

**B E S H O M**

**T H E B E S T S T A R T S F R O M H O M E**

**Beshom Holdings Berhad**

**(Registration No. 202101001114 (1401412-A))**

**(Incorporated in Malaysia)**

**Unaudited Interim Financial Report**

**31 October 2023**

## BESHOM HOLDINGS BERHAD

(Registration No. 202101001114 (1401412-A))

Quarterly report on consolidated results for the financial period ended 31 October 2023

The figures have not been audited.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 31 OCTOBER 2023

	INDIVIDUAL PERIOD (2nd Quarter)		CUMULATIVE PERIOD (2nd Quarter)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/10/2023	31/10/2022	31/10/2023	31/10/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	37,878	44,077	73,073	92,340
Cost of sales	(23,009)	(26,108)	(43,195)	(54,247)
Gross Profit	14,869	17,969	29,878	38,093
Other income	1,346	992	2,358	3,786
Depreciation	(1,391)	(1,357)	(2,760)	(2,748)
Administrative expenses	(4,720)	(4,662)	(9,172)	(9,516)
Selling & distribution expenses	(6,590)	(7,341)	(13,318)	(14,373)
Other expenses	(286)	(195)	(420)	(415)
<b>Operating Profit</b>	<b>3,228</b>	<b>5,406</b>	<b>6,566</b>	<b>14,827</b>
Finance income	168	161	310	309
Finance costs	(54)	(45)	(109)	(90)
Share of profit/(loss) of equity-accounted investee, net of tax	(15)	(6)	(30)	(40)
Profit before tax	3,327	5,516	6,737	15,006
Tax expenses	(956)	(1,495)	(1,890)	(3,885)
<b>Profit after tax</b>	<b>2,371</b>	<b>4,021</b>	<b>4,847</b>	<b>11,121</b>
<b>Profit attributable to:</b>				
Owners of the Company	2,322	3,878	4,779	10,904
Non-controlling interests	49	143	68	217
	2,371	4,021	4,847	11,121
<b>Earnings Per Share attributable to owners of the Company</b>				
- Basic (sen)	0.77	1.29	1.59	3.63

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2023 and the accompanying explanatory notes attached to the interim financial statements.

**BESHOM HOLDINGS BERHAD**

(Registration No. 202101001114 (1401412-A))

Quarterly report on consolidated results for the financial period ended 31 October 2023

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 OCTOBER 2023**

	INDIVIDUAL PERIOD (2nd Quarter)		CUMULATIVE PERIOD (2nd Quarter)	
	CURRENT YEAR QUARTER 31/10/2023	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2022	CURRENT YEAR TO DATE 31/10/2023	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,371	4,021	4,847	11,121
Other comprehensive income				
- Net change in fair value of equity investments designated at fair value through other comprehensive income	(743)	-	(743)	-
- Foreign currency translation differences for foreign operations	(331)	(174)	(369)	(227)
Total comprehensive Income for the period	1,297	3,847	3,735	10,894
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	1,248	3,704	3,667	10,677
Non-controlling Interests	49	143	68	217
	1,297	3,847	3,735	10,894

*The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2023 and the accompanying explanatory notes attached to the interim financial statements.*

# BESHOM HOLDINGS BERHAD

(Registration No. 202101001114 (1401412-A))

