

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2009
CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30-Nov-09 RM'000	30-Nov-08 RM'000	30-Nov-09 RM'000	30-Nov-08 RM'000
Revenue	30,664	N/A	30,664	N/A
Operating Expenses	(24,245)	N/A	(24,245)	N/A
Other Operating Income	40	N/A	40	N/A
Finance Costs	(71)	N/A	(71)	N/A
Profit before tax	6,388	N/A	6,388	N/A
Taxation	(475)	N/A	(475)	N/A
Profit for the year	5,913	N/A	5,913	N/A
Attributable to:				
Equity holders of the parent	5,913	N/A	5,913	N/A
Minority Interest	-	N/A	-	N/A
	5,913	N/A	5,913	N/A
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	8.79	N/A	8.79	N/A
- Diluted (sen)	N/A	N/A	N/A	N/A

Notes:

N/A *Not applicable*

- a) *The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 August 2009 in the Prospectus of the Company dated 27 January 2010 and the accompanying explanatory notes attached to this interim financial report.*
- b) *No comparative figures for the preceding year's corresponding period are available as this is the first interim financial report being announced by the Company in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirement ("Listing Requirement").*

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2009**CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 NOVEMBER 2009**

	Unaudited As At 30-Nov-09 RM'000	Audited As At 31-Aug-09 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,650	N/A
Prepaid lease payments	1,178	N/A
	<u>27,828</u>	<u>N/A</u>
Current assets		
Inventories	12,653	N/A
Trade and other receivables	8,436	N/A
Deposits, bank and cash balances	24,641	N/A
	<u>45,730</u>	<u>N/A</u>
TOTAL ASSETS	<u>73,558</u>	<u>N/A</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	38,200	N/A
Reserves	6,085	N/A
Total equity	<u>44,285</u>	<u>N/A</u>
Non-current liabilities		
Bank borrowings	5,315	N/A
Deferred tax liabilities	2,060	N/A
Total non-current liabilities	<u>7,375</u>	<u>N/A</u>
Current liabilities		
Trade and other payables	8,387	N/A
Bank borrowings	465	N/A
Dividend payable	12,000	N/A
Tax payable	1,046	N/A
Total current liabilities	<u>21,898</u>	<u>N/A</u>
Total liabilities	<u>29,273</u>	<u>N/A</u>
TOTAL EQUITY AND LIABILITIES	<u>73,558</u>	<u>N/A</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM)	<u>0.23</u>	<u>N/A</u>

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2009

**CONDENSED CONSOLIDATED BALANCE SHEETS (CONT'D)
AS AT 30 NOVEMBER 2009**

Notes:

N/A *Not applicable*

- a) *The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 August 2009 in the Prospectus of the Company dated 27 January 2010 and the accompanying explanatory notes attached to this interim financial report.*
- b) *No comparative figures are available as this is the first interim financial report being announced by the Company in compliance with the Listing Requirements.*

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2009**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

<u>Group</u>	<u>Attributable To Equity Holders Of The Company</u>			
	<u>Share Capital</u>	<u>Non- Distributable</u>	<u>Distributable</u>	<u>Total Equity</u>
		<u>Share Premium</u>	<u>Retained Profits</u>	
	RM'000	RM'000	RM'000	RM'000
As at 31 August 2009	*	-	(12)	(12)
Issuance of ordinary shares pursuant to the Acquisition	36,179	-	184	36,363
Issuance of ordinary shares pursuant to Right Issue	2,021	-	-	2,021
Profit for the period	-	-	5,913	5,913
As at 30 November 2009	38,200	-	6,085	44,285

Notes:

- * *This represents issued and paid-up share capital of RM 2.00*
- a) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 August 2009 in the Prospectus of the Company dated 27 January 2010 and the accompanying explanatory notes attached to this interim financial report.*
- b) *No comparative figures are available as this is the first interim financial report being announced by the Company in compliance with the Listing Requirements.*

