

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.09.2022 Notes RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2021 RM'000	(Unaudited) Current Year To Date 30.09.2022 RM'000	(Unaudited) Preceding Corresponding Year To Date 30.09.2021 RM'000
Revenue	37,875	8,463	115,514	62,702
Operating expenses	(31,612)	(10,130)	(98,447)	(60,916)
Other income	1,410	159	3,364	1,496
Finance costs	(497)	(356)	(1,446)	(1,109)
Profit/(Loss) before tax	<u>7,176</u>	<u>(1,864)</u>	<u>18,985</u>	<u>2,173</u>
Income tax expense	(556)	(50)	(1,856)	(480)
Profit/(Loss) after tax	<u>6,620</u>	<u>(1,914)</u>	<u>17,129</u>	<u>1,693</u>
Other comprehensive income	-	-	-	-
Total comprehensive income/(expenses)	<u>6,620</u>	<u>(1,914)</u>	<u>17,129</u>	<u>1,693</u>
Profit/(Loss) after tax attributable to:				
- Owners of the Company	6,578	(1,949)	16,951	1,569
- Non-controlling interests	42	35	178	124
	<u>6,620</u>	<u>(1,914)</u>	<u>17,129</u>	<u>1,693</u>
Total comprehensive income/(expenses) attributable to:				
- Owners of the Company	6,578	(1,949)	16,951	1,569
- Non-controlling interests	42	35	178	124
	<u>6,620</u>	<u>(1,914)</u>	<u>17,129</u>	<u>1,693</u>
Attributable to equity holders of the Company:				
- Basic earnings/(loss) per share (sen)	B10 1.20	(0.35)	3.08	0.29
- Diluted earnings/(loss) per share (sen)	B10 1.20 ⁽²⁾	(0.35)	3.08 ⁽²⁾	0.28

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	(Unaudited) As At 30.09.2022 RM'000	(Audited) As At 31.12.2021 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	100,692	99,825
Right-of-use assets	4,091	4,706
Prepaid lease	6,790	6,790
Goodwill	6,835	6,835
	<u>118,408</u>	<u>118,156</u>
CURRENT ASSETS		
Inventories	38,563	47,752
Trade and other receivables	24,709	17,085
Current tax assets	508	2,180
Cash and bank balances	10,432	9,735
	<u>74,212</u>	<u>76,752</u>
TOTAL ASSETS	<u>192,620</u>	<u>194,908</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	68,154	68,154
Merger Deficit	(22,100)	(22,100)
Retained profits	72,380	58,179
Equity Attributable To Owners Of The Company	118,434	104,233
Non-controlling interests	1,462	1,284
TOTAL EQUITY	<u>119,896</u>	<u>105,517</u>
NON-CURRENT LIABILITIES		
Bank borrowings	34,139	37,114
Lease liabilities	1,027	1,497
Deferred tax liabilities	3,510	2,710
	<u>38,676</u>	<u>41,321</u>
CURRENT LIABILITIES		
Trade and other payables	18,827	22,762
Bank borrowings	14,456	24,421
Lease liabilities	728	750
Tax payable	37	137
	<u>34,048</u>	<u>48,070</u>
TOTAL LIABILITIES	<u>72,724</u>	<u>89,391</u>
TOTAL EQUITY AND LIABILITIES	<u>192,620</u>	<u>194,908</u>
Net assets per ordinary share (RM)	<u>0.22</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.

INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022

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
Contributions by and distributions to owners of the Company:						
- Issuance of shares for the acquisition of a subsidiary	16,200	-	-	16,200	-	16,200
- Issuance of shares upon warrants exercised	1	-	-	1	-	1
Acquisition of a subsidiary	-	-	-	-	1,041	1,041
Profit after tax and total comprehensive income for the financial period	-	-	1,569	1,569	124	1,693
Balance at 30 September 2021	68,154	(22,100)	56,371	102,425	1,165	103,590
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 period	-	-	16,951	16,951	178	17,129
Contributions by and distributions to owners of the Company:						
- Dividend	-	-	(2,750)	(2,750)	-	(2,750)
Balance at 30 September 2022	68,154	(22,100)	72,380	118,434	1,462	119,896