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

	AS AT CURRENT FINANCIAL QUARTER ENDED 31/10/2023 (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 30/04/2023 (RM'000) (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Property, Plant and Equipment</i>	82,921	81,976
<i>Investment properties</i>	42,446	42,791
<i>Right-of-use assets</i>	10,354	10,510
<i>Investment in jointly control entity</i>	1,816	1,846
<i>Other Investments</i>	6,557	7,300
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	1,939	1,651
<i>Deferred tax assets</i>	1,851	2,007
	<b>147,969</b>	<b>148,166</b>
<b>Current Assets</b>		
<i>Inventories</i>	78,317	87,527
<i>Trade and other receivables</i>	23,528	21,863
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	62,424	60,473
<i>Cash and Cash Equivalents</i>	40,861	35,153
	<b>205,130</b>	<b>205,016</b>
<b>TOTAL ASSETS</b>	<b>353,099</b>	<b>353,182</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
<i>Share capital</i>	312,978	312,978
<i>Other reserves</i>	(154,808)	(154,439)
<i>Retained earnings</i>	149,175	151,122
	<b>307,345</b>	<b>309,661</b>
<b>Non-controlling interests</b>	11,912	12,111
<b>Total Equity</b>	<b>319,257</b>	<b>321,772</b>
<b>Non-current Liabilities</b>		
<i>Contract Liabilities</i>	262	345
<i>Lease Liabilities</i>	2,422	2,471
<i>Deferred tax</i>	139	308
	<b>2,823</b>	<b>3,124</b>
<b>Current Liabilities</b>		
<i>Trade &amp; other payables</i>	28,621	25,848
<i>Short-term provisions</i>	409	350
<i>Lease Liabilities</i>	1,318	1,354
<i>Contract Liabilities</i>	440	553
<i>Current tax payables</i>	231	181
	<b>31,019</b>	<b>28,286</b>
<b>Total Liabilities</b>	<b>33,842</b>	<b>31,410</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>353,099</b>	<b>353,182</b>
Net assets per share attributable to owners of the Company (RM)	1.02	1.03

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2023 and the accompanying explanatory notes attached to the interim financial statements.

# BESHOM HOLDINGS BERHAD

(Registration No. 202101001114 (1401412-A))

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 OCTOBER 2023

	Attributable to owners of the Company					Total	Non-controlling interests	Total Equity
	Share Capital	Reorganisation reserve	Non distributable Exchange fluctuation reserve	Capital reserve	Distributable Retained Earnings			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>6-month ended 31 October 2023</b>								
Balance as at 1 May 2023	312,978	(155,823)	727	657	151,122	309,661	12,111	321,772
Profit for the period	-	-	-	-	4,779	4,779	68	4,847
Other comprehensive income for the period	-	-	(369)	-	(743)	(1,112)	-	(1,112)
Total comprehensive income for the period	-	-	(369)	-	4,036	3,667	68	3,735
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	19	19	(29)	(10)
Dividend	-	-	-	-	(6,002)	(6,002)	(238)	(6,240)
<b>Balance at end of financial period</b>	<b>312,978</b>	<b>(155,823)</b>	<b>358</b>	<b>657</b>	<b>149,175</b>	<b>307,345</b>	<b>11,912</b>	<b>319,257</b>

	Attributable to owners of the Company					Total	Non-controlling interests	Total Equity
	Share Capital	Reorganisation reserve	Non distributable Exchange fluctuation reserve	Capital reserve	Distributable Retained Earnings			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>6-month ended 31 October 2022</b>								
Balance as at 1 May 2022	312,978	(155,823)	29	657	159,214	317,055	12,044	329,099
Profit for the period	-	-	-	-	10,904	10,904	217	11,121
Other comprehensive income for the period	-	-	(227)	-	-	(227)	-	(227)
Total comprehensive income for the period	-	-	(227)	-	10,904	10,677	217	10,894
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	19	19	(27)	(8)
Dividend	-	-	-	-	(15,005)	(15,005)	(243)	(15,248)
<b>Balance at end of financial period</b>	<b>312,978</b>	<b>(155,823)</b>	<b>(198)</b>	<b>657</b>	<b>155,132</b>	<b>312,746</b>	<b>11,991</b>	<b>324,737</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2023 and the accompanying explanatory notes attached to the interim financial statements.

