

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.03.2021 Notes RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.03.2020 RM'000	(Unaudited) Current Year To Date 31.03.2021 RM'000	(Unaudited) Preceding Year To Date 31.03.2020 RM'000
Revenue	27,460	21,865	27,460	21,865
Operating expenses	(25,916)	(22,005)	(25,916)	(22,005)
Other income	834	912	834	912
Finance costs	(313)	(287)	(313)	(287)
Profit before tax	2,065	485	2,065	485
Income tax expense	(140)	(40)	(140)	(40)
Profit after tax	1,925	445	1,925	445
Other comprehensive income	-	-	-	-
Total comprehensive income	1,925	445	1,925	445
Profit after tax attributable to:				
- Owners of the Company	1,925	445	1,925	445
- Non-controlling interest	-	-	-	-
	1,925	445	1,925	445
Total comprehensive income attributable to:				
- Owners of the Company	1,925	445	1,925	445
- Non-controlling interest	-	-	-	-
	1,925	445	1,925	445
Attributable to equity holders of the Company:				
- Basic earnings per share (sen)	B11 0.39	0.09	0.39	0.09
- Diluted earnings per share (sen)	B11 0.35	0.09 ⁽²⁾	0.35	0.09 ⁽²⁾

Notes :

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) The potential conversion of warrants are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares. Accordingly, the exercise of warrants has been ignored in the calculation of dilutive earnings per share.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	(Unaudited) As At 31.03.2021 RM'000	(Audited) As At 31.12.2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	87,044	79,673
Right-of-use assets	4,286	3,943
Prepaid lease	6,790	6,790
	<u>98,120</u>	<u>90,406</u>
CURRENT ASSETS		
Inventories	38,551	32,929
Trade and other receivables	13,070	13,094
Current tax assets	2,018	1,945
Cash and cash equivalents	7,927	13,022
	<u>61,566</u>	<u>60,990</u>
TOTAL ASSETS	<u>159,686</u>	<u>151,396</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share Capital	51,953	51,953
Merger Deficit	(22,100)	(22,100)
Retained profits	56,727	54,802
TOTAL EQUITY	<u>86,580</u>	<u>84,655</u>
NON-CURRENT LIABILITIES		
Bank borrowings	28,188	21,650
Lease liabilities	976	1,084
Deferred tax liabilities	1,700	1,700
	<u>30,864</u>	<u>24,434</u>
CURRENT LIABILITIES		
Trade and other payables	24,762	26,635
Bank borrowings	17,054	15,202
Lease liabilities	426	470
	<u>42,242</u>	<u>42,307</u>
TOTAL LIABILITIES	<u>73,106</u>	<u>66,741</u>
TOTAL EQUITY AND LIABILITIES	<u>159,686</u>	<u>151,396</u>
Net assets per ordinary share (RM)	<u>0.17</u>	<u>0.17</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	<u>Non-distributable</u>		<u>Distributable</u>	
	Share capital	Merger deficit	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000
Unaudited				
Balance at 1 January 2020	51,953	(22,100)	48,547	78,400
Profit after tax and total comprehensive income for the financial period	-	-	445	445
Balance at 31 March 2020	<u>51,953</u>	<u>(22,100)</u>	<u>48,992</u>	<u>78,845</u>
Unaudited				
Balance at 1 January 2021	51,953	(22,100)	54,802	84,655
Profit after tax and total comprehensive income for the financial period	-	-	1,925	1,925
Balance at 31 March 2021	<u>51,953</u>	<u>(22,100)</u>	<u>56,727</u>	<u>86,580</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	(Unaudited) Current Year To Date 31.03.2021 RM'000	(Unaudited) Preceding Corresponding Year To Date 31.03.2020 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before tax	2,065	485
Adjustments for:		
Depreciation	1,001	928
Dividend income	-	(31)
Fair value loss on derivatives	-	180
Fire loss on inventory work-in-progress	-	370
(Gain)/Loss on disposal of right-of-use assets/property, plant and equipment	(72)	1
Property, plant and equipment written off	-	154
Unrealised (gain) on foreign exchange	(260)	(130)
Interest expenses	294	284
Interest income	(2)	(16)
Operating profit before working capital changes	<u>3,026</u>	<u>2,225</u>
Inventories	(5,622)	(1,141)
Trade and other receivables	291	450
Trade and other payables	(3,817)	1,446
CASH (FOR)/FROM OPERATIONS	<u>(6,122)</u>	<u>2,980</u>
Interest paid	(294)	(284)
Interest received	2	16
Tax paid	(213)	(172)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	<u>(6,627)</u>	<u>2,540</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Dividend received	-	31
Purchase of property, plant and equipment	(6,483)	(2,766)
Additions of right-of-use assets	(525)	(155)
Additions of prepaid lease	-	(2,110)
Proceeds from disposal of right-of-use assets/property, plant and equipment	172	2
NET CASH FOR INVESTING ACTIVITIES	<u>(6,836)</u>	<u>(4,998)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movements in trade bills	1,938	(788)
Drawdown of term loans	7,978	5,595
Repayment of term loans	(1,526)	(1,224)
Repayment of lease liabilities	(152)	(107)
NET CASH FROM FINANCING ACTIVITIES	<u>8,238</u>	<u>3,476</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,225)	1,018
EFFECT OF FOREIGN EXCHANGE TRANSLATION	130	93
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	13,022	15,382
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>7,927</u></u>	<u><u>16,493</u></u>
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
Short-term money market fund	-	3,586
Cash and bank balances	7,927	12,907
	<u><u>7,927</u></u>	<u><u>16,493</u></u>