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 30.09.2022 RM'000	(Unaudited) Preceding Corresponding Year To Date 30.09.2021 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before tax	18,985	2,173
Adjustments for:		
Depreciation	4,033	3,525
Gain on disposal of property, plant and equipment	(18)	(114)
Unrealised gain on foreign exchange	(701)	(123)
Interest expenses	1,445	1,063
Interest income	(46)	(18)
Operating profit before working capital changes	<u>23,698</u>	<u>6,506</u>
Inventories	9,189	(3,777)
Trade and other receivables	(6,870)	5,628
Trade and other payables	(3,352)	(9,111)
CASH FROM/(FOR) OPERATIONS	<u>22,665</u>	<u>(754)</u>
Interest paid	(1,445)	(1,063)
Interest received	46	18
Tax refund/(paid)	516	(784)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	<u>21,782</u>	<u>(2,583)</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, and right-of-use assets	(4,998)	(13,032)
Proceeds from disposal of property, plant and equipment	18	314
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	3,600
NET CASH FOR INVESTING ACTIVITIES	<u>(4,980)</u>	<u>(9,118)</u>
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividend paid	(2,750)	-
Net movements in bank borrowings	(12,940)	10,750
Repayment of lease liabilities	(571)	(522)
Proceeds from issuance of shares upon warrants exercised	-	1
NET CASH (FOR)/FROM FINANCING ACTIVITIES	<u>(16,261)</u>	<u>10,229</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	541	(1,472)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	156	74
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>10,432</u>	<u>11,624</u>
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
Cash and bank balances	10,432	11,624
	<u>10,432</u>	<u>11,624</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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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

An interim single tier dividend of 0.50 sen per ordinary share in respect of financial year ending 31 December 2022 was declared by the Board of Directors on 24 August 2022. The dividend was subsequently paid on 19 September 2022 to all holders of ordinary shares whose names appear in Record of Depositors at the close of business on 12 September 2022.

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)
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Furniture manufacturing segment	102,207	55,161	17,098	1,125
Hardware manufacturing segment	14,248	7,923	2,331	1,519
Others segment	-	-	(444)	(471)
Consolidation adjustments	(941)	(382)	-	-
Total	115,514	62,702	18,985	2,173

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)
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Africa	116	-	174	139
Asia (excluding Malaysia)	2,937	719	10,628	6,765
Australasia	2,343	189	8,107	5,064
Europe	2,830	163	7,555	3,810
North America	25,308	4,380	73,814	38,892
South America	92	-	796	212
Malaysia	4,249	3,012	14,440	7,820
Total	37,875	8,463	115,514	62,702

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 30 September 2022 are as follows:

Contracted but not provided for	RM’000
Purchase of property, plant and equipment	1,283
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 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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) 30.09.2022 RM'000	(Unaudited) 30.09.2021 RM'000		(Unaudited) 30.09.2022 RM'000	(Unaudited) 30.09.2021 RM'000	
Revenue						
Furniture manufacturing segment	34,072	5,429	527.59	102,207	55,161	85.29
Hardware manufacturing segment	3,803	3,034	25.35	13,307	7,541	76.46
Total	37,875	8,463	347.54	115,514	62,702	84.23
Profit/(Loss) before tax						
Furniture manufacturing segment	6,810	(2,206)	408.70	17,098	1,125	1,419.82
Hardware manufacturing segment	477	401	18.95	2,331	1,519	53.46
Others segment	(111)	(59)	88.14	(444)	(471)	(5.73)
Total	7,176	(1,864)	484.98	18,985	2,173	773.68

The Group's revenue for the current financial quarter ended 30 September 2022 has increased by RM 29.41 million or 347.54% to approximately RM 37.88 million as compared to approximately RM 8.46 million in the preceding year corresponding quarter ended 30 September 2021.

For the financial period ended 30 September 2022, the Group's revenue has increased by RM 52.81 million or 84.23% to approximately RM 115.51 million as compared to approximately RM 62.70 million in the preceding corresponding financial period ended 30 September 2021.