# BESHOM HOLDINGS BERHAD

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 31 OCTOBER 2023

	<b>2024</b> <b>6-month</b> <b>ended</b> <b>31/10/2023</b> <b>(RM '000)</b>	<b>2023</b> <b>6-month</b> <b>ended</b> <b>31/10/2022</b> <b>(RM '000)</b>
Profit before tax	6,737	15,006
Adjustment for :-		
Depreciation on property, plant and equipment & IP	1,952	1,948
Depreciation on right-of-use assets	808	800
Dividend income	(469)	(403)
Fair value gain on other investments	(540)	(269)
Finance costs	109	90
Finance income	(310)	(309)
Gain on disposal of other investment	(2)	-
Gain on disposal of property, plant and equipment	(11)	(1,771)
Property, plant and equipment written off	5	6
Share of profit of equity-accounted investee, net of tax	30	40
Provision for sales campaign	401	936
Unrealised foreign exchange differences	(90)	79
<b>Operating profit before changes in working capital</b>	<b>8,620</b>	<b>16,153</b>
Changes in working capital		
<i>Inventories</i>	9,210	(2,416)
<i>Receipts from customers</i>	(711)	475
<i>Net Change in other receivables</i>	(443)	1,508
<i>Payment to suppliers, contractors and employees</i>	(8,577)	(6,372)
<i>Net Change in other payables</i>	4,600	268
	4,079	(6,537)
Cash generated from operations		
<i>Payment of income taxes</i>	(2,652)	(5,535)
<i>Finance cost</i>	(109)	(90)
<b>Net cash flows from operating activities</b>	<b>9,938</b>	<b>3,991</b>
Investing Activities		
<i>Accretion of equity interests in subsidiary</i>	(10)	(8)
<i>Acquisition of other investments</i>	(7,500)	(15,684)
<i>Purchase of property, plant and equipment &amp; IP</i>	(2,568)	(756)
<i>Proceeds from disposal of other investment</i>	6,560	-
<i>Proceeds from disposal of property, plant and Equipment</i>	22	1,839
<i>Interest received</i>	310	309
<b>Net cash used in investing activities</b>	<b>(3,186)</b>	<b>(14,300)</b>
Financing Activities		
<i>Payment of lease liabilities</i>	(739)	(808)
<b>Net cash used in financing activities</b>	<b>(739)</b>	<b>(808)</b>
Net Changes in Cash & Cash Equivalents	6,013	(11,117)
Effect of exchange rate & fluctuations on cash held	(305)	12
Cash & Cash Equivalents at beginning of financial period	35,153	57,364
<b>Cash &amp; Cash Equivalents at end of the financial period</b>	<b>40,861</b>	<b>46,259</b>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 30 April 2023 and the accompanying explanatory notes attached to the interim financial statements.

# Beshom Holdings Berhad

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Financial report for the second quarter ended 31 October 2023

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## PART A -- Notes To The Interim Financial Report

### A1 Basis of preparation

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). This interim financial statement also complies with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The interim financial report should be read in conjunction with the most recent annual financial statements of the Group for the year ended 30 April 2023.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2023.

### Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 April 2023 except for the adoption of new standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards Board (“MASB”) which are effective for annual periods beginning on or after 1 January 2023 as stated below:

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts* – Initial application of MFRS 17 and MFRS 9 – *Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements* – *Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* – *Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes* – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendment to MFRS 16, *Leases* – *Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements* – *Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures* – *Supplier Finance Arrangements*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates- Lack of Exchangeability*

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## Changes in Accounting Policies (continued)

*MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed*

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 May 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are not applicable to the Group.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

### **A2 Seasonal or cyclical factors of interim operations**

The Group's interim business operations are not significantly affected by seasonal or cyclical factors for the quarter under review except for some seasonal consumer products, which are affected by major festive seasons.

### **A3 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows because of their nature, size or incidence.

### **A4 Changes in estimates of amounts reported previously**

There were no material changes in estimates of amounts reported in prior interim period of the current or previous financial years.

### **A5 Issues, repurchase and repayments of debts and equity securities**

There have been no other issuance, cancellation, repurchases, resale and repayments of debts and equity securities during the quarter under review.

### **A6 Dividend paid**

A final single tier dividend of 2 sen per share amounting of RM 6,002,065 in respect of the previous financial year ended 30 April 2023 was paid on 30 November 2023.



