

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 30.06.2024 Notes RM'000	(Unaudited) Preceding Year Corresponding Quarter 30.06.2023 RM'000	(Unaudited) Current Year To Date 30.06.2024 RM'000	(Unaudited) Preceding Year To Date 30.06.2023 RM'000
Revenue	22,223	29,686	56,923	52,734
Operating expenses	(19,909)	(26,154)	(49,543)	(48,952)
Other income	295	1,586	1,235	2,092
Finance costs	(403)	(506)	(837)	(1,014)
Profit before tax	<u>2,206</u>	<u>4,612</u>	<u>7,778</u>	<u>4,860</u>
Income tax expense	(607)	(960)	(1,897)	(1,030)
Profit after tax	<u>1,599</u>	<u>3,652</u>	<u>5,881</u>	<u>3,830</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u><u>1,599</u></u>	<u><u>3,652</u></u>	<u><u>5,881</u></u>	<u><u>3,830</u></u>
Profit after tax attributable to:				
- Owners of the Company	1,553	3,615	5,801	3,782
- Non-controlling interests	46	37	80	48
	<u><u>1,599</u></u>	<u><u>3,652</u></u>	<u><u>5,881</u></u>	<u><u>3,830</u></u>
Total comprehensive income attributable to:				
- Owners of the Company	1,553	3,615	5,801	3,782
- Non-controlling interests	46	37	80	48
	<u><u>1,599</u></u>	<u><u>3,652</u></u>	<u><u>5,881</u></u>	<u><u>3,830</u></u>
Attributable to equity holders of the Company:				
- Basic earnings per share (sen)	B10 0.28	0.66	1.06	0.69
- Diluted earnings per share (sen)	B10 0.28 ⁽²⁾	0.66 ⁽²⁾	1.06 ⁽²⁾	0.69 ⁽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 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) The effects of potential ordinary shares arising from the conversion of warrants is anti-dilutive and accordingly, it has been ignored in the calculation of diluted earnings per share. As a result, the diluted earnings per share is the same as basic earnings per share.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	(Unaudited) As At 30.06.2024 RM'000	(Audited) As At 31.12.2023 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	96,897	99,228
Right-of-use assets	2,135	2,187
Prepaid lease	8,056	8,056
Goodwill	6,835	6,835
	<u>113,923</u>	<u>116,306</u>
CURRENT ASSETS		
Inventories	40,581	38,443
Trade and other receivables	9,656	13,550
Current tax assets	683	787
Deposits, bank and cash balances	18,387	19,855
	<u>69,307</u>	<u>72,635</u>
TOTAL ASSETS	<u>183,230</u>	<u>188,941</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	68,155	68,155
Treasury shares	(94)	(94)
Merger deficit	(22,100)	(22,100)
Retained profits	85,299	82,245
Equity Attributable To Owners Of The Company	<u>131,260</u>	<u>128,206</u>
Non-controlling interests	1,621	1,541
TOTAL EQUITY	<u>132,881</u>	<u>129,747</u>
NON-CURRENT LIABILITIES		
Bank borrowings	22,353	26,016
Hire purchase payables	413	603
Lease liabilities	29	75
Deferred tax liabilities	5,675	4,640
	<u>28,470</u>	<u>31,334</u>
CURRENT LIABILITIES		
Trade and other payables	10,940	13,157
Bank borrowings	10,448	14,197
Hire purchase payables	379	395
Lease liabilities	112	111
	<u>21,879</u>	<u>27,860</u>
TOTAL LIABILITIES	<u>50,349</u>	<u>59,194</u>
TOTAL EQUITY AND LIABILITIES	<u>183,230</u>	<u>188,941</u>
Net assets per ordinary share (RM)	<u>0.24</u>	<u>0.23</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 2023 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 RM'000	Treasury shares RM'000	Merger deficit RM'000	Retained profits RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000	
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 paid by a subsidiary to non-controlling interest	-	-	-	-	-	(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>	
Unaudited								
Balance at 1 January 2024	68,155	(94)	(22,100)	82,245	128,206	1,541	129,747	
Profit after tax and total comprehensive income for the financial period	-	-	-	5,801	5,801	80	5,881	
Contributions by and distributions to owners of the Company:								
- Dividends	-	-	-	(2,747)	(2,747)	-	(2,747)	
Balance at 30 June 2024	<u>68,155</u>	<u>(94)</u>	<u>(22,100)</u>	<u>85,299</u>	<u>131,260</u>	<u>1,621</u>	<u>132,881</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 2023 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	(Unaudited) Current Year To Date 30.06.2024 RM'000	(Unaudited) Preceding Corresponding Year To Date 30.06.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,778	4,860
Adjustments for:		
Depreciation	2,898	2,977
Fair value gain on derivatives	-	(7)
Gain on disposal of property, plant and equipment	-	(2)
Unrealised gain on foreign exchange	(56)	(639)
Interest expenses	837	1,014
Interest income	(125)	(196)
Operating profit before working capital changes	<u>11,332</u>	<u>8,007</u>
Inventories	(2,138)	2,544
Trade and other receivables	3,926	(2,060)
Trade and other payables	(2,122)	2,226
CASH FROM OPERATIONS	<u>10,998</u>	<u>10,717</u>
Interest paid	(837)	(1,014)
Interest received	125	196
Tax paid	(758)	(1,042)
NET CASH FROM OPERATING ACTIVITIES	<u>9,528</u>	<u>8,857</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(614)	(3,482)
Proceeds from disposal of property, plant and equipment	-	2
Placement of fixed deposits with tenure more than 3 months	(2,000)	-
NET CASH FOR INVESTING ACTIVITIES	<u>(2,614)</u>	<u>(3,480)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(2,747)	-
Dividends paid by a subsidiary to non-controlling interests	-	(100)
Net movements in bank borrowings	(7,412)	(6,372)
Purchase of treasury shares	-	(94)
Repayment of lease liabilities/hire purchase payables	(251)	(370)
NET CASH FOR FINANCING ACTIVITIES	<u>(10,410)</u>	<u>(6,936)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,496)	(1,559)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	28	46
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	19,855	14,008
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>16,387</u></u>	<u><u>12,495</u></u>
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
Deposits, bank and cash balances	18,387	13,495
Less: Fixed deposits with tenure of more than 3 months	(2,000)	(1,000)
	<u><u>16,387</u></u>	<u><u>12,495</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 2023 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.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 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 2023, except for the adoption of the following during the current financial year:

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

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 2024.

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 for 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 the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review.

A6 Material Changes in Estimates

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

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2024

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 for the current financial quarter under review.

A8 Dividends Paid

There is no dividend paid for 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)
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM’000	RM’000	RM’000	RM’000
Furniture manufacturing segment	48,811	45,801	6,937	4,420
Hardware manufacturing segment	8,505	7,459	1,073	665
Others segment	-	-	(232)	(225)
Consolidation adjustments	(393)	(526)	-	-
Total	56,923	52,734	7,778	4,860

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)
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM’000	RM’000	RM’000	RM’000
Africa	-	112	-	112
Asia (excluding Malaysia)	4,595	4,247	8,598	8,427
Australasia	2,863	1,574	5,468	3,940
Europe	2,254	1,716	4,659	3,366
North and South America	8,296	18,116	29,910	29,720
Malaysia	4,215	3,921	8,288	7,169
Total	22,223	29,686	56,923	52,734

A10 Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment during 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 2024 are as follows:

Contracted but not provided for	RM’000
Purchase of property, plant and equipment	5,121
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 for the current financial quarter under review.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2024

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) 30.06.2024 RM'000	(Unaudited) 30.06.2023 RM'000		(Unaudited) 30.06.2024 RM'000	(Unaudited) 30.06.2023 RM'000	
Revenue						
Furniture manufacturing segment	18,174	25,908	(29.85)	48,811	45,801	6.57
Hardware manufacturing segment	4,049	3,778	7.17	8,112	6,933	17.01
Total	22,223	29,686	(25.14)	56,923	52,734	7.94
Profit before tax						
Furniture manufacturing segment	1,692	4,235	(60.05)	6,937	4,420	56.95
Hardware manufacturing segment	621	482	28.84	1,073	665	61.35
Others segment	(107)	(105)	1.90	(232)	(225)	3.11
Total	2,206	4,612	(52.17)	7,778	4,860	60.04

The Group's revenue for the current financial quarter ended 30 June 2024 has decreased by RM7.46 million or 25.14% to approximately RM22.22 million as compared to approximately RM29.69 million in the preceding year corresponding quarter ended 30 June 2023.

