

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Year Quarter 31.03.2022	Preceding Year Corresponding Quarter 31.03.2021	Current Year To Date 31.03.2022	Preceding Corresponding Year To Date 31.03.2021
Notes	RM'000	RM'000	RM'000	RM'000
Revenue	36,093	27,460	36,093	27,460
Operating expenses	(30,997)	(25,916)	(30,997)	(25,916)
Other income	522	834	522	834
Finance costs	(494)	(313)	(494)	(313)
Profit before tax	5,124	2,065	5,124	2,065
Income tax expense	(750)	(140)	(750)	(140)
Profit after tax	4,374	1,925	4,374	1,925
Other comprehensive income	-	-	-	-
Total comprehensive income	4,374	1,925	4,374	1,925
Profit after tax attributable to:				
- Owners of the Company	4,291	1,925	4,291	1,925
- Non-controlling interests	83	-	83	-
	4,374	1,925	4,374	1,925
Total comprehensive income attributable to:				
- Owners of the Company	4,291	1,925	4,291	1,925
- Non-controlling interests	83	-	83	-
	4,374	1,925	4,374	1,925
Attributable to equity holders of the Company:				
- Basic earnings per share (sen)	B10	0.78	0.39	0.78
- Diluted earnings per share (sen)	B10	0.78 ⁽²⁾	0.35	0.78 ⁽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 2021 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 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	(Unaudited) As At 31.03.2022 RM'000	(Audited) As At 31.12.2021 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	101,347	99,825
Right-of-use assets	4,409	4,706
Prepaid lease	6,790	6,790
Goodwill	6,835	6,835
	<u>119,381</u>	<u>118,156</u>
CURRENT ASSETS		
Inventories	47,902	47,752
Trade and other receivables	17,759	17,085
Current tax assets	622	2,180
Cash and bank balances	10,540	9,735
	<u>76,823</u>	<u>76,752</u>
TOTAL ASSETS	<u>196,204</u>	<u>194,908</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	68,154	68,154
Merger Deficit	(22,100)	(22,100)
Retained profits	62,470	58,179
Equity Attributable To Owners Of The Company	108,524	104,233
Non-controlling interests	1,367	1,284
TOTAL EQUITY	<u>109,891</u>	<u>105,517</u>
NON-CURRENT LIABILITIES		
Bank borrowings	37,732	37,114
Lease liabilities	1,381	1,497
Deferred tax liabilities	2,860	2,710
	<u>41,973</u>	<u>41,321</u>
CURRENT LIABILITIES		
Trade and other payables	19,866	22,762
Bank borrowings	23,512	24,421
Lease liabilities	754	750
Tax payable	208	137
	<u>44,340</u>	<u>48,070</u>
TOTAL LIABILITIES	<u>86,313</u>	<u>89,391</u>
TOTAL EQUITY AND LIABILITIES	<u>196,204</u>	<u>194,908</u>
Net assets per ordinary share (RM)	<u>0.20</u>	<u>0.19</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 2021 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Attributable to owners of the Parent			Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable			
	Share capital RM'000	Merger deficit RM'000	Retained profits RM'000			
Unaudited						
Balance at 1 January 2021	51,953	(22,100)	54,802	84,655	-	84,655
Profit after tax and total comprehensive income for the financial year	-	-	1,925	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>	<u>-</u>	<u>86,580</u>
Unaudited						
Balance at 1 January 2022	68,154	(22,100)	58,179	104,233	1,284	105,517
Profit after tax and total comprehensive income for the financial year	-	-	4,291	4,291	83	4,374
Balance at 31 March 2022	<u>68,154</u>	<u>(22,100)</u>	<u>62,470</u>	<u>108,524</u>	<u>1,367</u>	<u>109,891</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 2021 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	(Unaudited) Current Year To Date 31.03.2022 RM'000	(Unaudited) Preceding Corresponding Year To Date 31.03.2021 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before tax	5,124	2,065
Adjustments for:		
Depreciation	1,345	1,001
Gain on disposal of property, plant and equipment, and right-of-use assets	(18)	(72)
Unrealised gain on foreign exchange	(123)	(260)
Interest expenses	494	294
Interest income	(8)	(2)
Operating profit before working capital changes	<u>6,814</u>	<u>3,026</u>
Inventories	(150)	(5,622)
Trade and other receivables	(535)	291
Trade and other payables	(2,394)	(3,817)
CASH FROM/(FOR) OPERATIONS	<u>3,735</u>	<u>(6,122)</u>
Interest paid	(494)	(294)
Interest received	8	2
Tax refund/(paid)	1,029	(213)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	<u>4,278</u>	<u>(6,627)</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, and right-of-use assets	(3,025)	(7,008)
Proceeds from disposal of property, plant and equipment, and right-of-use assets	18	172
NET CASH FOR INVESTING ACTIVITIES	<u>(3,007)</u>	<u>(6,836)</u>
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Net movements in bank borrowings	(291)	8,390
Repayment of lease liabilities	(191)	(152)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	<u>(482)</u>	<u>8,238</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	789	(5,225)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	16	130
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	9,735	13,022
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>10,540</u>	<u>7,927</u>
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
Cash and bank balances	10,540	7,927
	<u>10,540</u>	<u>7,927</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 2021 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 2021 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 2021, 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 3: Reference to the Conceptual Framework	1 January 2022
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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 2022.