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## A7 Segment information

Details of segmental analysis for the period ended 31 Oct 2023 are as follows:

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>REVENUE</b>						
Revenue from external customers	25,768	28,994	15,457	2,854	-	<b>73,073</b>
Inter-segment revenue	123	14,931	-	4,786	(19,840)	-
Total revenue	25,891	43,925	15,457	7,640	(19,840)	73,073
<b>RESULT</b>						
<b>Segment profit/(loss)</b>	312	4,833	(145)	2,051	(485)	<b>6,566</b>
Finance costs						(109)
Interest income						310
Share of loss of equity-accounted investee, net of tax						(30)
Profit before taxation						6,737
Income tax expenses						(1,890)
Net profit for the period						<b>4,847</b>

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Segment assets</b>	84,458	180,085	38,995	49,561	-	<b>353,099</b>
<b>Segment liabilities</b>	10,212	10,605	5,630	7,395	-	<b>33,842</b>

## A8 Property, plant and equipment

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements.

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## A9 Events after the interim period that have not been reflected in the financial statements for the interim period

There were no material events subsequent to the period ended 31 October 2023.

## A10 Changes in the composition of the Group

There was no change in the composition of the Group during the interim period ended 31 October 2023 except for the following :

- (i) On 7 August 2023, the Company acquired 100% equity interest in BH Wellness Sdn. Bhd. (formerly known as Hai-O I. Sdn. Bhd.) from its wholly owned subsidiary, Hai-O Enterprise Bhd. for a total cash consideration of RM350,000. With effect thereof, BH Wellness Sdn. Bhd. is now direct subsidiary of the Company.

## A11 Contingent liabilities

The changes in contingent liabilities of the Group since the last annual Statement of Financial Position date are as follows: -

<u>Group</u>	As at 14/12/2023	As at 31/10/2023	As at 30/04/2023
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Group	2,678	2,678	2,828

## A12 Capital commitment

The capital commitment of the Group for the period ended 31 October 2023 is as follows:

	Approved, contracted but not provided for
	RM'000
Property, plant and equipment	290
<b>Total</b>	<b>290</b>

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## PART B -- Explanatory Notes Pursuant To Appendix 9B of The Bursa Securities Listing Requirement

**B1** A detailed analysis of the performance of key operating segments of the Group, setting out material factors affecting the earnings and/or revenue of each segment for the current quarter and financial period-to-date:

Financial review for current quarter and financial year to date

	Individual Period (2 <sup>nd</sup> quarter)		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/10/2023 (RM '000)	31/10/2022 (RM '000)		31/10/2023 (RM '000)	31/10/2022 (RM '000)	
<b>Revenue</b>	37,878	44,077	(14.1%)	73,073	92,340	(20.9%)
<b>Gross Profit</b>	14,869	17,969	(17.3%)	29,878	38,093	(21.6%)
<b>Operating Profit</b>	3,228	5,406	(40.3%)	6,566	14,827	(55.7%)
<b>Profit Before Tax</b>	3,327	5,516	(39.7%)	6,737	15,006	(55.1%)
<b>Profit After Tax</b>	2,371	4,021	(41.0%)	4,847	11,121	(56.4%)
<b>Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent</b>	2,322	3,878	(40.1%)	4,779	10,904	(56.2%)

### Statement of Profit & Loss and Other Comprehensive Income

For the first half of the financial year, the Group recorded revenue and pre-tax profit of RM 73.1 million and RM 6.7 million, decreasing by 20.9% and 55.1% as compared to the previous year's corresponding period of RM 92.3 million and RM 15.0 million respectively. Heightened inflationary pressures and interest rate hike have eroded the purchasing power of consumers. According to the Malaysian Institute of Economic Research (MIER), the Consumer Sentiment Index continues its negative trend, dropping further to 78.9 points in the 3<sup>rd</sup> quarter of 2023 stayed below the threshold of 100 points, indicating the persistency of pessimism among the consumers.

### Statement of Financial Position

The equity attributable to owners of the Company as at 31 October 2023 amounted to RM 307.3 million (FYE 30.4.2023: RM 309.7 million), representing a decrease of RM 2.4 million.

