				
Owners of the Company	5,569	10,343	11,877	18,809
Non-controlling interests	-	-	-	-
	5,569	10,343	11,877	18,809
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	5,569	10,343	11,877	18,809
Non-controlling interests	-	-	-	-
	5,569	10,343	11,877	18,809
<b>Earnings per ordinary share (sen)</b>				
Basic	1.20	2.49	2.56	4.54
Diluted*	1.20	2.44	2.56	4.43

\* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 28 February 2023 and period ended 28 February 2023 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 SECOND QUARTER ENDED 28 FEBRUARY 2023**
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)  
AS AT 28 FEBRUARY 2023**

	Unaudited As at 28/02/2023 RM'000	Audited As at 31/8/2022 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	68,190	69,409
Right of use assets	1,925	2,083
Prepaid lease payments	8,981	7,570
Goodwill	478	478
	79,574	79,540
<b>Current Assets</b>		
Inventories	27,245	32,298
Trade and other receivables	19,323	24,221
Deposits, bank and cash balances	163,642	148,197
	210,210	204,716
<b>TOTAL ASSETS</b>	289,784	284,256
<b>EQUITY AND LIABILITIES</b>		
Share capital	98,020	98,019
Reserves	169,192	161,948
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	267,212	259,967
<b>Non-Current Liabilities</b>		
Lease liabilities	42	290
Deferred tax liabilities	4,736	4,736
	4,778	5,026
<b>Current Liabilities</b>		
Trade and other payables	11,478	12,270
Derivative financial liability		152
Lease liabilities	397	294
Dividend payable	4,633	4,632
Tax payable	1,286	1,915
	17,794	19,263
<b>TOTAL LIABILITIES</b>	22,572	24,289
<b>TOTAL EQUITY AND LIABILITIES</b>	289,784	284,256
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)</b>	0.58	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 SECOND QUARTER ENDED 28 FEBRUARY 2023**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2023**

<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>
<b><u>6 months ended 28 February 2023</u></b>			
<b>As at 1 September 2022</b>	98,019	161,948	259,967
Total comprehensive income for the financial period	-	11,877	11,877
Dividends	-	(4,633)	(4,633)
Exercise of Warrants	1	-	1
<b>As at 28 February 2023</b>	<b>98,020</b>	<b>169,192</b>	<b>267,212</b>
<b><u>6 months ended 28 February 2022</u></b>			
<b>As at 1 September 2021</b>	76,375	128,112	204,487
Total comprehensive income for the financial period	-	18,809	18,809
Dividends	-	(2,520)	(2,520)
Exercise of Warrants	3,213	-	3,213
<b>As at 28 February 2022</b>	<b>79,588</b>	<b>144,401</b>	<b>223,989</b>

*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 SECOND QUARTER ENDED 28 FEBRUARY 2023**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2023**

	Current Year 6 Months Ended 28/02/2023 RM'000	Preceding Year 6 Months Ended 28/02/2022 RM'000
<b>Cash Flow From Operating Activities</b>		
<b>Profit before tax</b>	15,277	24,809
Adjustment for:		
Depreciation and amortisation	3,185	3,242
Other adjustments	(3,294)	(905)
Operating profit before changes in working capital	15,168	27,146
<b>Changes in working capital</b>		
Net changes in current assets	10,392	(4,531)
Net changes in current liabilities	(1,121)	(1,527)
<b>Cash From Operations</b>	24,439	21,088
Interest received	2,145	638
Net tax paid	(4,029)	(1,819)
<b>Net Cash From Operating Activities</b>	22,555	19,907
<b>Cash Flows (For) Investing Activities</b>		
Net (placement) of fixed deposit with licensed bank with tenure of more than three months	-	(57)
Net cash outflow from acquisition property, plant and equipment, right of use asset and prepaid lease	(3,075)	(3,390)
<b>Net Cash (For) Investing Activities</b>	(3,075)	(3,447)
<b>Cash Flows (For) / From Financing Activities</b>		
Proceeds from exercise of warrant	1	3,213
Interest paid for lease	(14)	-
Repayment of lease liabilities	(145)	(9)
Dividend paid to shareholders	(4,633)	-
<b>Net Cash Flows (For) / From Financing Activities</b>	(4,791)	3,204
<b>Net Changes In Cash and Cash Equivalents</b>	14,689	19,664
<b>Cash and Cash Equivalents at Beginning of the Financial Period</b>	148,197	78,998
<b>Effect of exchange differences</b>	756	106
<b>Cash and Cash Equivalents at End of the Financial Period</b>	163,642	98,768
<b>Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:</b>		
Deposits, cash and bank balances	163,642	103,952
Less: Fixed deposit with licensed bank with tenure of more than three months	-	(5,184)
	163,642	98,768

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 SECOND QUARTER ENDED 28 FEBRUARY 2023

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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 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 MRFs 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 SECOND QUARTER ENDED 28 FEBRUARY 2023**

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**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 Dec 2022	Allotment	Conversion	Lapsed	As at 28 Feb 2023
Ordinary shares	463,238,302	550	-	-	463,238,852
Warrants C	82,271,100	-	550	-	82,270,550

**7. Dividend Paid**

A final single tier tax-exempt dividend of 1 sen per ordinary share for financial year ended 31 August 2022 was approved by the shareholders during Annual General Meeting held on 17 January 2023 and subsequent paid on 10 March 2023.