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
(UNAUDITED)**

	Current Year-To-Date 30-Nov-09 RM'000	Preceding Year Corresponding Period 30-Nov-08 RM'000
Profit before tax	6,388	N/A
Adjustment for non-cash flow:		
Non-cash items and non operating item	479	N/A
Operating profit before changes in working capital	<u>6,867</u>	<u>N/A</u>
Changes in working capital		
Net changes in current assets	(1,226)	N/A
Net changes in current liabilities	<u>(1,136)</u>	<u>N/A</u>
Cash From Operations	4,505	N/A
Interest paid	(71)	N/A
Interest received	42	
Tax paid	<u>(377)</u>	<u>N/A</u>
Net Cash Flows From Operating Activities	4,099	N/A
Investing Activities	(193)	N/A
Financing Activities	39	N/A
Net Changes in Cash and Cash Equivalents	<u>3,945</u>	<u>N/A</u>
Cash and Cash Equivalents at beginning of financial period	20,704	N/A
Effect of exchange differences	(8)	N/A
Cash and Cash Equivalents at end of financial period	<u>24,641</u>	<u>N/A</u>
Cash and Cash Equivalents in the consolidated cash flow statements comprise:		
Deposits, cash and bank balances	24,641	N/A
	<u>24,641</u>	<u>N/A</u>

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)(CONT'D)

Notes:

N/A *Not applicable*

- a) *The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 31 August 2009 in the Prospectus of the Company dated 27 January 2010 and the accompanying explanatory notes attached to this interim financial report.*
- b) *No comparative figures are available as this is the first interim financial report being announced by the Company in compliance with the Listing Requirements.*

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2009

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standards (FRS) 134: Interim Financial Reporting and Chapter 9, Appendix 9B of the Listing Requirements.

The interim financial report should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants’ Report for the financial year ended 31 August 2009 in the Prospectus of the Company dated 27 January 2010 and the accompanying explanatory notes attached to this interim financial report.

These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (“Group”) since the financial year ended 31 August 2009.

In conjunction with our listing on the Main Market of Bursa Securities, the Group’s financial statements have been adopted the merger accounting method.

2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted by the Group are consistent with the Proforma Consolidated Financial Information and the Accountants’ Report for the financial year ended 31 August 2009 in the Prospectus of the Company dated 27 January 2010.

3. 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 2009.

4. Seasonality or cyclicity of operations

There were no material seasonal or cyclical factors affecting the business operations of the Group in the current quarter.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period-to-date.

6. Material Changes in estimates

There were no material changes in estimates for the current period under review.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2009

7. Issuance or repayment of debts and equity securities

Save as disclosed below, there were no issuance, 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 for the current financial quarter under review:

- (a) Issuance of 72,358,950 new ordinary shares of RM 0.50 each in Homeritz Corporation Berhad ("Homeritz") at par as disclosed in Note 11 of Part A.
- (b) Subdivision of one (1) ordinary share of RM 0.50 each in Homeritz into five (5) ordinary shares of RM 0.10 each in Homeritz. After the aforesaid subdivision, a consolidation of two (2) ordinary shares of RM 0.10 each in Homeritz into one (1) ordinary share of RM 0.20 each in Homeritz is undertaken immediately (collectively known as "Subdivision and Consolidation").

The Subdivision and Consolidation were completed on 26 November 2009.

- (c) Rights issue of 10,102,615 new ordinary shares of RM 0.20 each in Homeritz at par to all shareholders of Homeritz after the Subdivision and Consolidation on the basis of approximately 0.0558 new ordinary shares for every existing 1 ordinary shares then held in Homeritz ("Rights Issue").

The Rights Issue was completed on 30 November 2009.

8. Dividends paid

There were no dividends paid by the Company during the current quarter under review.

9. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the financial year ended 31 August 2009.

10. Material Event Subsequent to End of the Current Financial Quarter

Save as disclosed under Note 8 of Part B below, there were no material events which have occurred from 1 December 2009 to the date of this announcement, which will substantially affect the results of the Group.