Note:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

A1 Basis of Preparation

The interim financial report of Wegmans Holdings Berhad (“Wegmans” or “the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with MFRS 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

A2 Significant Accounting Policies

The significant accounting policies and presentation adopted for the interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2020, except for the adoption of the following during the current financial period:

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

Effective Date

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

The Group has not applied in advance any accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the financial year ending 31 December 2021.

A3 Auditors’ Report of Preceding Annual Financial Statements

The preceding year’s audited financial statements of the Group were not subject to any qualification.

A4 Seasonal or Cyclical Factors

Generally, the Group’s revenue for the first (1st) quarter is slightly lower than the rest of the quarters. This is attributable to the local festive seasons, namely Chinese New Year, which affects our delivery/production schedule. Save for the above, the Group does not experience any other material seasonality or cyclical effects in revenue.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current financial quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)

A6 Material Changes in Estimates

There were no material changes in estimates in the current financial quarter under review.

A7 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current financial quarter under review.

A8 Dividends Paid

There is no dividend paid in the current financial quarter under review.

A9 Segmental Reporting

The Group is principally involved in designing, manufacturing and sale of home furniture products.

No product and services segment information is presented as the Group’s revenue, profit or loss are mainly confined to a single operating segment, namely furniture manufacturing.

Segment assets is not presented, as all non-current assets are located in Malaysia.

Segment revenue is presented based on the geographical location of the customers.

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 31.03.2021 RM’000	(Unaudited) 31.03.2020 RM’000	(Unaudited) 31.03.2021 RM’000	(Unaudited) 31.03.2020 RM’000
Africa	-	197	-	197
Asia (excluding Malaysia)	3,489	5,737	3,489	5,737
Australasia	2,855	2,569	2,855	2,569
Europe	1,621	1,485	1,621	1,485
North America	19,452	11,332	19,452	11,332
South America	(3)	274	(3)	274
Malaysia	46	271	46	271
Total	27,460	21,865	27,460	21,865

A10 Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment in the current financial quarter under review.

A11 Capital Commitments

The material capital commitments of the Group at 31 March 2021 are as follows:

Contracted but not provided for	RM’000
Purchase of property, plant and equipment	10,015
Additions to prepaid lease	1,688

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**

A12 Material Subsequent Events

On 24 December 2020, the Company entered into a conditional share sale agreement with BS Value Sdn. Bhd. and Kek Wee Beng to acquire 900,000 ordinary shares of Wison Screw Industries Sdn. Bhd. (“WSI”), representing 90% of the total number of shares in WSI for a total purchase consideration of RM16.20 million to be fully satisfied by the combination of 50,030,800 new ordinary shares of the Company (“Wegmans Shares”) to be issued at an issue price of RM0.3238 per Wegmans Share and cash of approximately RM27 (“the Acquisition”).

The Acquisition was completed and the 50,030,800 Wegmans Shares issued as consideration for the Acquisition were listed and quoted on the Bursa Securities on 5 April 2021.

