

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.09.2023 Notes RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.09.2022 RM'000	(Unaudited) Current Year To Date 30.09.2023 RM'000	(Unaudited) Preceding Year To Date 30.09.2022 RM'000
Revenue	33,505	37,875	86,239	115,514
Operating expenses	(25,618)	(31,612)	(74,570)	(98,447)
Other income	160	1,410	2,252	3,364
Allowance for impairment loss on a trade receivable	(8,000)	-	(8,000)	-
Finance costs	(501)	(497)	(1,515)	(1,446)
(Loss)/Profit before tax	(454)	7,176	4,406	18,985
Income tax expense	(348)	(556)	(1,378)	(1,856)
(Loss)/Profit after tax	(802)	6,620	3,028	17,129
Other comprehensive income	-	-	-	-
Total comprehensive (expense)/income	(802)	6,620	3,028	17,129
(Loss)/Profit after tax attributable to:				
- Owners of the Company	(852)	6,578	2,930	16,951
- Non-controlling interests	50	42	98	178
	(802)	6,620	3,028	17,129
Total comprehensive (expense)/income attributable to:				
- Owners of the Company	(852)	6,578	2,930	16,951
- Non-controlling interests	50	42	98	178
	(802)	6,620	3,028	17,129
Attributable to equity holders of the Company:				
- Basic (loss)/earnings per share (sen)	B10 (0.16)	1.20	0.53	3.08
- Diluted (loss)/earnings per share (sen)	B10 (0.16) ⁽²⁾	1.20 ⁽²⁾	0.53 ⁽²⁾	3.08 ⁽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.

INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	(Unaudited) As At 30.09.2023 RM'000	(Audited) As At 31.12.2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	100,132	102,729
Right-of-use assets	2,244	2,320
Prepaid lease	8,056	8,056
Goodwill	6,835	6,835
	<u>117,267</u>	<u>119,940</u>
CURRENT ASSETS		
Inventories	40,055	37,621
Trade and other receivables	17,351	19,651
Current tax assets	1,082	1,333
Deposits, bank and cash balances	12,350	15,008
	<u>70,838</u>	<u>73,613</u>
TOTAL ASSETS	<u>188,105</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	78,161	75,231
Equity Attributable To Owners Of The Company	<u>124,121</u>	<u>121,285</u>
Non-controlling interests	1,483	1,485
TOTAL EQUITY	<u>125,604</u>	<u>122,770</u>
NON-CURRENT LIABILITIES		
Bank borrowings	27,819	33,551
Hire purchase payables	474	702
Lease liabilities	113	185
Deferred tax liabilities	4,000	3,980
	<u>32,406</u>	<u>38,418</u>
CURRENT LIABILITIES		
Trade and other payables	15,722	15,074
Bank borrowings	13,911	16,618
Hire purchase payables	334	566
Lease liabilities	110	107
Derivative liabilities	18	-
	<u>30,095</u>	<u>32,365</u>
TOTAL LIABILITIES	<u>62,501</u>	<u>70,783</u>
TOTAL EQUITY AND LIABILITIES	<u>188,105</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	-	-	-	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
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	-	-	-	2,930	2,930	98	3,028
Contributions by and distributions to owners of the Company:							
- Purchase of treasury shares	-	(94)	-	-	(94)	-	(94)
- Dividend by subsidiary to non-controlling interests	-	-	-	-	-	(100)	(100)
Balance at 30 September 2023	68,154	(94)	(22,100)	78,161	124,121	1,483	125,604