11. Changes in the composition of the Group

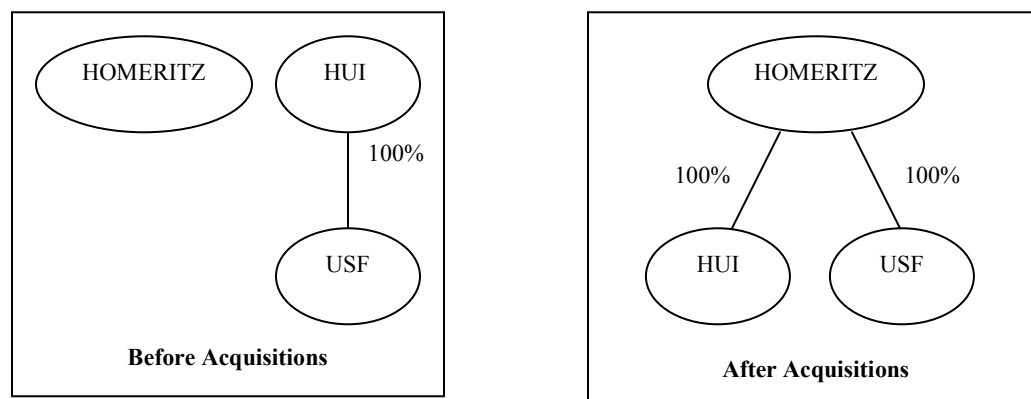
In conjunction with and as an integral part of the listing of and quotation for the enlarged issued and paid-up share capital on the Main Market of Bursa Securities, the Company undertook a listing scheme which involved, inter-alia, the following:-

Acquisition of the entire issued and paid-up share capital of Home Upholstery Industries Sdn. Bhd. ("HUI") comprising 450,000 ordinary shares of RM1.00 each for a total purchase consideration of RM36,179,475 to be satisfied by the issuance of 72,358,950 new ordinary shares of RM 0.50 each in Homeritz Corporation Berhad ("Homeritz") at par. After the aforesaid acquisition, Homeritz acquire from HUI 100% of issued and paid-up share capital of U.S. Furniture Manufacturing Sdn. Bhd. ("USF") comprising 50,002 ordinary shares of RM 1.00 each

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for a total cash consideration of RM1,012,324 (collectively known as the “Acquisitions” hereinafter).

The Acquisitions were completed on 15 September 2009. The corporate structure before and after the Acquisitions are depicted as follows:



12. Contingent liabilities and contingent assets

There were no changes in contingent liabilities or contingent assets of a material nature since the last financial statements of the Group for the financial year ended 31 August 2009.

13. Related Party Transactions

In the normal course of business, the Group and the Company undertake on agreed terms and prices, transaction with its related parties. The significant related party transactions occurred during the current financial quarter under review is as follows:

	Current Quarter 30-Nov-09 RM'000
Transaction with a company in which certain directors of the Company have interest:	
Sern Kou Furniture Industries Sdn. Bhd. ¹ - Sale of upholstered dining chairs.	60
V8 Trading Sdn. Bhd. ² - Transportation services.	1
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Note:

1. *Tay Puay Chuan, an Independent Non-Executive Director of Homeritz, is also an Independent Non-Executive Director of Sern Kou Resources Berhad, the holding company of Sern Kou Furniture Industries Sdn Bhd and S. K. Furniture Sdn Bhd.*
2. *One of the Directors of V8 Trading Sdn Bhd is a brother to Tee Hwee Ing, Executive Director of Homeritz.*

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14. Capital Commitments

The capital commitments of the Group as at 30 November 2009 are as follow:-

	RM'000
Property, plant and equipment	
Contracted but not provided for	90
	<u>90</u>

15. Segment information

The Group operates in a single industry in the business of design, manufacture and sale of upholstery furniture products predominantly in Malaysia. Accordingly, segmental information by industry and geographical segments has not been presented.

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B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of performance

For the three months ended 30 November 2009, the Group recorded a revenue and profit before tax of approximately RM30.7 million and RM6.4 million respectively.