The higher revenue was mainly attributed to the higher sales volume from North America while during these period the Group's operations were not restricted by Movement Control Order 3.0; whereas in the preceding corresponding financial period ended 30 September 2021, the Group's operations were suspended for 3 1/2 months from 1 June 2021, of which 2 1/2 months relate to the preceding year corresponding quarter ended 30 September 2021.

The Group registered a profit before tax of approximately RM 7.18 million for the current financial quarter ended 30 September 2022 as compared to loss before tax of approximately RM1.86 million for the preceding year corresponding quarter ended 30 September 2021.

For the current financial period ended 30 September 2022, the Group registered a profit before tax of approximately RM 18.99 million as compared to profit before tax of approximately RM 2.17 million for the preceding corresponding financial period ended 30 September 2021.

The higher profit before tax was mainly attributed to the higher revenue generated and strengthening of United States Dollar ("USD") against the RM whereby a majority of the Group's revenue are denominated in USD.

B2 Comparison with Immediate Preceding Quarter Results

For the current financial quarter ended 30 September 2022, the Group's revenue has decreased by RM3.67 million or 8.84% to approximately RM 37.88 million as compared to approximately RM41.55 million in the preceding financial quarter ended 30 June 2022. The lower revenue was mainly due to lower sales volume from North America.

Despite decrease in revenue, the Group registered a profit before tax of approximately RM 7.18 million for the current financial quarter ended 30 September 2022 as compared to profit before tax of approximately RM6.69 million for the preceding financial quarter ended 30 June 2022. The improvement in profit before tax was mainly attributed to the strengthening of USD against the RM.

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 operating in global economic uncertainties as well as facing increases in its production costs, and fluctuation in foreign exchange rates. The worsened global economic outlook, aggressive interest rate increases by major central banks to combat inflationary pressures, ongoing geopolitical tensions together with labour supply restrictions and increase in wages will continue to put pressure on our operating costs. Notwithstanding this, the strengthening of USD against RM is expected to cushion the negative impact as majority of the Group's revenue are denominated in USD.

In view of the above, the Board will regularly review the performance and progress of the Group's operations and financial performance as well as introduce measures to minimise our operating costs.

The Board expects that the Group's operations for the financial year ending 31 December 2022 to remain profitable 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)
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
-Current financial period	500	50	1,400	480
-(Overprovision) in previous financial year	(344)	-	(344)	-
Deferred tax expense:				
-Origination of temporary differences	400	-	800	-
Total income tax expense	556	50	1,856	480

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.

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

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 30.09.2022 RM'000	(Unaudited) As at 30.09.2021 RM'000
Non-current:			
Lease liabilities	RM	1,027	1,626
Term loans	RM	34,139	35,473
		35,166	37,099
Current:			
Trade bills	RM	6,686	12,775
Lease liabilities	RM	728	745
Term loans	RM	7,770	6,522
		15,184	20,042
Total borrowings		50,350	57,141

B8 Derivatives

There are no outstanding derivatives as at 30 September 2022 and 2021.

B9 Material Litigation

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022

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

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) 30.09.2022	(Unaudited) 30.09.2021	(Unaudited) 30.09.2022	(Unaudited) 30.09.2021
Profit/(loss) after tax attributable to owners of the Company (RM'000)	6,578	(1,949)	16,951	1,569
Weighted average number of ordinary shares in issue ('000)	550,034	550,034	550,034	533,539
Basic earnings/(loss) per share (sen)	1.20	(0.35)	3.08	0.29
Profit/(loss) after tax attributable to owners of the Company (RM'000)	6,578	(1,949)	16,951	1,569
Weighted average number of ordinary shares for diluted earnings per ordinary share computation ('000)	550,034	560,089	550,034	561,399
Diluted earnings/(loss) per share (sen)	1.20 ⁽¹⁾	(0.35)	3.08 ⁽¹⁾	0.28

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) Current Year Quarter 30.09.2022 RM'000	(Unaudited) Current Year To Date 30.09.2022 RM'000
Interest income	(26)	(46)
Gain on disposal of property, plant and equipment	-	(18)
Gain on foreign exchange	(1,273)	(3,014)
Depreciation	1,346	4,033
Interest expenses	496	1,445

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 THIRD (3RD) QUARTER ENDED
30 SEPTEMBER 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
24 November 2022**