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

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

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.

A6 Material Changes in Estimates

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

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 organised into 2 main reportable segments as follows:

	Revenue		Profit before tax	
	Cumulative Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM’000	RM’000	RM’000	RM’000
Furniture manufacturing segment	31,009	27,460	4,103	2,221
Hardware manufacturing segment	5,472	N/A	1,127	N/A
Others segment	-	-	(106)	(156)
Consolidation adjustments	(388)	-	-	-
Total	36,093	27,460	5,124	2,065

Segmental information on non-current assets is not presented, as all assets are located in Malaysia.

Segmental revenue is presented based on the geographical region as follows:

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM’000	RM’000	RM’000	RM’000
Africa	58	-	58	-
Asia (excluding Malaysia)	3,712	3,489	3,712	3,489
Australasia	2,864	2,855	2,864	2,855
Europe	3,354	1,621	3,354	1,621
North America	20,637	19,452	20,637	19,452
South America	(10)	(3)	(10)	(3)
Malaysia	5,478	46	5,478	46
Total	36,093	27,460	36,093	27,460

N/A – Not applicable

A10 Valuation of Property, Plant and Equipment

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

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

A11 Capital Commitments

The material capital commitments of the Group at 31 March 2022 are as follows:

Contracted but not provided for	RM’000
Purchase of property, plant and equipment	485
Additions to prepaid lease	1,688

A12 Material Subsequent Events

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 other 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 significant related party transactions in the current financial quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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		Changes %	Cumulative Quarter		Changes %
	(Unaudited) 31.03.2022 RM'000	(Unaudited) 31.03.2021 RM'000		(Unaudited) 31.03.2022 RM'000	(Unaudited) 31.03.2021 RM'000	
Revenue						
Furniture manufacturing segment	31,009	27,460	12.92	31,009	27,460	12.92
Hardware manufacturing segment	5,084	N/A	N/A	5,084	N/A	N/A
Total	36,093	27,460	31.44	36,093	27,460	31.44
Profit before tax						
Furniture manufacturing segment	4,103	2,221	84.74	4,103	2,221	84.74
Hardware manufacturing segment	1,127	N/A	N/A	1,127	N/A	N/A
Others segment	(106)	(156)	32.05	(106)	(156)	32.05
Total	5,124	2,065	148.14	5,124	2,065	148.14

The Group's revenue for the current financial quarter ended 31 March 2022 has increased by RM8.63 million or 31.44% to approximately RM36.09 million as compared to approximately RM27.46 million in the preceding year corresponding quarter ended 31 March 2021.

The higher revenue was mainly attributed to the higher sales volume from North America and sales volume contributed by a subsidiary, Wison Screw Industries Sdn. Bhd. which the Company had completed the acquisition on 5 April 2021.

The Group registered a profit before tax of approximately RM5.12 million for the current financial quarter ended 31 March 2022 as compared to profit before tax of approximately RM2.07 million for the preceding year corresponding quarter ended 31 March 2021.

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

N/A – Not applicable

B2 Comparison with Immediate Preceding Quarter Results

For the current financial quarter ended 31 March 2022, the Group's revenue has increased by RM4.81 million or 15.37% to approximately RM36.09 million as compared to approximately RM31.29 million in the preceding financial quarter ended 31 December 2021. The higher revenue was mainly attributed to higher sales volume from North America as compared to the preceding financial quarter.