2. Comparison with preceding quarter's results

No comparative figures are presented for the immediate preceding quarter as this is the first consolidated results of the Group being prepared by the Company.

3. Current year prospects

The Group will continue to remain focused in our core business of design, manufacture, and sale of upholstered home furniture which includes upholstered sofas, upholstered dining chairs and upholstered bed frames. The Group is continuing with the effort to develop new product, new design for existing product, derive better cost efficiencies and effective cost management across all functions. With our effort, the Board anticipates a satisfactory performance for the financial year ending 31 August 2010.

4. Variance on forecast profit/profit guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter under review or in its prospectus dated 27 January 2010

5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding	Current year	Preceding
	quarter	year	to date	year
	30-Nov-09	30-Nov-08	30-Nov-09	30-Nov-08
	RM'000	RM'000	RM'000	RM'000
Current period estimate	475	N/A	475	N/A

Notes:

N/A Not applicable

The effective tax rate was lower than the statutory tax rate principally due to the utilisation of certain tax incentives enjoyed by the Group.

6. Profit on sale of investments or properties

There was no sale of investments and properties for the current quarter and financial year-to-date.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2009**7. Purchases and sales of quoted securities**

There was no purchase or disposal of quoted securities by the Group during the current financial quarter and current financial year to-date under review.

8. Status of corporate proposals

(a) IPO

On 27 January 2010, the Company issued a prospectus for the public issue of up to 9,000,000 new Homeritz Shares at an issue price of RM0.65 per ordinary share payable in conjunction with its listing on the Main Market of Bursa Securities.

The entire enlarged issued and paid-up share capital of RM40,000,000-00 comprising of 200,000,000 ordinary shares of RM0.20 each of the Company is expected to be listed on the Main Market of Bursa Securities on 19 February 2010.

(b) Utilisation of proceeds

The gross proceeds from the Right Issue and Public Issue of approximately RM7.87 million shall be utilised in the following manner:

Details of the utilisation of proceeds	Proceeds (RM'000)	Estimated timeframe for utilisation from the date of Listing
Capital expenditure	5,720	Within 24 months
General working capital*	151	Within 3 - 24 months
Estimated listing expenses*	2,000	Within 3 - 24 months
	7,871	

**The amount allocated of RM2.0 million is based on the estimated cost for the Listing. If the actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital. Conversely, if the actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital.*

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2009**9. Group borrowings and debt securities**

The Group borrowings as at the end of the current quarter are as follow:

	Current Year Quarter 30/11/09 RM'000
Short term – secured	465
Long term – secured	<u>5,315</u>
	<u>5,780</u>

10. Off balance sheet 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.

As at 11 February, 2010 (being the latest practicable date which is not earlier than 7 days from the issuance date of the quarterly report), the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Amount in foreign currency ('000)	Notional Amount (RM'000)
Forward foreign exchange contracts:			
Within 1 year	USD	<u>2,648</u>	<u>9,050</u>

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the date of transactions unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used. All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken into the income statement.

The Group does not foresee any significant credit and market risks posed by the above off balance sheet financial instruments.

There is also no cash requirement risk as the Group uses fixed forward foreign exchange contracts as its hedging instrument.

11. Material litigation

There were no material litigations pending since the last annual balance sheet.

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12. Dividends

On 17 February 2010, the Company declared a first interim tax-exempt dividend of 6% equivalent to 1.2 sen per share in respect of financial year ending 31 August 2010, to be paid on 18 March 2010 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 8 March 2010.

13. 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.

	Current Year Quarter 30/11/2009	Preceding Year Corresponding Quarter 30/11/2008	Current Year To Date 30/11/2009	Preceding Year Corresponding Period 30/11/2008
Profit attributable to equity holders of the Company (RM'000)	5,913	N/A	5,913	N/A
Weighted average number of ordinary shares in issue ('000)	67,301	N/A	67,301	N/A
Basic earnings per share (sen)	8.79	N/A	8.79	N/A