

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 2023

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/8/2023 RM'000	Preceding Year Quarter 31/8/2022 RM'000	Current Year To Date 31/8/2023 RM'000	Preceding Year To Date 31/8/2022 RM'000
Revenue	46,018	51,140	162,644	243,294
Operating Expenses	(37,970)	(40,410)	(137,584)	(198,020)
Other Operating Income	2,360	2,392	8,327	8,376
Profit before tax	10,408	13,122	33,387	53,650
Taxation	(2,500)	(2,162)	(7,394)	(12,662)
Profit for the year	7,908	10,960	25,993	40,988
Other comprehensive income / (expenses) for the year	-	-	-	-
Total comprehensive income for the year	7,908	10,960	25,993	40,988
Profit for the year attributable to:				
Owners of the Company	7,908	10,960	25,993	40,988
Non-controlling interests	-	-	-	-
	7,908	10,960	25,993	40,988
Total comprehensive income attributable to:				
Owners of the Company	7,908	10,960	25,993	40,988
Non-controlling interests	-	-	-	-
	7,908	10,960	25,993	40,988
Earnings per ordinary share (sen)				
Basic	1.71	2.41	5.61	9.61
Diluted*	1.71	2.41	5.61	9.61

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 31 August 2023 and year ended 31 August 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 FOURTH QUARTER ENDED 31 AUGUST 2023
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2023**

	Unaudited As at 31/8/2023 RM'000	Audited As at 31/8/2022 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	67,833	69,409
Right of use assets	1,767	2,083
Prepaid lease payments	8,980	7,570
Goodwill	478	478
	79,058	79,540
Current Assets		
Inventories	33,714	32,298
Trade and other receivables	21,025	24,221
Deposits, bank and cash balances	170,240	148,197
	224,979	204,716
TOTAL ASSETS	304,037	284,256
EQUITY AND LIABILITIES		
Share capital	98,020	98,019
Reserves	183,308	161,948
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	281,328	259,967
Non-Current Liabilities		
Lease liabilities	42	290
Deferred tax liabilities	4,736	4,736
	4,778	5,026
Current Liabilities		
Trade and other payables	15,962	12,270
Derivative financial liability	-	152
Lease liabilities	248	294
Dividend payable	-	4,632
Tax payable	1,721	1,915
	17,931	19,263
TOTAL LIABILITIES	22,709	24,289
TOTAL EQUITY AND LIABILITIES	304,037	284,256
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (RM)	0.61	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 FOURTH QUARTER ENDED 31 AUGUST 2023
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEAR ENDED 31 AUGUST 2023
Attributable To Owners Of The Company

<u>Group</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 2023</u>			
As at 1 September 2022	98,019	161,948	259,967
Total comprehensive income for the financial year	-	25,993	25,993
Dividends	-	(4,633)	(4,633)
Exercise of Warrants	1	-	1
As at 31 August 2023	98,020	183,308	281,328
<u>12 months ended 31 August 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 August 2022	98,019	161,948	259,967

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 FOURTH QUARTER ENDED 31 AUGUST 2023
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 31 AUGUST 2023

	Current Year 12 Months Ended 31/08/2023 RM'000	Preceding Year 12 Months Ended 31/08/2022 RM'000
Cash Flow From Operating Activities		
Profit before tax	33,387	53,650
Adjustment for:		
Depreciation and amortisation	6,236	6,767
Other adjustments	(5,453)	(1,910)
Operating profit before changes in working capital	<u>34,170</u>	<u>58,507</u>
Changes in working capital		
Net changes in current assets	2,046	12,410
Net changes in current liabilities	3,108	(12,170)
Cash From Operations	<u>39,324</u>	<u>58,747</u>
Interest received	5,020	1,691
Net tax paid	(7,586)	(8,447)
Net Cash From Operating Activities	<u>36,758</u>	<u>51,991</u>
Cash Flows (For) / From Investing Activities		
Proceeds from disposal of property, plant and equipment	-	238
Net withdrawal of fixed deposit with licensed bank with tenure of more than three months	(128,772)	5,128
Net cash outflow from acquisition property, plant and equipment, right of use asset and prepaid lease	(5,314)	(7,134)
Net Cash (For) / From Investing Activities	<u>(134,086)</u>	<u>(1,768)</u>
Cash Flows From Financing Activities		
Proceeds from exercise of warrant	1	21,644
Interest paid for lease	(24)	(32)
Repayment of lease liabilities	(294)	(247)
Dividend paid to shareholders	(9,265)	(2,520)
Net Cash Flows From Financing Activities	<u>(9,582)</u>	<u>18,845</u>
Net Changes In Cash and Cash Equivalents	(106,910)	69,068
Cash and Cash Equivalents at Beginning of the Financial Year	148,197	78,998
Effect of exchange differences	181	131
Cash and Cash Equivalents at End of the Financial Year	<u>41,468</u>	<u>148,197</u>
Cash and Cash Equivalents in the Consolidated Statements of Cash Flows Comprise:		
Deposits, cash and bank balances	170,240	148,197
Less: Fixed deposit with licensed bank with tenure of more than three months	(128,772)	-
	<u>41,468</u>	<u>148,197</u>

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.

