

**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 July 2023**

**BESHOM HOLDINGS BERHAD**

(Registration No. 202101001114 (1401412-A))

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

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
FOR THE QUARTER ENDED 31 JULY 2023**

	INDIVIDUAL PERIOD (1st Quarter)		CUMULATIVE PERIOD (1st Quarter)	
	CURRENT YEAR QUARTER 31/07/2023	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2022	CURRENT YEAR TO DATE 31/07/2023	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	35,195	48,263	35,195	48,263
Cost of sales	(20,186)	(28,139)	(20,186)	(28,139)
Gross Profit	15,009	20,124	15,009	20,124
Other income	1,012	2,794	1,012	2,794
Depreciation	(1,369)	(1,391)	(1,369)	(1,391)
Administrative expenses	(4,452)	(4,854)	(4,452)	(4,854)
Selling & distribution expenses	(6,728)	(7,032)	(6,728)	(7,032)
Other expenses	(134)	(220)	(134)	(220)
<b>Operating Profit</b>	<b>3,338</b>	<b>9,421</b>	<b>3,338</b>	<b>9,421</b>
Finance income	142	148	142	148
Finance costs	(55)	(45)	(55)	(45)
Share of profit/(loss) of equity-accounted investee, net of tax	(15)	(34)	(15)	(34)
Profit before tax	3,410	9,490	3,410	9,490
Tax expenses	(934)	(2,390)	(934)	(2,390)
<b>Profit after tax</b>	<b>2,476</b>	<b>7,100</b>	<b>2,476</b>	<b>7,100</b>
<b>Profit attributable to:</b>				
Owners of the Company	2,457	7,026	2,457	7,026
Non-controlling interests	19	74	19	74
	2,476	7,100	2,476	7,100
<b>Earnings Per Share attributable to owners of the Company</b>				
- Basic (sen)	0.82	2.34	0.82	2.34

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 July 2023

The figures have not been audited.

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

	INDIVIDUAL PERIOD (1st Quarter)		CUMULATIVE PERIOD (1st Quarter)	
	CURRENT YEAR QUARTER 31/07/2023	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2022	CURRENT YEAR TO DATE 31/07/2023	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,476	7,100	2,476	7,100
Other comprehensive income				
- Foreign currency translation differences for foreign operations	(38)	(53)	(38)	(53)
Total comprehensive Income for the period	2,438	7,047	2,438	7,047
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	2,419	6,973	2,419	6,973
Non-controlling Interests	19	74	19	74
	2,438	7,047	2,438	7,047

*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 JULY 2023

	AS AT CURRENT FINANCIAL QUARTER ENDED 31/07/2023 (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>	81,273	81,976
<i>Investment properties</i>	42,619	42,791
<i>Right-of-use assets</i>	10,544	10,510
<i>Investment in jointly control entity</i>	1,831	1,846
<i>Other Investments</i>	7,300	7,300
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	1,781	1,651
<i>Deferred tax assets</i>	2,030	2,007
	147,463	148,166
<b>Current Assets</b>		
<i>Inventories</i>	85,270	87,527
<i>Trade and other receivables</i>	21,352	21,863
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	61,953	60,473
<i>Cash and Cash Equivalents</i>	36,946	35,153
	205,521	205,016
<b>TOTAL ASSETS</b>	352,984	353,182
<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>	(154,477)	(154,439)
<i>Retained earnings</i>	153,598	151,122
	312,099	309,661
<b>Non-controlling interests</b>	12,101	12,111
<b>Total Equity</b>	324,200	321,772
<b>Non-current Liabilities</b>		
<i>Contract Liabilities</i>	312	345
<i>Lease Liabilities</i>	2,528	2,471
<i>Deferred tax</i>	339	308
	3,179	3,124
<b>Current Liabilities</b>		
<i>Trade &amp; other payables</i>	23,097	25,848
<i>Short-term provisions</i>	501	350
<i>Lease Liabilities</i>	1,366	1,354
<i>Contract Liabilities</i>	459	553
<i>Current tax payables</i>	182	181
	25,605	28,286
<b>Total Liabilities</b>	28,784	31,410
<b>TOTAL EQUITY AND LIABILITIES</b>	352,984	353,182
Net assets per share attributable to owners of the Company (RM)	1.04	1.03