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

For the financial period ended 30 June 2024, the Group's revenue has increased by RM4.19 million or 7.94% to approximately RM56.92 million as compared to approximately RM52.73 million in the preceding corresponding financial period ended 30 June 2023.

The higher revenue was mainly attributed to the higher sales volume from Australasia and Europe.

The Group registered a profit before tax of approximately RM2.21 million for the current financial quarter ended 30 June 2024 as compared to profit before tax of approximately RM4.61 million for the preceding year corresponding quarter ended 30 June 2023.

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

For the current financial period ended 30 June 2024, the Group registered a profit before tax of approximately RM7.78 million as compared to profit before tax of approximately RM4.86 million for the preceding corresponding financial period ended 30 June 2023.

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 sales are denominated in USD.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2024

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

B2 Comparison with Immediate Preceding Quarter Results

For the current financial quarter ended 30 June 2024, the Group's revenue has decreased by RM12.48 million or 35.96% to approximately RM22.22 million as compared to approximately RM34.70 million in the preceding financial quarter ended 31 March 2024. The lower revenue was mainly attributed to the lower sales volume from North and South America.

The Group registered a profit before tax of approximately RM2.21 million for the current financial quarter ended 30 June 2024 as compared to a profit before tax of approximately RM5.57 million for the preceding financial quarter ended 31 March 2024. The lower profit before tax was mainly due to the lower revenue generated.

B3 Prospects for the Current Financial Year

The Group confronts global economic uncertainties, increased production costs, and foreign currency fluctuations. However, the strengthening of United States Dollar ("USD") against Ringgit Malaysia is expected to offset the negative impacts as majority of the Group's revenue are denominated in USD.

Despite the challenging global economic outlook, 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 2024 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 for the current financial quarter under review.

B5 Income tax expense

	Individual Quarter		Cumulative Quarter	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
-Current financial period	340	340	850	410
-Underprovision in previous financial years	12	-	12	-
Deferred tax expense:				
-Origination of temporary differences	255	620	1,035	620
Total income tax expense	607	960	1,897	1,030

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 2024

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 30.06.2024 RM'000	(Unaudited) As at 30.06.2023 RM'000
Non-current:			
Hire purchase payables	RM	413	589
Lease liabilities	RM	29	141
Term loans	RM	22,353	29,764
		<u>22,795</u>	<u>30,494</u>
Current:			
Trade bills	RM	3,481	6,600
Hire purchase payables	RM	379	351
Lease liabilities	RM	112	109
Term loans	RM	6,967	7,433
		<u>10,939</u>	<u>14,493</u>
Total borrowings		<u>33,734</u>	<u>44,987</u>

B8 Derivatives

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

	Contract/ Notional amount RM'000	Derivative assets 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 at 30 June 2024.

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 2024

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) 30.06.2024	(Unaudited) 30.06.2023	(Unaudited) 30.06.2024	(Unaudited) 30.06.2023
Profit after tax attributable to owners of the Company (RM'000)	1,553	3,615	5,801	3,782
Weighted average number of ordinary shares in issue (excluding treasury shares) ('000)	549,480	549,883	549,480	549,958
Basic earnings per ordinary share (sen)	0.28	0.66	1.06	0.69
Diluted earnings per ordinary share (sen)	0.28 ⁽¹⁾	0.66 ⁽¹⁾	1.06 ⁽¹⁾	0.69 ⁽¹⁾

Note:

- (1) The effects of potential ordinary shares arising from the conversion of warrants is anti-dilutive and accordingly, it has been ignored in the calculation of diluted earnings per share. As a result, the diluted earnings per share is the same as basic earnings per share.

B11 Notes to the Statement of Comprehensive Income

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

	(Unaudited) Current Year Quarter 30.06.2024 RM'000	(Unaudited) Current Year To Date 30.06.2024 RM'000
Interest income	(52)	(125)
Gain on foreign exchange	(227)	(996)
Depreciation	1,440	2,898
Fair value loss on derivatives	19	-
Interest expenses	403	837

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 2024**

**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

27 August 2024