

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.06.2023 Notes RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.06.2022 RM'000	(Unaudited) Current Year To Date 30.06.2023 RM'000	(Unaudited) Preceding Year To Date 30.06.2022 RM'000
Revenue	29,686	41,546	52,734	77,639
Operating expenses	(26,154)	(35,838)	(48,952)	(66,835)
Other income	1,586	1,432	2,092	1,954
Finance costs	(506)	(455)	(1,014)	(949)
Profit before tax	<u>4,612</u>	<u>6,685</u>	<u>4,860</u>	<u>11,809</u>
Income tax expense	(960)	(550)	(1,030)	(1,300)
Profit after tax	<u>3,652</u>	<u>6,135</u>	<u>3,830</u>	<u>10,509</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u><u>3,652</u></u>	<u><u>6,135</u></u>	<u><u>3,830</u></u>	<u><u>10,509</u></u>
Profit after tax attributable to:				
- Owners of the Company	3,615	6,082	3,782	10,373
- Non-controlling interests	37	53	48	136
	<u><u>3,652</u></u>	<u><u>6,135</u></u>	<u><u>3,830</u></u>	<u><u>10,509</u></u>
Total comprehensive income attributable to:				
- Owners of the Company	3,615	6,082	3,782	10,373
- Non-controlling interests	37	53	48	136
	<u><u>3,652</u></u>	<u><u>6,135</u></u>	<u><u>3,830</u></u>	<u><u>10,509</u></u>
Attributable to equity holders of the Company:				
- Basic earnings per share (sen)	B10 0.66	1.11	0.69	1.89
- Diluted earnings per share (sen)	B10 0.66 ⁽²⁾	1.11 ⁽²⁾	0.69 ⁽²⁾	1.89 ⁽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 2022 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 30.06.2023 RM'000	(Audited) As At 31.12.2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	101,140	102,729
Right-of-use assets	2,271	2,320
Prepaid lease	8,056	8,056
Goodwill	6,835	6,835
	<u>118,302</u>	<u>119,940</u>
CURRENT ASSETS		
Inventories	35,077	37,621
Trade and other receivables	22,422	19,651
Current tax assets	1,965	1,333
Derivative assets	7	-
Deposits, bank and cash balances	13,495	15,008
	<u>72,966</u>	<u>73,613</u>
TOTAL ASSETS	<u>191,268</u>	<u>193,553</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	68,154	68,154
Treasury shares	(94)	-
Merger deficit	(22,100)	(22,100)
Retained profits	79,013	75,231
Equity Attributable To Owners Of The Company	<u>124,973</u>	<u>121,285</u>
Non-controlling interests	1,433	1,485
TOTAL EQUITY	<u>126,406</u>	<u>122,770</u>
NON-CURRENT LIABILITIES		
Bank borrowings	29,764	33,551
Hire purchase payables	589	702
Lease liabilities	141	185
Deferred tax liabilities	4,600	3,980
	<u>35,094</u>	<u>38,418</u>
CURRENT LIABILITIES		
Trade and other payables	15,275	15,074
Bank borrowings	14,033	16,618
Hire purchase payables	351	566
Lease liabilities	109	107
	<u>29,768</u>	<u>32,365</u>
TOTAL LIABILITIES	<u>64,862</u>	<u>70,783</u>
TOTAL EQUITY AND LIABILITIES	<u>191,268</u>	<u>193,553</u>
Net assets per ordinary share (RM)	<u>0.23</u>	<u>0.22</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 2022 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 Company				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Retained profits RM'000			
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	-	-	-	10,373	10,373	136	10,509
Balance at 30 June 2022	<u>68,154</u>	<u>-</u>	<u>(22,100)</u>	<u>68,552</u>	<u>114,606</u>	<u>1,420</u>	<u>116,026</u>
Unaudited							
Balance at 1 January 2023	68,154	-	(22,100)	75,231	121,285	1,485	122,770
Profit after tax and total comprehensive income for the financial period	-	-	-	3,782	3,782	48	3,830
Contributions by and distributions to owners of the Company:							
- Purchase of treasury shares	-	(94)	-	-	(94)	-	(94)
- Dividends by subsidiary to non-controlling interests	-	-	-	-	-	(100)	(100)
Balance at 30 June 2023	<u>68,154</u>	<u>(94)</u>	<u>(22,100)</u>	<u>79,013</u>	<u>124,973</u>	<u>1,433</u>	<u>126,406</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 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	(Unaudited) Current Year To Date 30.06.2023 RM'000	(Unaudited) Preceding Corresponding Year To Date 30.06.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,860	11,809
Adjustments for:		
Depreciation	2,977	2,687
Fair value gain on derivatives	(7)	-
Gain on disposal of property, plant and equipment	(2)	(18)
Unrealised gain on foreign exchange	(639)	(106)
Interest expenses	1,014	949
Interest income	(196)	(20)
Operating profit before working capital changes	<u>8,007</u>	<u>15,301</u>
Inventories	2,544	6,157
Trade and other receivables	(2,060)	(1,707)
Trade and other payables	2,226	(3,094)
CASH FROM OPERATIONS	<u>10,717</u>	<u>16,657</u>
Interest paid	(1,014)	(949)
Interest received	196	20
Net tax (paid)/refund	(1,042)	815
NET CASH FROM OPERATING ACTIVITIES	<u>8,857</u>	<u>16,543</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, and right-of-use assets	(3,482)	(3,820)
Proceeds from disposal of property, plant and equipment	2	18
NET CASH FOR INVESTING ACTIVITIES	<u>(3,480)</u>	<u>(3,802)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Acquisition of treasury shares	(94)	-
Dividends paid to non-controlling interests of subsidiary	(100)	-
Net movements in bank borrowings	(6,372)	(6,149)
Repayment of lease liabilities/hire purchase payables	(370)	(384)
NET CASH FOR FINANCING ACTIVITIES	<u>(6,936)</u>	<u>(6,533)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,559)	6,208
EFFECT OF FOREIGN EXCHANGE TRANSLATION	46	76
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	14,008	9,735
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>12,495</u>	<u>16,019</u>
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
Deposits, bank and cash balances	13,495	16,019
Less: Fixed deposits with tenure of more than 3 months	(1,000)	-
	<u>12,495</u>	<u>16,019</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 2022 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 2022 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 2022, except for the adoption of the following during the current financial period:

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 2023.

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.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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

During the current financial quarter, the Company acquired 557,500 shares in the Company from the open market on Bursa Securities at the average price of RM0.17 per ordinary share with a total carrying amount of RM 94,218. Of the total 550,034,250 issued ordinary shares, 557,500 ordinary shares are held as treasury shares by the Company.

Save as disclosed above, 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 two main reportable segments as follows:

	Revenue		Profit before tax	
	Cumulative Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM’000	RM’000	RM’000	RM’000
Furniture manufacturing segment	45,801	68,135	4,420	10,288
Hardware manufacturing segment	7,459	10,183	665	1,854
Others segment	-	-	(225)	(333)
Consolidation adjustments	(526)	(679)	-	-
Total	52,734	77,639	4,860	11,809

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

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

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM’000	RM’000	RM’000	RM’000
Africa	112	-	112	58
Asia (excluding Malaysia)	4,247	3,979	8,427	7,691
Australasia	1,574	2,900	3,940	5,764
Europe	1,716	1,371	3,366	4,725
North America	18,116	27,869	29,720	48,506
South America	-	714	-	704
Malaysia	3,921	4,713	7,169	10,191
Total	29,686	41,546	52,734	77,639

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 June 2023 are as follows:

Contracted but not provided for	RM’000
Additions to prepaid lease	422

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 SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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) 30.06.2023 RM'000	(Unaudited) 30.06.2022 RM'000		(Unaudited) 30.06.2023 RM'000	(Unaudited) 30.06.2022 RM'000	
Revenue						
Furniture manufacturing segment	25,908	37,126	(30.22)	45,801	68,135	(32.78)
Hardware manufacturing segment	3,778	4,420	(14.52)	6,933	9,504	(27.05)
Total	29,686	41,546	(28.55)	52,734	77,639	(32.08)
Profit before tax						
Furniture manufacturing segment	4,235	6,185	(31.53)	4,420	10,288	(57.04)
Hardware manufacturing segment	482	727	(33.70)	665	1,854	(64.13)
Others segment	(105)	(227)	53.74	(225)	(333)	32.43
Total	4,612	6,685	(31.01)	4,860	11,809	(58.84)

The Group's revenue for the current financial quarter ended 30 June 2023 has decreased by RM11.86 million or 28.55% to approximately RM29.69 million as compared to approximately RM41.55 million in the preceding year corresponding quarter ended 30 June 2022.