The Condensed Consolidated 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

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## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 JULY 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>3-month ended 31 July 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	-	-	-	-	2,457	2,457	19	2,476
Other comprehensive income for the period	-	-	(38)	-	-	(38)	-	(38)
Total comprehensive income for the period	-	-	(38)	-	2,457	2,419	19	2,438
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	19	19	(29)	(10)
<b>Balance at end of financial period</b>	<b>312,978</b>	<b>(155,823)</b>	<b>689</b>	<b>657</b>	<b>153,598</b>	<b>312,099</b>	<b>12,101</b>	<b>324,200</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>3-month ended 31 July 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	-	-	-	-	7,026	7,026	74	7,100
Other comprehensive income for the period	-	-	(53)	-	-	(53)	-	(53)
Total comprehensive income for the period	-	-	(53)	-	7,026	6,973	74	7,047
<b>Balance at end of financial period</b>	<b>312,978</b>	<b>(155,823)</b>	<b>(24)</b>	<b>657</b>	<b>166,240</b>	<b>324,028</b>	<b>12,118</b>	<b>336,146</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.

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

FOR THE QUARTER ENDED 31 JULY 2023

	<b>2024</b> <b>3-month</b> <b>ended</b> <b>31/7/2023</b> <b>(RM '000)</b>	<b>2023</b> <b>3-month</b> <b>ended</b> <b>31/7/2022</b> <b>(RM '000)</b>
Profit before tax	3,410	9,490
Adjustment for :-		
Depreciation on property, plant and equipment & IP	967	947
Depreciation on right-of-use assets	402	444
Dividend income	(216)	(153)
Fair value gain on other investments	(322)	(217)
Finance costs	55	45
Finance income	(142)	(148)
Gain on disposal of other investment	(2)	-
Gain on disposal of property, plant and equipment	(11)	(1,732)
Property, plant and equipment written off	5	1
Share of profit of equity-accounted investee, net of tax	15	34
Provision for sales campaign	252	468
Unrealised foreign exchange differences	2	44
Operating profit before changes in working capital	4,415	9,223
Changes in working capital		
<i>Inventories</i>	2,257	1,867
<i>Receipts from customers</i>	842	(1,207)
<i>Net Change in other receivables</i>	(488)	484
<i>Payment to suppliers, contractors and employees</i>	(7,806)	(4,776)
<i>Net Change in other payables</i>	4,834	(1,425)
	(361)	(5,057)
Cash generated from operations		
<i>Payment of income taxes</i>	(898)	(3,044)
<i>Finance cost</i>	(55)	(45)
<b>Net cash flows from operating activities</b>	<b>3,101</b>	<b>1,077</b>
Investing Activities		
<i>Accretion of equity interests in subsidiary</i>	(10)	-
<i>Acquisition of other investments</i>	(7,500)	(14,684)
<i>Purchase of property, plant and equipment &amp; IP</i>	(97)	(236)
<i>Proceeds from disposal of other investment</i>	6,560	-
<i>Proceeds from disposal of property, plant and Equipment</i>	11	1,801
<i>Interest received</i>	142	148
<b>Net cash used in investing activities</b>	<b>(894)</b>	<b>(12,971)</b>
Financing Activities		
<i>Payment of lease liabilities</i>	(369)	(416)
<b>Net cash used in financing activities</b>	<b>(369)</b>	<b>(416)</b>
Net Changes in Cash & Cash Equivalents	1,838	(12,310)
Effect of exchange rate & fluctuations on cash held	(45)	(8)
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>36,946</b>	<b>45,046</b>

The Condensed Consolidated Cash Flow Statement 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.

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Financial report for the first quarter ended 31 July 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 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*

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## **Changes in Accounting Policies (continued)**

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**

No dividend has been paid during the quarter under review.



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## A7 Segment information

Details of segmental analysis for the period ended 31 July 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	12,424	14,254	6,967	1,550	-	<b>35,195</b>
Inter-segment revenue	103	7,114	-	2,323	(9,540)	-
Total revenue	12,527	21,368	6,967	3,873	(9,540)	35,195
<b>RESULT</b>						
Segment profit/(loss)	350	2,062	(363)	1,132	156	<b>3,337</b>
Finance costs						(54)
Interest income						142
Share of loss of equity-accounted investee, net of tax						(15)
Profit before taxation						3,410
Income tax expenses						(934)
Net profit for the period						<b>2,476</b>

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	85,162	180,300	37,401	50,121	-	<b>352,984</b>
Segment liabilities	10,653	10,795	5,764	1,572	-	<b>28,784</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 July 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. (HOEB) for a total cash consideration of RM350,000. With effect thereof, BH Wellness Sdn. Bhd. is now direct subsidiary of the Company.