The Group registered a profit before tax of approximately RM5.12 million for the current financial quarter ended 31 March 2022 as compared to profit before tax of approximately RM2.99 million for the preceding financial quarter ended 31 December 2021. The higher profit before tax was mainly attributed to the higher revenue generated.

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

B3 Prospects for the Current Financial Year

The Board anticipates a gradual recovery of the Malaysian economy, manufacturing industry and furniture industry, supported by the nationwide COVID-19 vaccination programme. Nevertheless, the Board takes cognisance that the effects of COVID-19 pandemic are still prevalent in the Malaysian economy as well as the manufacturing and furniture industry. A resurgence of COVID-19 cases and/or the emergence of new COVID-19 variants may adversely impact the Group's operations and financial position arising from potential delay in the restoration of disrupted supply chains and shipments in respect of major raw materials and deliveries of orders as well as movement restrictions and business closures enforced by the Malaysian Government.

In view of the potential impact of COVID-19, the Group will endeavour to increase its product range and designs in addition to identifying export markets which are expected to face a greater economic recovery rate from COVID-19 in order to expand and diversify its customer base and become more resilient towards any future crisis.

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 2022 to improve amidst a challenging business environment.

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)	(Unaudited)	(Unaudited)	(Unaudited)
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
-Current financial period	600	140	600	140
Deferred tax expense:				
-Origination of temporary differences	150	-	150	-
Total income tax expense	750	140	750	140

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

B6 Status of Corporate Proposals

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

- (a) 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.
- (b) On 2 March 2022, the Company proposed to undertake a bonus issue of up to 168,757,699 free warrants ("Warrants C") on the basis of one (1) Warrant C for every four (4) existing ordinary shares in the Company ("Proposed Bonus Warrants").

Bursa Securities had approved the admission of the Warrants C to the Main Market of Bursa Securities, vide its letter dated 17 March 2022.

The listing and quotation of the Warrants C pursuant to the Proposed Bonus Warrants was completed and listed on the Main Market of Bursa Securities on 13 May 2022.

B7 Group Borrowings and Debt Securities

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

	Denominated in currency	(Unaudited) As at 31.03.2022 RM'000	(Unaudited) As at 31.03.2021 RM'000
Non-current:			
Lease liabilities	RM	1,381	976
Term loans	RM	37,732	28,188
		39,113	29,164
Current:			
Trade bills	RM	13,258	11,654
Trade bills	USD	2,248	-
Lease liabilities	RM	754	426
Term loans	RM	8,006	5,400
		24,226	17,480
Total borrowings		63,379	46,644

B8 Derivatives

There are no outstanding derivatives as at 31 March 2022 and 2021.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022

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

B9 Material Litigation

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

B10 Earnings Per Share

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

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Profit after tax attributable to owners of the Company (RM'000)	4,291	1,925	4,291	1,925
Weighted average number of ordinary shares in issue ('000)	550,034	500,000	550,034	500,000
Basic earnings per share (sen)	0.78	0.39	0.78	0.39
Profit after tax attributable to owners of the Company (RM'000)	4,291	1,925	4,291	1,925
Weighted average number of ordinary shares for diluted earnings per ordinary share computation ('000)	550,034	544,442	550,034	544,442
Diluted earnings per share (sen)	0.78 ⁽¹⁾	0.35	0.78 ⁽¹⁾	0.35

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.

B11 Notes to the Statement of Comprehensive Income

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

	(Unaudited)	(Unaudited)
	Current Year	Current Year
	Quarter	To Date
	31.03.2022	31.03.2022
	RM'000	RM'000
Interest income	(8)	(8)
Gain on disposal of property, plant and equipment	(18)	(18)
Gain on foreign exchange	(403)	(403)
Depreciation	1,345	1,345
Interest expenses	494	494

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

WEGMANS HOLDINGS BERHAD (Registration No. : 201701005154 (1219319-D))

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED
31 MARCH 2022**

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

B12 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 (SSM Practicing Certificate No.: 201908000859) (LS 0009936)
NG MEI WAN (SSM Practicing Certificate No.: 201908000801) (MIA 28862)
COMPANY SECRETARIES**

**JOHOR
26 May 2022**