

**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 2022**

**BESHOM HOLDINGS BERHAD**

(Registration No. 202101001114 (1401412-A))

Quarterly report on consolidated results for the financial period ended 31 October 2022

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
FOR THE QUARTER ENDED 31 OCTOBER 2022**

	INDIVIDUAL PERIOD (2nd Quarter)		CUMULATIVE PERIOD (2nd Quarter)	
	CURRENT YEAR QUARTER 31/10/2022	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2021	CURRENT YEAR TO DATE 31/10/2022	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	44,077	55,749	92,340	104,885
Cost of sales	(26,108)	(34,551)	(54,247)	(62,910)
Gross Profit	17,969	21,198	38,093	41,975
Other income	992	1,379	3,786	2,325
Depreciation	(1,357)	(1,555)	(2,748)	(3,103)
Administrative expenses	(4,662)	(4,980)	(9,516)	(9,797)
Selling & distribution expenses	(7,341)	(5,507)	(14,373)	(11,343)
Other expenses	(195)	(120)	(415)	(347)
<b>Operating Profit</b>	<b>5,406</b>	<b>10,415</b>	<b>14,827</b>	<b>19,710</b>
Finance income	161	140	309	308
Finance costs	(45)	(60)	(90)	(119)
Share of profit/(loss) of equity-accounted investee, net of tax	(6)	(8)	(40)	(18)
Profit before tax	5,516	10,487	15,006	19,881
Tax expenses	(1,495)	(2,567)	(3,885)	(4,915)
<b>Profit after tax</b>	<b>4,021</b>	<b>7,920</b>	<b>11,121</b>	<b>14,966</b>
<b>Profit attributable to:</b>				
Owners of the Company	3,878	7,816	10,904	14,816
Non-controlling interests	143	104	217	150
	4,021	7,920	11,121	14,966
<b>Earnings Per Share attributable to owners of the Company</b>				
- Basic (sen)	1.29	2.68	3.63	5.07

The Condensed Consolidated Statement of Profit and Loss should be read in conjunction with the audited financial statements for the year ended 30 April 2022 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 2022

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 OCTOBER 2022**

	INDIVIDUAL PERIOD (2nd Quarter)		CUMULATIVE PERIOD (2nd Quarter)	
	CURRENT YEAR QUARTER 31/10/2022	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2021	CURRENT YEAR TO DATE 31/10/2022	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	4,021	7,920	11,121	14,966
Other comprehensive income				
- Foreign currency translation differences for foreign operations	(174)	670	(227)	607
Total comprehensive Income for the period	3,847	8,590	10,894	15,573
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	3,704	8,486	10,677	15,423
Non-controlling Interests	143	104	217	150
	3,847	8,590	10,894	15,573

*The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2022 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 2022

	AS AT CURRENT FINANCIAL QUARTER ENDED 31/10/2022 (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 30/04/2022 (RM'000) (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Property, Plant and Equipment</i>	80,977	81,924
<i>Investment properties</i>	43,164	43,483
<i>Right-of-use assets</i>	10,741	10,547
<i>Investment in jointly control entity</i>	1,961	2,001
<i>Other Investments</i>	7,796	112
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	1,149	1,346
<i>Deferred tax assets</i>	2,242	2,417
	<b>148,115</b>	<b>141,915</b>
<b>Current Assets</b>		
<i>Inventories</i>	91,752	89,336
<i>Trade and other receivables</i>	21,429	21,603
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	68,594	59,922
<i>Cash and Cash Equivalents</i>	46,259	57,364
	<b>228,034</b>	<b>228,225</b>
<b>TOTAL ASSETS</b>	<b>376,149</b>	<b>370,140</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
<i>Share capital</i>	312,978	312,978
<i>Treasury Shares</i>	-	-
<i>Other reserves</i>	(155,364)	(155,137)
<i>Retained earnings</i>	155,132	159,214
	<b>312,746</b>	<b>317,055</b>
<b>Non-controlling interests</b>	<b>11,991</b>	<b>12,044</b>
<b>Total Equity</b>	<b>324,737</b>	<b>329,099</b>
<b>Non-current Liabilities</b>		
<i>Contract Liabilities</i>	298	119
<i>Lease Liabilities</i>	2,482	2,211
<i>Deferred tax</i>	278	288
	<b>3,058</b>	<b>2,618</b>
<b>Current Liabilities</b>		
<i>Trade &amp; other payables</i>	44,997	35,230
<i>Short-term provisions</i>	1,227	849
<i>Lease Liabilities</i>	1,494	1,521
<i>Contract Liabilities</i>	492	476
<i>Current tax payables</i>	144	347
	<b>48,354</b>	<b>38,423</b>
<b>Total Liabilities</b>	<b>51,412</b>	<b>41,041</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>376,149</b>	<b>370,140</b>
Net assets per share attributable to owners of the Company (RM)	1.04	1.06