Save as disclosed above, there were no other material events subsequent to the end of the current financial period that have not been reflected in the interim financial reports for the said period as at the date of this report.

A13 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A14 Contingent Assets or Contingent Liabilities

There were no contingent assets and contingent liabilities at the date of this interim financial report.

A15 Significant Related Party Transactions

There were no related party transactions in the current financial quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

PART B - ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Group Performance Review

The table below illustrates the performance for the current financial quarter and current financial period against the preceding year corresponding quarter and the preceding corresponding financial period:

	Individual Quarter (1 st quarter)				Cumulative Quarter (1 st quarter)			
	Current financial quarter ended 31.03.2021	Preceding year corresponding quarter ended 31.03.2020	Changes		Current financial period ended 31.03.2021	Preceding corresponding financial period ended 31.03.2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	27,460	21,865	5,595	25.59	27,460	21,865	5,595	25.59
Profit Before Tax	2,065	485	1,580	325.77	2,065	485	1,580	325.77

The Group's revenue for the current financial quarter ended 31 March 2021 has increased by RM5.60 million or 25.59% to approximately RM27.46 million as compared to approximately RM21.87 million in the preceding year corresponding quarter ended 31 March 2020.

The higher revenue was mainly attributed to higher sales volume from North America.

The Group registered a profit before tax of approximately RM2.07 million for the current financial quarter ended 31 March 2021 as compared to profit before tax of approximately RM0.49 million for the preceding year corresponding quarter ended 31 March 2020.

The improvement in profit before tax was mainly attributed to higher revenue generated.

B2 Comparison with Immediate Preceding Quarter Results

For the current financial quarter ended 31 March 2021, the Group's revenue has decreased by RM13.68 million or 33.25% to approximately RM27.46 million as compared to approximately RM41.14 million in the preceding financial quarter ended 31 December 2020. The lower revenue was mainly affected by production halt for one affected premise from 23 February 2021 to 11 March 2021, followed by a voluntarily COVID-19 full screening where certain employees were tested positive.

The Group registered a profit before tax of approximately RM2.07 million for the current financial quarter ended 31 March 2021 as compared to approximately RM5.85 million for the preceding financial quarter ended 31 December 2020. The lower profit before tax was mainly due to the production halt for one affected premise from 23 February 2021 to 11 March 2021. This had resulted in a substantial drop in the number of production days during the current financial quarter under review. The lower production level against the relatively fixed labour costs and factory overhead costs, coupled with the incidental costs for the COVID-19 full screening had resulted in a significantly lower profit before tax for the current financial quarter.

PART B - ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3 Prospects for the Current Financial Year

The Group is principally involved in the design, manufacture and sale of home furniture products, where it operates in 4 principal geographical areas (i.e. Asia, North and South America, Australasia and Europe). The furniture industries the Group operates in are highly sensitive to macroeconomic factors particularly the general economy and uncertainties surrounding the future economic prospects of the countries it exports to.

In view of the weak market sentiments following the outbreak of COVID-19, the Group will endeavour to increase its product range and designs in addition to identifying export markets which will face a greater economic recovery rate from COVID-19. This will help the Group to expand and diversify its customer base in order to enhance its resilience to face any future crisis.

The Group believes that 2021 will be a challenging year. However, the Group has identified a window of opportunity where we can capitalise on. Our target export market is North America especially the United States of America where the demand remains healthy despite the pandemic.

In addition, the Board will continue to monitor the status and progress of COVID-19 and will regularly review the performance and progress of the Group's operations and financial performance as well as introduce measures to minimise its operating costs, if required. The Board expects that the Group's prospects for the financial year ending 31 December 2021 to be challenging but satisfactory.

B4 Variance of Actual Profit from Profit Forecast and Profit Guarantee

The Company did not issue any profit forecast or profit guarantee in the current financial quarter under review.

B5 Income tax expense

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 31.03.2021 RM'000	(Unaudited) 31.03.2020 RM'000	(Unaudited) 31.03.2021 RM'000	(Unaudited) 31.03.2020 RM'000
Current tax expense	<u>140</u>	<u>40</u>	<u>140</u>	<u>40</u>

B6 Status of Corporate Proposals

On 27 February 2019, Wegmans Woodwork Sdn. Bhd., a wholly-owned subsidiary of the Company entered into 4 Sale and Purchase Agreements to acquire 4 pieces of leasehold land measuring a total of approximately 12.11 acres all held under Master Title known as H.S.(D) 38459, PTD 13399, H.S(D) 38460, PTD 13400, Geran 50191, Lot 8531, situated in the Mukim of Jalan Bakri, District of Muar, Johor Darul Takzim in respect of which titles have yet to be issued for a total purchase consideration of RM8.44 million.