For the financial period ended 30 June 2023, the Group's revenue has decreased by RM24.91 million or 32.08% to approximately RM52.73 million as compared to approximately RM77.64 million in the preceding corresponding financial period ended 30 June 2022.

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

The Group registered a profit before tax of approximately RM4.61 million for the current financial quarter ended 30 June 2023 as compared to profit before tax of approximately RM6.69 million for the preceding year corresponding quarter ended 30 June 2022.

For the current financial period ended 30 June 2023, the Group registered a profit before tax of approximately RM4.86 million as compared to profit before tax of approximately RM11.81 million for the preceding corresponding financial period ended 30 June 2022.

The lower profit before tax was mainly due to the lower revenue generated.

B2 Comparison with Immediate Preceding Quarter Results

For the current financial quarter ended 30 June 2023, the Group's revenue has increased by RM 6.64 million or 28.80% to approximately RM29.69 million as compared to approximately RM23.05 million in the preceding financial quarter ended 31 March 2023. The higher revenue was mainly due to higher sales volume from North America.

The Group registered a profit before tax of approximately RM4.61 million for the current financial quarter ended 30 June 2023 as compared to profit before tax of approximately RM0.25 million for the preceding financial quarter ended 31 March 2023. The higher profit before tax was mainly due 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 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 2023 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)
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
-Current financial period	340	300	410	900
Deferred tax expense:				
-Origination of temporary differences	620	250	620	400
Total income tax expense	960	550	1,030	1,300

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 SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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 30.06.2023 RM'000	(Unaudited) As at 30.06.2022 RM'000
Non-current:			
Hire purchase payables	RM	589	940
Lease liabilities	RM	141	242
Term loans	RM	29,764	36,608
		<u>30,494</u>	<u>37,790</u>
Current:			
Trade bills	RM	6,600	10,556
Trade bills	USD	-	386
Hire purchase payables	RM	351	654
Lease liabilities	RM	109	106
Term loans	RM	7,433	7,836
		<u>14,493</u>	<u>19,538</u>
Total borrowings		<u>44,987</u>	<u>57,328</u>

B8 Derivatives Assets

Details of outstanding derivatives at 30 June 2023 are as follows:

	Contract/ Notional Amount RM'000	Carrying Amount RM'000
Forward currency contracts		
Less than one year	2,802	7

The Group uses forward currency contracts to manage some of its transaction exposure. These contracts are not designated as cash flows 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.

There are no outstanding derivatives as at 30 June 2022.

B9 Material Litigation

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023

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) 30.06.2023	(Unaudited) 30.06.2022	(Unaudited) 30.06.2023	(Unaudited) 30.06.2022
Profit after tax attributable to owners of the Company (RM'000)	3,615	6,082	3,782	10,373
Weighted average number of ordinary shares in issue ('000)	549,883	550,034	549,958	550,034
Basic earnings per ordinary share (sen)	0.66	1.11	0.69	1.89
Profit after tax attributable to owners of the Company (RM'000)	3,615	6,082	3,782	10,373
Weighted average number of ordinary shares for diluted earnings per ordinary share computation ('000)	549,883	550,034	549,958	550,034
Diluted earnings per ordinary share (sen)	0.66 ⁽¹⁾	1.11 ⁽¹⁾	0.69 ⁽¹⁾	1.89 ⁽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.

B11 Notes to the Statement of Comprehensive Income

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

	(Unaudited) Current Year Quarter 30.06.2023 RM'000	(Unaudited) Current Year To Date 30.06.2023 RM'000
Interest income	(105)	(196)
Fair value gain on derivatives	(7)	(7)
Gain on disposal of property, plant and equipment	-	(2)
Gain on foreign exchange	(1,409)	(1,714)
Depreciation	1,479	2,977
Interest expenses	506	1,014

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 SECOND (2ND) QUARTER ENDED
30 JUNE 2023**

**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
28 August 2023**