The Condensed Consolidated Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2022 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 2022

	Attributable to owners of the Company					Total	Non-controlling interests	Total Equity
	Non distributable				Distributable Retained Earnings			
	Share Capital	Reorganisation reserve	Exchange fluctuation reserve	Capital reserve				
(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>

	Attributable to owners of the Company					Total	Non-controlling interests	Total Equity	
	Non distributable				Distributable Retained Earnings				
	Share Capital	Treasury shares	Exchange fluctuation reserve	Capital reserve					
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
<b>6-month ended 31 October 2021</b>									
Balance as at 1 May 2021	157,257	(26,684)	(218)	657	504	181,244	312,760	10,340	323,100
Profit for the period	-	-	-	-	-	14,816	14,816	150	14,966
Other comprehensive income for the period	-	-	607	-	-	-	607	-	607
Total comprehensive income for the period	-	-	607	-	-	14,816	15,423	150	15,573
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	1,260	1,260
Purchase of Company's own shares	-	(189)	-	-	-	-	(189)	-	(189)
Cancellation of Company's own shares	(102)	433	-	-	-	(331)	-	-	-
Termination of ESOS	-	-	-	-	(504)	504	-	-	-
Dividend	-	26,440	-	-	-	(41,445)	(15,005)	(197)	(15,202)
<b>Balance at end of financial period</b>	<b>157,155</b>	<b>-</b>	<b>389</b>	<b>657</b>	<b>-</b>	<b>154,788</b>	<b>312,989</b>	<b>11,553</b>	<b>324,542</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

# BESHOM HOLDINGS BERHAD

(Registration No. 202101001114 (1401412-A))

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

FOR THE QUARTER ENDED 31 OCTOBER 2022

	<b>2023</b> <b>6-month</b> <b>ended</b> <b>31/10/2022</b> <b>(RM '000)</b>	<b>2022</b> <b>6-month</b> <b>ended</b> <b>31/10/2021</b> <b>(RM '000)</b>
Profit before tax	15,006	19,881
Adjustment for :-		
Depreciation on property, plant and equipment & IP	1,948	2,228
Depreciation on right-of-use assets	800	875
Dividend income	(403)	(488)
Fair value (gain)/loss on other investments	(269)	73
Finance costs	90	119
Finance income	(309)	(308)
Loss/(Gain) on disposal of property, plant and equipment	(1,771)	4
Gain on termination of right-of-use assets	-	-
Net loss on impairment of trade and other receivables	-	-
Property, plant and equipment written off	6	3
Share of profit of equity-accounted investee, net of tax	40	18
Provision for sales campaign	936	700
Unrealised foreign exchange differences	79	(73)
<b>Operating profit before changes in working capital</b>	<b>16,153</b>	<b>23,032</b>
Changes in working capital		
<i>Inventories</i>	(2,416)	(1,108)
<i>Receipts from customers</i>	475	3,370
<i>Net Change in other receivables</i>	1,508	(1,291)
<i>Payment to suppliers, contractors and employees</i>	(6,372)	378
<i>Net Change in other payables</i>	268	(301)
	(6,537)	1,048
Cash generated from operations		
<i>Payment of income taxes</i>	(5,535)	(4,794)
<i>Finance cost</i>	(90)	(119)
<b>Net cash flows from operating activities</b>	<b>3,991</b>	<b>19,167</b>
Investing Activities		
<i>Accretion of equity interests in subsidiary</i>	(8)	-
<i>Acquisition of other investments</i>	(15,684)	(11,700)
<i>Purchase of property, plant and equipment &amp; IP</i>	(756)	(316)
<i>Proceeds from disposal of other investment</i>	-	7,007
<i>Proceeds from disposal of property, plant and Equipment</i>	1,839	11
<i>Interest received</i>	309	308
<b>Net cash from/(used in) investing activities</b>	<b>(14,300)</b>	<b>(4,690)</b>
Financing Activities		
<i>Purchase of Company's own share</i>	-	(189)
<i>Dividend paid</i>	-	(15,202)
<i>Payment of lease liabilities</i>	(808)	(873)
<b>Net cash from/(used in) financing activities</b>	<b>(808)</b>	<b>(16,264)</b>
Net Changes in Cash & Cash Equivalents	(11,117)	(1,787)
Effect of exchange rate & fluctuations on cash held	12	709
Cash & Cash Equivalents at beginning of financial period	57,364	54,549
<b>Cash &amp; Cash Equivalents at end of the financial period</b>	<b>46,259</b>	<b>53,471</b>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 30 April 2022 and the accompanying explanatory notes attached to the interim financial statements.

# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

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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 2022.

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 2022.

### 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 2022 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 2022 as stated below:

#### *MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022*

- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

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

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and 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*

# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

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## Changes in Accounting Policies (continued)

*MFRSs, interpretations and amendments effective for annual periods beginning on or 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 adoption of the above accounting standards, amendments and interpretation are not expected to have any material financial impacts 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 5 sen per share amounting to RM 15,005,162 in respect of the previous financial year ended 30 April 2022 was paid on 30 November 2022.



# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

## A7 Segment information

Details of segmental analysis for the period ended 31 October 2022 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	42,069	29,766	18,203	2,302	-	<b>92,340</b>
Inter-segment revenue	37	23,452	-	4,777	(28,266)	-
Total revenue	42,106	53,218	18,203	7,079	(28,266)	92,340
<b>RESULT</b>						
<b>Segment profit/(loss)</b>	5,090	7,514	1,355	1,618	(750)	<b>14,827</b>
Finance costs						(90)
Interest income						309
Share of loss of equity-accounted investee, net of tax						(40)
Profit before taxation						15,006
Income tax expenses						(3,885)
Net profit for the period						<b>11,121</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>	106,355	180,811	39,131	49,852	-	<b>376,149</b>
<b>Segment liabilities</b>	14,325	15,235	5,214	16,638	-	<b>51,412</b>

## A8 Property, plant and equipment

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

## 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 2022.

# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

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## 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 2022 except for the following:

- (i) Hai-O Enterprise Bhd had acquired additional 3,000 shares in Hai-O Raya Bhd for a total cash consideration of RM 8,400.

## 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 14/12/2022	As at 31/10/2022	As at 30/04/2022
	RM'000	RM'000	RM'000
Bank guarantee given to third parties in respect of services rendered to the Group	1,378	1,378	1,068

## A12 Capital commitment

The capital commitment of the Group for the period ended 31 October 2022 is as follows:

	Approved, contracted but not provided for
	RM'000
Property, plant and equipment	1,485
	<hr/>
	<b>1,485</b>
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# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

## 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	
	31/10/2022 (RM '000)	31/10/2021 (RM '000)		31/10/2022 (RM '000)	31/10/2021 (RM '000)	
<b>Revenue</b>	44,077	55,749	(20.9%)	92,340	104,885	(12.0%)
<b>Gross Profit</b>	17,969	21,198	(15.2%)	38,093	41,975	(9.3%)
<b>Operating Profit</b>	5,406	10,415	(48.1%)	14,827	19,710	(24.8%)
<b>Profit Before Tax</b>	5,516	10,487	(47.4%)	15,006	19,881	(24.5%)
<b>Profit After Tax</b>	4,021	7,920	(49.2%)	11,121	14,966	(25.7%)
<b>Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent</b>	3,878	7,816	(50.4%)	10,904	14,816	(26.4%)