Total assets of the Group maintained at RM 353.1 million (FYE 30.4.2023: RM 353.2 million), whereas total liabilities of the Group increased by RM 2.4 million to RM 33.8 million (FYE 30.4.2023: RM 31.4 million) mainly due to the increase in trade and other payables.

Net asset per share as at 31 October 2023 was RM 1.02 (FYE 30.4.2023: RM 1.03).

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## Statement of Cash Flow

The cash holding of the Group comprising financial assets, cash and cash equivalents amounted to RM 103.3 million as at 31 October 2023.

Net cash flow from operating activities amounted to RM 9.9 million generated from the Group's businesses which are substantially transacted in cash. Net cash used in investing activities was RM 3.2 million mainly incurred on the purchase of property, plant and equipment. Net cash used in financing activities of RM 0.7 million was for the payment of lease liabilities. As a result, the Group's cash and cash equivalents increased by RM 6.0 million to RM 40.9 million as at financial period ended 31 October 2023.

## Segmental Analysis

### Current quarter compared to the preceding year's corresponding quarter

(i) MLM division

The division posted lower revenue and pre-tax profit of RM 13.3 million and RM 0.1 million for the quarter under review as compared to the preceding year's corresponding quarter of RM 20.6 million and RM 2.2 million respectively. Members continued to scale down spending especially on non-essential goods in view of high cost of living. The response to the overseas incentive campaign launched in the current quarter was not encouraging amidst the weak purchasing power of its members.

(ii) Wholesale division

Divisional revenue increased by 14.8% to RM 14.7 million as compared to the preceding year's corresponding quarter of RM 12.8 million. The increase in revenue was mainly attributed to more extensive promotion campaigns carried out for Chinese medicated tonic and premium cooking wine which carried higher margin during the quarter under review.

In tandem with higher revenue recorded coupled with the ongoing efforts in carrying out cost optimization measures resulting the pre-tax profit increased by 35.9% to RM 2.1 million.

(iii) Retail division

The division posted lower revenue of RM 8.5 million, a decrease by 10.5% as compared to the preceding corresponding quarter's of RM 9.5 million. Despite various promotions carried out during the quarter under review, persistent inflationary pressure and weak purchasing power further weighing on overall consumption, hence causing consumers to scale down the purchase of non-essential goods such as premium health supplement products.

Lower contribution from house brand products coupled with lower A&P subsidy income from suppliers resulted a lower pre-tax profit of RM 0.2 million.

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## Current financial period compared to the preceding year's corresponding period

For the first half of the current financial year, the Group recorded lower revenue and pre-tax profit of RM 73.1 million and RM 6.7 million, representing a decrease of 20.9% and 55.1% respectively, from RM 92.3 million and RM 15.0 million in the corresponding period of the preceding year.

### (i) MLM division

The MLM division is continuously facing challenges during the period as poor market sentiment has negatively impacted its members, particularly those from low to middle-income groups. The elevated cost of living amidst lingering inflation pressures has significantly affected members' productivity and has also eroded the effectiveness of promotion and incentives. This is evident from the less encouraging response to the overseas sales campaign launched in the period under review. Some disheartened members even switched to casual employment to supplement income, further aggravating the already sluggish sales momentum.

In view of the above, MLM registered lower revenue and pre-tax profit of RM 25.8 million and RM 0.3 million respectively in the period under review.

### (ii) Wholesale division

Divisional revenue decreased marginally by about 2.7% to RM 29.0 million as compared to RM 29.8 million in the previous year's corresponding quarter. In comparison with the previous year's corresponding period, divisional revenue was mainly contributed by the "last-buy" sales promotion prior to the price increase for its selected Chinese medicated tonic and cooking wine.

Pre-tax profit dropped by 39.3% to RM 4.6 million. Higher base in the previous year's corresponding period was partly contributed by a gain from the disposal of vintage tea amounting to RM1.7 million and higher contribution from inter-segment sales.

### (iii) Retail division

The retail industry in Malaysia continues to face challenges, high cost of living and interest rates have adversely affected the purchasing power of consumers. Recently, the Retail Group Malaysia (RGM) has revised downward the estimated 2023 annual growth rate from 4.8% to 2.7% for the Malaysian retail industry, indicating increased pessimism about consumer spending in the remaining of the year.