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 30.09.2023 RM'000	(Unaudited) Preceding Corresponding Year To Date 30.09.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,406	18,985
Adjustments for:		
Allowance for impairment loss on a trade receivable	8,000	-
Depreciation	4,459	4,033
Fair value loss on derivatives	18	-
Gain on disposal of property, plant and equipment	(27)	(18)
Unrealised gain on foreign exchange	(31)	(701)
Interest expenses	1,515	1,445
Interest income	(284)	(46)
Operating profit before working capital changes	<u>18,056</u>	<u>23,698</u>
Inventories	(2,434)	9,189
Trade and other receivables	(5,596)	(6,870)
Trade and other payables	2,839	(3,352)
CASH FROM OPERATIONS	<u>12,865</u>	<u>22,665</u>
Interest paid	(1,515)	(1,445)
Interest received	284	46
Net tax (paid)/refund	(1,107)	516
NET CASH FROM OPERATING ACTIVITIES	<u>10,527</u>	<u>21,782</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, and right-of-use assets	(4,028)	(4,998)
Proceeds from disposal of property, plant and equipment	27	18
NET CASH FOR INVESTING ACTIVITIES	<u>(4,001)</u>	<u>(4,980)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Acquisition of treasury shares	(94)	-
Dividend paid	-	(2,750)
Dividend paid to non-controlling interests of subsidiary	(100)	-
Net movements in bank borrowings	(8,439)	(12,940)
Repayment of lease liabilities/hire purchase payables	(529)	(571)
NET CASH FOR FINANCING ACTIVITIES	<u>(9,162)</u>	<u>(16,261)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,636)	541
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(22)	156
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><u>11,350</u></u>	<u><u>10,432</u></u>
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
Deposits, bank and cash balances	12,350	10,432
Less: Fixed deposits with tenure of more than 3 months	(1,000)	-
	<u><u>11,350</u></u>	<u><u>10,432</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 2022 and the accompanying explanatory notes attached to this interim financial report.

**SPART 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 other than the recognition of the allowance for impairment loss on a trade receivable of RM8.00 million as disclosed in Note B1.

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

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 Cumulative Quarter		Profit before tax Cumulative Quarter	
	(Unaudited) 30.09.2023 RM’000	(Unaudited) 30.09.2022 RM’000	(Unaudited) 30.09.2023 RM’000	(Unaudited) 30.09.2022 RM’000
Furniture manufacturing segment	75,055	102,207	3,364	17,098
Hardware manufacturing segment	12,102	14,248	1,360	2,331
Others segment	-	-	(318)	(444)
Consolidation adjustments	(918)	(941)	-	-
Total	86,239	115,514	4,406	18,985

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) 30.09.2023 RM’000	(Unaudited) 30.09.2022 RM’000	(Unaudited) 30.09.2023 RM’000	(Unaudited) 30.09.2022 RM’000
Africa	160	116	272	174
Asia (excluding Malaysia)	5,817	2,937	14,244	10,628
Australasia	2,675	2,343	6,615	8,107
Europe	3,185	2,830	6,551	7,555
North and South America	17,266	25,400	46,986	74,610
Malaysia	4,402	4,249	11,571	14,440
Total	33,505	37,875	86,239	115,514

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 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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) 30.09.2023 RM'000	(Unaudited) 30.09.2022 RM'000		(Unaudited) 30.09.2023 RM'000	(Unaudited) 30.09.2022 RM'000	
Revenue						
Furniture manufacturing segment	29,254	34,072	(14.14)	75,055	102,207	(26.57)
Hardware manufacturing segment	4,251	3,803	11.78	11,184	13,307	(15.95)
Total	33,505	37,875	(11.54)	86,239	115,514	(25.34)
(Loss)/Profit before tax						
Furniture manufacturing segment	(1,056)	6,810	(115.51)	3,364	17,098	(80.33)
Hardware manufacturing segment	695	477	45.70	1,360	2,331	(41.66)
Others segment	(93)	(111)	(16.22)	(318)	(444)	(28.38)
Total	(454)	7,176	(106.33)	4,406	18,985	(76.79)

The Group's revenue for the current financial quarter ended 30 September 2023 has decreased by RM4.37 million or 11.54% to approximately RM33.51 million as compared to approximately RM37.88 million in the preceding year corresponding quarter ended 30 September 2022.

For the financial period ended 30 September 2023, the Group's revenue has decreased by RM29.27 million or 25.34% to approximately RM86.24 million as compared to approximately RM115.51 million in the preceding corresponding financial period ended 30 September 2022.