**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 28 February 2023 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 28 February 2023.

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023**

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**12. Capital Commitments**

The material capital commitments of the Group as at 28 February 2023 are as follow:

	RM'000
Additions of Property, Plant & Equipment	5,857

**13. Related Party Transactions**

	Quarter Ended		Year To Date Ended	
	28 Feb 2023 RM'000	28 Feb 2022 RM'000	28 Feb 2023 RM'000	28 Feb 2022 RM'000
Rental and deposit paid to director and a company which related to the director	19	17	38	39

**14. 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 SECOND QUARTER ENDED 28 FEBRUARY 2023****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 second quarter ended 28 February 2023 (Q2FY2023) and six months ended 28 February 2023 (1HFY2023) compared with the previous corresponding second quarter ended 28 February 2022 (Q2FY2022) and six months ended 28 February 2022 (1HFY2022) are tabled below:

Description	Q2FY2023 RM'000	Q2FY2022 RM'000	Variance %	1HFY2023 RM'000	1HFY2022 RM'000	Variance %
Revenue	39,802	68,920	-42.2	78,742	127,456	-38.2
Profit before tax ("PBT")	6,869	13,843	-50.4	15,277	24,809	-38.4

The Group's revenue of RM39.8 million for Q2FY2023 and RM78.7 million for the 1HFY2023 decreased by 42.2% and 38.2% respectively compared with the corresponding period last financial year. The decrease in revenue of Q2FY2023 was mainly attributed to the decrease in the volume sold. The revenue of the previous corresponding periods (September 2021 to February 2022) were exceptionally high as the Group enjoyed a spike in top line production after temporarily stop work which started from 1 June 2021 until mid of Sept 2021 during Movement Control Order 3.0 ("MCO 3.0").

The Group's PBT of RM6.869 million for Q2FY2023 and RM15.277 million for the 1HFY2023 decreased by 50.4% and 38.4% respectively compared with the corresponding period last financial year. This was mainly attributed to the decrease of revenue as a result of decrease in volume sold.

**2. Comparison with Preceding Quarter's Results**

The Group's performance for the current year second quarter ended 28 February 2023 (Q2FY2023) compared to first quarter ended 30 November 2022 (Q1FY2023) are tabled below:

Description	Q2FY2023 RM'000	Q1FY2023 RM'000	Variance %
Revenue	39,802	38,940	2.2
Profit before tax ("PBT")	6,869	8,408	-18.3

The Group's revenue of RM39.8 million for the Q2FY2023 increased slightly by 2.2% compared with Q1FY2023.

Despite higher turnover, the decrease in the Group's PBT for Q2FY2023 by 18.3% was mainly attributed to the higher one-off cost incurred in Q2FY2023 compared to 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.



**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023**

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**

	<b>Current Quarter RM'000</b>	<b>Period To Date RM'000</b>
Income Tax	1,300	3,400
	<b>1,300</b>	<b>3,400</b>

**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 28 February 2023.

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023****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 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 15 January 2024 and trial dates is fixed on 11 March 2024 and 12 March 2024.

**11. Notes to the Statement of Comprehensive Income:**

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

	<b>Current Quarter Ended 28 Feb 2023 RM’000</b>	<b>Current Year To Date 28 Feb 2023 RM’000</b>
Interest income	(1,205)	(2,145)
Depreciation and amortisation	1,564	3,185
Realised foreign exchange loss	2,174	574
Unrealised foreign exchange (gain)	(2417)	(1,018)
Fair value (gain) on foreign exchange contracts	(32)	(152)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2023****12. Dividends**

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

**13. 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	
	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022
Profit attributable to equity holders of the Company (RM'000)	5,569	10,343	11,877	18,809
Weighted average number of ordinary shares in issue ('000)	463,238	415,272	463,238	414,134
Effect of dilution of warrants ('000)	-	8,517	-	10,828
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	463,238	423,789	463,238	424,962
Basic earnings per share (sen)	1.20	2.49	2.56	4.54
Diluted earnings per share (sen)*	1.20	2.44	2.56	4.43

\* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 28 Feb 2023 and period ended 28 Feb 2023 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 14 April 2023 by the Board of Directors.

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