The Retail division posted a 14.8% decrease in revenue to RM 15.5 million as compared to RM 18.2 million in the previous year's corresponding quarter, mainly attributed to lower sales of house brand products. Despite an aggressive on-line and off-line promotion campaign carried out during the period, buying momentum remains subdued amidst of high cost of living. In addition, the return to normalcy post Covid-19 resulted in lower demand for health supplement products, especially immunity-boosting products.

In tandem with lower revenue recorded and high operating costs arose from higher personnel costs following the revision of minimum wages coupled with elevated rental costs, the division recorded a marginal loss of RM 0.2 million.

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Current financial period compared to the preceding year's corresponding period (continued)

(iv) Other division

Revenue from the Other division is primarily derived from the rental of investment properties, manufacturing of health supplements and credit & leasing business.

During the period under review, pre-tax profit increased by 25.8% to RM 2.1 million mainly due to the improved performance in the manufacturing segment which secured higher OEM health supplement product orders from its OEM customers and lower operating costs recorded for the division.

**B2 Material changes in the profit before taxation for the quarter under review as compared with the immediate preceding quarter**

**Financial review for current quarter compared with the immediate preceding quarter**

	<b>Current Year Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>Changes</b>
	<b>31/10/2023 (RM '000)</b>	<b>31/07/2023 (RM '000)</b>	
<b>Revenue</b>	37,878	35,195	7.6%
<b>Gross Profit</b>	14,869	15,009	(0.9%)
<b>Operating Profit</b>	3,228	3,338	(3.3%)
<b>Profit Before Tax</b>	3,327	3,410	(2.4%)
<b>Profit After Tax</b>	2,371	2,476	(4.2%)
<b>Profit Attributable to Ordinary Equity Holders of the Parent</b>	2,322	2,457	(5.5%)

For the 2nd quarter under review, despite higher revenue registered in the quarter under review, pre-tax profit decreased marginally by 2.4% to RM 3.3 million.

(i) MLM division

MLM revenue increased by 7.3% to RM 13.3 million as compared with the immediate preceding quarter of RM 12.4 million, mainly driven by well response from distributors for the overseas incentive trip campaign launched in the current quarter. Cost challenges and margin pressures had affected its financial performance resulting the division recorded a marginal pre-tax profit of RM 0.1 million.

(ii) Wholesale division

The division has launched various promotional campaign on its selected Chinese medicated tonic and managed to improve revenue marginally by 3.4% to RM 14.7 million. To counter act high inflationary pressure, the division continues its ongoing efforts in cost optimisation measures and managed to maintain pre-tax profit at about RM 2.1 million.

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## Financial review for current quarter compared with the immediate preceding quarter (continued)

### (iii) Retail division

Divisional revenue increased by 21.4% to RM 8.5 million mainly boosted by the half yearly members' grand sales promotion campaign. In tandem with higher revenue and A&P income subsidy from suppliers, it managed to turn around into a pre-tax profit of RM 0.2 million.

## **B3 Commentary on next quarter**

The challenging global outlook will continue to be affected by geopolitical risks, elevated global inflation and a weak Ringgit Malaysia currency. The Malaysian economy is inevitably affected by the negative spillover effects on consumer sentiments which has contributed to a more uncertain outlook for domestic businesses and consumption.

The Group recognises the challenges from many fronts and is constantly reviewing, revamping and adjusting strategies to mitigate risks including cautiously managing operating expenses and improving operational efficiency to meet the challenges of heightened inflation. Outlook for the MLM division remains challenging in light of the lower distributor base and weakening of members' purchasing power. To drive membership growth, the division is constantly reviewing member retention and promotion programs to retain and attract members. With the Chinese New Year (CNY) festive season approaching, both the Wholesale and Retail divisions will launch extensive CNY promotion campaign through conventional channel and e-market platform. The Group is optimistic that the CNY campaign promotion will bring in more revenue in the next quarter.