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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 following new amendments to MFRS:

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

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023

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 June 2023	Allotment	Conversion	Lapsed	As at 31 August 2023
Ordinary shares	463,238,852	-	-	-	463,238,852
Warrants C	82,270,550	-	-	-	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 31 August 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 31 August 2023.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023**12. Capital Commitments**

The material capital commitments of the Group as at 31 August 2023 are as follow:

	RM'000
Additions of Property, Plant & Equipment	5,289

13. Related Party Transactions

	Quarter Ended		Year To Date Ended	
	31 Aug 2023 RM'000	31 Aug 2022 RM'000	31 Aug 2023 RM'000	31 Aug 2022 RM'000
Rental and deposit paid to a company which related to the director	19	16	76	72
Professional fee paid to a company which director has substantial financial interest	21	N/A	21	3

N/A: Not applicable

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 FOURTH QUARTER ENDED 31 AUGUST 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 fourth quarter ended 31 August 2023 (Q4FY2023) and year ended 31 August 2023 (FY2023) compared with the previous corresponding fourth quarter ended 31 August 2022 (Q4FY2022) and year ended 31 August 2022 (FY2022) are tabled below:

Description	Q4FY2023 RM'000	Q4FY2022 RM'000	Variance %	FY2023 RM'000	FY2022 RM'000	Variance %
Revenue	46,018	51,140	-10.0%	162,644	243,294	-33.2%
Profit before tax (" PBT")	10,408	13,122	-20.7%	33,387	53,650	-37.8%

The Group's revenue of RM46.0 million for Q4FY2023 and RM162.6 million for FY2023 decreased by 10.0% and 33.2% respectively compared with the corresponding period last financial year. The decrease in revenue was mainly attributed to the decrease in the volume sold. The revenue of the previous corresponding periods was 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 RM10.4 million for Q4FY2023 and RM33.4 million for the FY2023 decreased by 20.7% and 37.8% 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 fourth quarter ended 31 August 2023 (Q4FY2023) compared to third quarter ended 31 May 2023 (Q3FY2023) are tabled below:

Description	Q4FY2023 RM'000	Q3FY2023 RM'000	Variance %
Revenue	46,018	37,883	21.5
Profit before tax (" PBT")	10,408	7,702	35.1

The Group's revenue of RM46.0 million for the Q4FY2023 increased by 21.5% compared with Q3FY2023. Higher revenue was mainly attributed to the higher volume sold.

The Group's PBT of RM10.4 million for Q4FY2023 increased by 35.1% compared with Q3FY2023. This is mainly due to the increase in the volume sold.

3. Current Year Prospects

The Group is operating in global economic uncertainties as well as facing increases in its production costs and fluctuation in foreign exchange rates.

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023

and effective cost management across all functions. The Board believes that the Group's prospects for the financial year ending 31 August 2024 would remain profitable.

4. Variance on Forecast Profit/Profit Guarantee

The Group did not issue any profit forecast or profit guarantee.

5. Taxation

	Current Quarter	Period To Date
	RM'000	RM'000
Income Tax	2,500	7,394
	2,500	7,394

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

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.

Save as disclosed above, there were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

9. Group Borrowings and Debt Securities

There was no outstanding borrowing as at 31 August 2023.

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

	Current Quarter Ended 31 Aug 2023 RM’000	Current Year To Date 31 Aug 2023 RM’000
Interest income	(1,535)	(5,020)
Depreciation and amortisation	1,529	6,236
Realised foreign exchange (gain)	(816)	(1,777)
Unrealised foreign exchange loss / (gain)	176	(317)
Fair value (gain) on foreign exchange contracts	-	(152)

12. Dividends

The Board of Directors is pleased to propose a final single tier dividend of 1.6 sen per ordinary share for the financial year ended 31 August 2023. The proposed final dividend is subject to shareholders’ approval in the forthcoming Annual General Meeting.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023**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	
	31 August 2023	31 August 2022	31 August 2023	31 August 2022
Profit attributable to equity holders of the Company (RM'000)	7,908	10,960	25,993	40,988
Weighted average number of ordinary shares in issue ('000)	463,238	454,212	463,238	426,489
Effect of dilution of warrants ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000')	463,238	454,212	463,238	426,489
Basic earnings per share (sen)	1.71	2.41	5.61	9.61
Diluted earnings per share (sen)*	1.71	2.41	5.61	9.61

* There is no dilutive effect of the potential ordinary shares convertible under warrants issued for quarter ended 31 August 2023 and period ended 31 August 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 27 October 2023 by the Board of Directors.

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