Save as disclosed above, there were no other corporate proposals announced but not completed at the date of this report.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

PART B - ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7 Group Borrowings and Debt Securities

Total Group's borrowings (all of which are secured against the Group's assets) are as follows:

	(Unaudited) As at 31.03.2021 RM'000	(Unaudited) As at 31.03.2020 RM'000
Non-current:		
Lease liabilities	976	900
Term loans	28,188	21,392
	<u>29,164</u>	<u>22,292</u>
Current:		
Trade bills	11,654	1,711
Lease liabilities	426	290
Term loans	5,400	4,584
	<u>17,480</u>	<u>6,585</u>
Total borrowings	<u>46,644</u>	<u>28,877</u>

All the above borrowings are denominated in Ringgit Malaysia.

B8 Derivatives

Details of outstanding derivatives are as follows:

	(Unaudited) As at 31.03.2021		(Unaudited) As at 31.03.2020	
	Contract/ Notional Amount RM'000	Carrying Amount RM'000	Contract/ Notional Amount RM'000	Carrying Amount RM'000
Forward currency contracts				
Less than one year	<u>-</u>	<u>-</u>	<u>8,870</u>	<u>180</u>

The Group uses forward currency contracts to manage some of its transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2021

PART B - ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B9 Fair Value Changes of Financial Liabilities

The Group has recognised the following loss arising from fair value changes on derivatives:

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 31.03.2021 RM'000	(Unaudited) 31.03.2020 RM'000	(Unaudited) 31.03.2021 RM'000	(Unaudited) 31.03.2020 RM'000
Fair value loss on derivatives ⁽¹⁾	-	180	-	180

Note:

- (1) The fair value changes were attributed to changes in the foreign exchange spot and forward rates.

Saved as disclosed above, the Group does not have any financial assets or liabilities that are measured at fair value for the current financial quarter ended 31 March 2021.

B10 Material Litigation

As at the date of this report, there were no pending material litigations.

B11 Earnings Per Share

The basic and diluted earnings per share for the current financial quarter and current financial year to date are computed as follows:

	Individual Quarter		Cumulative Quarter	
	(Unaudited) 31.03.2021	(Unaudited) 31.03.2020	(Unaudited) 31.03.2021	(Unaudited) 31.03.2020
Profit after tax attributable to owners of the Company (RM'000)	1,925	445	1,925	445
Weighted average number of ordinary shares in issue ('000)	500,000	500,000	500,000	500,000
Basic earnings per share (sen)	0.39	0.09	0.39	0.09
Profit after tax attributable to owners of the Company (RM'000)	1,925	445	1,925	445
Weighted average number of ordinary shares for diluted earnings per ordinary share computation ('000)	544,442	500,000	544,442	500,000
Diluted earnings per share (sen)	0.35	0.09 ⁽¹⁾	0.35	0.09 ⁽¹⁾

Note:

- (1) The potential conversion of warrants are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares. Accordingly, the exercise of warrants has been ignored in the calculation of dilutive earnings per share.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED
31 MARCH 2021

**PART B - ADDITIONAL INFORMATION REQUIRE BY THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD (CONT'D)**

B12 Notes to the Statement of Comprehensive Income

Profit before tax is arrived at after charging/(crediting):

	(Unaudited) Current Year Quarter 31.03.2021 RM'000	(Unaudited) Current Year To Date 31.03.2021 RM'000
Interest income	(2)	(2)
(Gain) on disposal of rights-of-use assets/property, plant and equipment	(72)	(72)
(Gain) on foreign exchange	(637)	(637)
Depreciation	1,001	1,001
Interest expenses	294	294

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements are not applicable.

B13 Proposed Dividends

The Board of Directors does not recommend any dividend for the current financial quarter under review.

BY ORDER OF THE BOARD

**TAN HUI KHIM (LS 0009936)
NG MEI WAN (MIA 28862)
COMPANY SECRETARIES**

**JOHOR
31 May 2021**