In view of the above, the Board of Directors remains cautiously optimistic on the outlook of the Group's performance in the next quarter.

## **B4 Statement of the Board of Directors' opinion on achievability of the financial estimate, forecast, projection or internal targets previously announced**

There were no financial estimate, forecast, projection or internal targets previously announced by the Board of Directors.

## **B5 Profit forecast / profit guarantee previously announced**

There were no profit forecast or profit guarantee previously announced.

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**B6 Trade Receivables**

Ageing analysis of trade receivables of the Group as at 31 October 2023 is as follow:

	<b>RM '000</b>
Not past due	13,706
Past due 1-30 days	1,972
Past due 31-60 days	384
Past due more than 60 days & impaired	214
	16,276

The trade receivables comprised mainly of non-related parties with credit term of 60-90 days.

**B7 Taxation**

The provision for income tax is based on the business income earned for the financial period under review.

For the financial period to date, the effective tax rate of the Group was higher than the statutory tax rate as certain expenses were not deductible for tax purpose and losses of certain subsidiary companies which could not be set off against profits of certain subsidiaries as no Group relief was available for tax purposes.

	<b>Financial period</b>
	<b>31/10/2023 (RM '000)</b>
Profit before taxation	6,737
Taxation at applicable tax rate – 24%	1,617
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	273
<b>Total Income Tax Expenses</b>	<b>1,890</b>

**B8 Status of Corporate Proposals**

There were no outstanding corporate proposals for the period under review.



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## B9 Group Borrowings and Debts Securities

The Group borrowings and debts securities as at 31 October 2023 were as follows :

Current Quarter ended 31/10/2023				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowing	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	-
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
<b>Total</b>				<b>-</b>

Preceding Quarter ended 31/10/2022				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowings	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	-
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
<b>Total</b>				<b>-</b>

The short-term borrowings comprised solely of trade facilities for working capital purpose which were denominated in RM currency. Apart from the banking facilities for working capital, the Group did not have other drawn down banking facilities and the gearing level was negligible.

## B10 Changes in Material Litigation

The Group is not engaged in any material litigation, claims or arbitration, including those pending or threatened against our Group, either as plaintiff or defendant, which has a material effect on the financial position of the Group.

## B11 Dividend

The Board of Directors is pleased to declare a single tier interim dividend of 1.5 sen per share in respect of the financial year ending 30 April 2024 (31/10/2022: 3 sen single tier interim dividend).

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## B12 Earnings per share (EPS)

### Earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/10/2023	31/10/2022	31/10/2023	31/10/2022
<i>Earnings</i>				
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	2,322	3,878	4,779	10,904
Weighted average number of shares ('000)	300,103	300,103	300,103	300,103
Basic earnings per share (sen)	0.77	1.29	1.59	3.63

Diluted EPS is not presented as the Company has no potential shares or other instruments with dilutive effects.

## B13 Auditors' report of the preceding annual financial statement

The auditors' report of the preceding annual financial statement does not contain any modified opinion or material uncertainty related to going concern nor qualification.

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## B14 Items included in the Statement of Profit and Loss and Other Comprehensive Income

	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/10/2023 RM' 000	31/10/2022 RM' 000	31/10/2023 RM' 000	31/10/2022 RM' 000
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	168	161	310	309
Other income including investment Income	1,346	992	2,358	3,786
Interest expense	(54)	(45)	(109)	(90)
Depreciation and amortization on PPE & IP	(985)	(1,001)	(1,952)	(1,948)
Depreciation and amortization on Right-use-of-assets	(406)	(356)	(808)	(800)
Provision for and write off of receivables	(204)	13	(217)	(7)
Provision for and write off of inventories	(187)	(220)	(387)	(410)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	-	39	2	1,771
Foreign exchange gain/(loss):				
- Realised	495	206	591	380
- Unrealised	92	(35)	90	(79)
Gain or loss on derivatives	-	-	-	-
Impairment of assets	-	-	-	-
Any material items not disclosed above	-	-	-	-

**B15** The interim financial statements were authorised for issue by the Board of Directors on 21 December 2023.