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

For the first half of the financial year, the Group recorded lower revenue of RM 92.3 million, a decrease of 12.0% as compared to RM 104.9 million in the previous year's corresponding period, reflecting continued challenges in the MLM division. Gross profit margin improved from 40.0% to 41.3%, mainly lifted by higher sales of selected Chinese medicated tonic and cooking wine during the pre-price increase "last-buy" sales promotion. In line with lower revenue and higher marketing costs, Group pre-tax profit decreased by 24.5% to RM 15.0 million as compared to RM 19.9 million in the previous corresponding quarter.

### Statement of Financial Position

The equity attributable to owners of the Company stood at RM 312.7 million as at 31 October 2022 (FYE 30.4.2022: RM 317.1 million), after taking into account net profit attributable to owners of the Company amounting to RM 10.9 million, as well as the final dividend of RM 15.0 million in respect of the previous financial year ended 30 April 2022.

Total assets of the Group rose to RM 376.1 million (FYE 30.4.2022: RM 370.1 million) mainly due to an increase in other investment. Total liabilities of the Group increased by RM 10.4 million to RM 51.4 million (FYE 30.4.2022: RM 41.0 million) mainly from the increase in trade and other payables.

Net asset per share was recorded at RM 1.04 as at 31 October 2022, compared to RM1.06 as at 30 April 2022.

# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

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## Statement of Cash Flow

The cash holding of the Group comprising financial assets, cash and cash equivalents amounted to RM 114.9 million as at 31 October 2022.

Net cash flow from operating activities amounted to RM 4.0 million, primarily generated from operating profits of the three main divisions, with the MLM and Retail divisions' sales mainly transacted in cash. Net cash used in investing activities included net investment outflows of RM 15.7 million in capital investment and other investment. Net cash used in financing activities of RM 0.8 million was for the payment of lease liabilities. As a result, the Group's cash and cash equivalents decreased by RM 11.1 million to RM 46.3 million as at 31 October 2022.

## Segmental Analysis

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

#### (i) MLM division

MLM revenue and pre-tax profit decreased from RM 35.5 million and RM 7.1 million in the preceding year's corresponding quarter to RM 20.6 million and RM 2.2 million respectively. The performance in the preceding year was boosted by extensive promotion on "small-ticket" items.

Despite the reopening of economic and social sectors, distributors have taken longer time to regain momentum as the rising cost of living has constrained members' ability to spend especially on non-essential goods. Members' recruitment and renewal are also not encouraging amidst high inflation and generally weak purchasing power. The division will carry out more targeted physical marketing events and activities to improve business momentum and sentiments of distributors.

#### (ii) Wholesale division

Divisional revenue increased by 11.6% to RM 12.8 million as compared to the preceding year's corresponding quarter of RM 11.4 million, mainly attributed to higher sales of Chinese medicated tonic as well as sales to duty free shops following the resumption of tourism activities. In addition, the improvement was made against a lower base in the preceding year when Chinese medical halls and restaurants only began to slowly open in stages under the National Recovery Plan (NRP).

Pre-tax profit decreased by 22.4% to RM 1.6 million due mainly to lower contribution from inter-segment sales during the quarter under review.

#### (iii) Retail division

Against the lower base reflecting NRP in the previous year's corresponding quarter, the Retail division recorded higher revenue of RM 9.5 million, an increase of 21.5%. Revenue was further aided by the full impact of half yearly members' sales campaign in the current quarter, as compared to partial impact in the previous year's corresponding quarter when the campaign crossed over to the 3<sup>rd</sup> quarter.

As higher revenue had offset the increase in operating costs following the reopening of the economy, pre-tax profit had increased from RM 0.6 million to RM 0.8 million in the quarter under review.

# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

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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 92.3 million and RM 15.0 million, representing a decrease of 12.0% and 24.5% from RM 104.9 million and RM 19.9 million respectively in the corresponding period of the preceding year.