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

The Group registered a loss before tax of approximately RM0.45 million for the current financial quarter ended 30 September 2023 as compared to profit before tax of approximately RM7.18 million for the preceding year corresponding quarter ended 30 September 2022.

For the current financial period ended 30 September 2023, the Group registered a profit before tax of approximately RM4.41 million as compared to profit before tax of approximately RM18.99 million for the preceding corresponding financial period ended 30 September 2022.

The loss before tax for the current financial quarter and lower profit before tax for the current financial period was consequent upon the Company's prudent decision to provide full allowance for the impairment loss on a trade receivable of approximately RM8.00 million. Such allowance for impairment loss was recognised following the filing of bankruptcy under Chapter 11 in United States Bankruptcy Court by a customer in the United States on 11 September 2023.

B2 Comparison with Immediate Preceding Quarter Results

For the current financial quarter ended 30 September 2023, the Group's revenue has increased by RM3.82 million or 12.86% to approximately RM33.51 million as compared to approximately RM29.69 million in the preceding financial quarter ended 30 June 2023. The higher revenue was mainly due to higher sales volume from Asia (excluding Malaysia) and Europe.

Despite increase in revenue, the Group registered a loss before tax of approximately RM0.45 million for the current financial quarter ended 30 September 2023 as compared to profit before tax of approximately RM4.61 million for the preceding financial quarter ended 30 June 2023. The loss before tax was consequent upon the Company's prudent decision to provide full allowance for the impairment loss on a trade receivable of approximately RM8.00 million.

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)
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
-Current financial period	790	500	1,200	1,400
-Under/(Over)provision in previous financial year	158	(344)	158	(344)
Deferred tax expense:				
-Origination of temporary differences	-	400	620	800
-Other temporary differences	(600)	-	(600)	-
Total income tax expense	348	556	1,378	1,856

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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 30.09.2023 RM'000	(Unaudited) As at 30.09.2022 RM'000
Non-current:			
Hire purchase payables	RM	474	812
Lease liabilities	RM	113	215
Term loans	RM	27,819	34,139
		<u>28,406</u>	<u>35,166</u>
Current:			
Trade bills	RM	6,686	6,686
Hire purchase payables	RM	334	622
Lease liabilities	RM	110	106
Term loans	RM	7,225	7,770
		<u>14,355</u>	<u>15,184</u>
Total borrowings		<u>42,761</u>	<u>50,350</u>

B8 Derivatives Liabilities

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

	Contract/ Notional Amount RM'000	Carrying Amount RM'000
Forward currency contracts		
Less than one year	2,321	(18)

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 September 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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) 30.09.2023	(Unaudited) 30.09.2022	(Unaudited) 30.09.2023	(Unaudited) 30.09.2022
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(852)	6,578	2,930	16,951
Weighted average number of ordinary shares in issue ('000)	549,477	550,034	549,796	550,034
Basic (loss)/earnings per ordinary share (sen)	(0.16)	1.20	0.53	3.08
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(852)	6,578	2,930	16,951
Weighted average number of ordinary shares for diluted earnings per ordinary share computation ('000)	549,477	550,034	549,796	550,034
Diluted (loss)/earnings per ordinary share (sen)	(0.16) ⁽¹⁾	1.20 ⁽¹⁾	0.53 ⁽¹⁾	3.08 ⁽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

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

	(Unaudited) Current Year Quarter 30.09.2023 RM'000	(Unaudited) Current Year To Date 30.09.2023 RM'000
Interest income	(88)	(284)
Gain on disposal of property, plant and equipment	(25)	(27)
Allowance for impairment loss on a trade receivable	8,000	8,000
Depreciation	1,482	4,459
Fair value loss on derivatives	25	18
Interest expenses	501	1,515
Loss/(Gain) on foreign exchange	54	(1,660)

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 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

WEGMANS HOLDINGS BERHAD

30 November 2023