### (i) MLM division

The division has faced persistent challenges during the period under review. The recovery of business momentum and drive among distributors/members has taken longer than anticipated since the reopening of economic activities. Members' recruitment and renewal have not been encouraging amidst high inflation and weak purchasing power, and members remained cautious in spending especially on non-essential goods. The division has carried out various physical events to rebuild drive and re-instil confidence among distributors, thus incurring additional marketing and promotion expenditure during the financial period.

Reflecting the prevailing challenges, MLM revenue and pre-tax profit decreased from RM 65.6 million and RM 13.4 million in the preceding year's corresponding quarter to RM 42.1 million and RM 4.6 million respectively.

### (ii) Wholesale division

Wholesale revenue increased by about 34.0% to RM 29.8 million from the depressed base of RM 22.2 million in the preceding year's corresponding quarter when business activities were restricted by the various phases of MCOs. Revenue was also boosted by a pre-price increase "last-buy" sales promotion for selected Chinese medicated tonic and cooking wine during the period under review. In addition, sales to duty free shops increased substantially following the resumption of tourism activities.

Pre-tax profit doubled to RM 7.5 million in tandem with higher revenue and margin, and further aided by a gain from disposal of vintage tea amounting to RM 1.7 million.

### (iii) Retail division

The Retail division posted a 20.5% increase in revenue to RM 18.2 million as compared to RM 15.1 million in the previous year's corresponding quarter. The comparison was against a lower base in the previous year's corresponding quarter which was affected by the imposition of various phases of MCOs. Despite the increase in operating costs following the reopening of the economy, pre-tax profit increased by 39.4% to RM 1.3 million, thanks to higher revenue especially for higher-margin house brand products.

### (iv) Other division

Revenue comprises mainly rental income from investment properties, manufacturing of health supplements and credit & leasing business. The main revenue contributor is income from the rental of investment properties.

During the period under review, pre-tax profit decreased by 11.9% to RM 1.6 million due mainly to lower contribution from the manufacturing division as a result of reduced orders received from inter-segment companies.

# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

## 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

	Current Year Quarter  31/10/2022 (RM '000)	Immediate Preceding Quarter  31/07/2022 (RM '000)	Changes
<b>Revenue</b>	44,077	48,263	(8.6%)
<b>Gross Profit</b>	17,969	20,124	(10.7%)
<b>Operating Profit</b>	5,406	9,421	(42.6%)
<b>Profit Before Tax</b>	5,516	9,490	(41.9%)
<b>Profit After Tax</b>	4,021	7,100	(43.4%)
<b>Profit Attributable to Ordinary Equity Holders of the Parent</b>	3,878	7,026	(44.8%)

For the 2<sup>nd</sup> quarter under review, the Group recorded lower revenue of RM 44.1 million, a decrease of 8.6% from the preceding quarter while pre-tax profit decreased 41.9% to RM 5.5 million, dragged by weaker performance of the MLM division and the absence of a gain of RM1.7 million from the disposal of vintage tea which lifted profit in the 1<sup>st</sup> quarter.

#### (i) MLM division

The division is still going through the stage of consolidation following the reopening of economic and social sectors. The recovery of business momentum and drive among distributors/members has been relatively slow amidst high inflationary pressures and weak purchasing power.

Revenue and pre-tax profit decreased by 4.2% and 20.1% to RM 20.6 million and RM 2.2 million respectively in the quarter under review. Higher sales from “small-ticket” items in the 2<sup>nd</sup> quarter was offset by demand weakness for “big-ticket” items, as distributors/members cut back spending especially for higher value non-essential goods.

#### (ii) Wholesale division

Wholesale revenue fell 24.9% to RM 12.8 million, as compared with RM 17.0 million in the immediate preceding quarter. Revenue in the immediate preceding quarter was buoyed by the pre-price increase “last-buy” sales promotion campaign for selected Chinese medicated tonic range of products and cooking wine.

In tandem with lower revenue, divisional pre-tax profit fell by RM 2.3 million to RM 1.6 million excluding the gain from disposal of vintage tea amounting to RM 1.7 million in the immediate preceding quarter.

# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

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

### (iii) Retail division

Divisional revenue increased by 10.0% to RM 9.5 million mainly boosted by the half yearly members' grand sales promotion campaign. In tandem with higher revenue, the division registered a more than 50% increase in pre-tax profit to RM 0.8 million.

## B3 Commentary on next quarter

The Malaysian economy will continue to be supported by domestic demand during the transition to the endemic phase, while the reopening of international borders will also help tourism activities. However, as a highly open economy, Malaysia will inevitably be affected by global economic developments which appear highly challenging with looming recession risks amidst monetary tightening, high inflationary pressures, lingering supply chain issues and heightened geopolitical tension.

As a consumer-centric group, Beshom is facing challenges on many fronts, including weak purchasing power amidst high inflation, competition from existing and new channels, tight employment market, supply chain disruptions, and a weak currency which raises import cost. The Group will continue to be prudent and agile in its operations as we focus on business sustainability. The Wholesale and Retail divisions will capitalise on the upcoming Chinese New Year to launch promotion campaigns which are expected to yield positive results in the next quarter. The MLM division will continue to work on various strategies to strengthen its distributor base and continue to review and adapt on-going marketing events including the overseas incentive trip sales campaign to revive business momentum.

In view of the above, the Board of Directors expects the Group to remain profitable amidst the challenging business environment 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.

## B6 Trade Receivables

Ageing analysis of trade receivables of the Group as at 31 October 2022 is as follow:

	<b>RM '000</b>
Not past due	12,686
Past due 1-30 days	948
Past due 31-60 days	116
Past due more than 60 days & impaired	299
	<u>14,049</u>

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

# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

## 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 due mainly to certain expenses which 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.

	Current quarter ended 31/10/2022 (RM '000)	Current year to date 31/10/2022 (RM '000)
Profit before taxation	5,516	15,006
Taxation at applicable tax rate – 24%	1,324	3,601
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	171	284
<b>Total Income Tax Expenses</b>	<b>1,495</b>	<b>3,885</b>

## B8 Status of Corporate Proposals

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

## B9 Group Borrowings and Debts Securities

The Group borrowings and debts securities as at 31 October 2022 were as follows:

Current Quarter ended 31/10/2022				
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 31/10/2021				
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.



# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

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## 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 has on 21 December 2022 declared a single tier interim dividend of 3 sen per share in respect of the financial year ending 30 April 2023 (31/10/2021: 3 sen single tier interim dividend).

## 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
	31/10/2022	31/10/2021	31/10/2022	31/10/2021

### Earnings

Net profit for the period attributable to ordinary shareholders of the Company (RM'000)

3,878	7,816	10,904	14,816
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Weighted average number of shares ('000)

300,103	292,095	300,103	292,095
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Basic earnings per share (sen)

1.29	2.68	3.63	5.07
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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.

# Beshom Holdings Berhad

(Registration No. 202101001114 (1401412-A))

Financial report for the second quarter ended 31 October 2022

## 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
	31/10/2022 RM' 000	31/10/2021 RM' 000	31/10/2022 RM' 000	31/10/2021 RM' 000
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	161	140	309	308
Other income including investment Income	992	1,379	3,786	2,325
Interest expense	(45)	(60)	(90)	(119)
Depreciation and amortization on PPE & IP	(1,001)	(1,112)	(1,948)	(2,228)
Depreciation and amortization on Right-use-of-assets	(356)	(443)	(800)	(875)
Provision for and write off of receivables	13	88	(7)	(15)
Provision for and write off of inventories	(220)	(370)	(410)	(420)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	39	(4)	1,771	(4)
Foreign exchange gain/(loss):				
- Realised	206	135	380	161
- Unrealised	(35)	(166)	(79)	73
Gain or loss on derivatives	-	-	-	-
Reversal of impairment loss of inventories	-	6	-	38
Exceptional items	-	-	-	-

**B15** The interim financial statements were authorised for issue by the Board of Directors on 21 December 2022.