## A10 Changes in the composition of the Group

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

- (i) HOEB had acquired additional 3,000 shares in Hai-O Raya Bhd for a total cash consideration of RM 8,400.
- (ii) On 26 April 2023, the Company has entered into Agreement on Sale and Purchase of Shares with its subsidiary, HOEB to acquire 100% equity interest in Sahajidah Hai-O Marketing Sdn. Bhd. (SHOM), Hai-O Credit & Leasing Sdn. Bhd. (HCL), and SG Global Biotech Sdn. Bhd. (SG Global) for a total cash consideration of RM5,500,000. The shares transfer have been completed on 24 July 2023 and SHOM, HCL and SG Global are now direct subsidiaries 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 19/09/2023	As at 31/07/2023	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	2,828	2,828

## A12 Capital commitment

The capital commitment of the Group for the period ended 31 July 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

	Quarter and Year-to-date ended		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31/07/2023 (RM '000)	31/07/2022 (RM '000)	
Revenue	35,195	48,263	(27.1%)
Gross Profit	15,009	20,124	(25.4%)
Operating Profit	3,338	9,421	(64.6%)
Profit Before Tax	3,410	9,490	(64.1%)
Profit After Tax	2,476	7,100	(65.1%)
Profit/(Loss) Attributable to owners of the Company	2,457	7,026	(65.0%)

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

For the period ended 31 July 2023, the Group recorded revenue and pre-tax profit of RM 35.2 million and RM 3.4 million, decreasing by 27.1% and 64.1% as compared to the previous year's corresponding period of RM 48.3 million and RM 9.5 million respectively. Business optimism and consumer sentiment remained weak amidst heightened inflationary pressures, dampening purchasing power especially for non-essential goods. According to the Malaysian Institute of Economic Research (MIER), the Consumer Sentiment Index in the 2<sup>nd</sup> quarter of 2023 stayed below the threshold of 100 point, falling to 90.8 point which indicated the persistency of pessimism amidst the high cost of living.

### Statement of Financial Position

The equity attributable to owners of the Company as at 31 July 2023 amounted to RM 312.1 million (FYE 30.4.2023: RM 309.7 million), representing an increase of RM2.4 million.

Total assets of the Group stood at RM 353.0 million (FYE 30.4.2023: RM 353.2 million) mainly due to a decrease in inventory. Total liabilities of the Group decreased by RM 2.6 million to RM 28.8 million (FYE 30.4.2023: RM 31.4 million) mainly due to the decrease in trade and other payables.

Net asset per share was recorded at RM 1.04 as at 31 July 2023, against previous financial year ended 30 April 2023 of 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 98.9 million as at 31 July 2023.

Net cash flow from operating activities amounted to RM 3.1 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 0.9 million for other investment. Net cash used in financing activities of RM 0.4 million was for the payment of lease liabilities. As a result, the Group's cash and cash equivalents increased by RM 1.8 million to RM 36.9 million as at financial period ended 31 July 2023.

## Segmental Analysis

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

#### (i) MLM division

The MLM division continued to face intense challenges as general consumption weakness hit its members, mainly from the low to middle-income groups, particularly hard. Elevated cost of living amidst lingering inflation pressures has significantly affected member's ability to sell and also eroded the effectiveness of promotion and incentives. As a result, some disheartened members even turned to casual employment options to supplement income, which further aggravated the already sluggish sales momentum and dampened members' recruitment and renewal. Another contributing factor for the weak performance in the quarter under review was the absence of incentive trip campaign. The division registered lower revenue of RM 12.4 million, a decrease of 42.3% as compared to the preceding year's corresponding quarter of RM 21.5 million.

#### (ii) Wholesale division

Divisional revenue decreased by 15.8% to RM 14.3 million as compared to the preceding corresponding quarter of RM 17.0 million. The comparison was against a higher base in the preceding year's corresponding quarter which was boosted by the "last-buy" sales promotion campaign for selected Chinese medicated tonic range of products and cooking wines prior to price revision.

In tandem with lower revenue, lower contribution from inter-segment sales and reduced gain from the sales of vintage tea, divisional pre-tax profit decreased by about 56.5% to RM 2.4 million.

#### (iii) Retail division

The Retail division posted a 19.5% decrease in revenue to RM 7.0 million as compared to the previous year's corresponding quarter of RM 8.7 million, mainly attributed to lower sales of house brand products. The return to normalcy post Covid-19 resulted in lower demand for health supplement products, especially immunity-boosting products.

Due to lower revenue recorded, high operating costs arose from higher personnel costs following the revision of minimum wages, upliftment of rental waiver in the return to normalcy post Covid-19, coupled with lower A&P subsidy from suppliers, resulted the division recorded a loss of RM 0.4 million.

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## Segmental Analysis (continued)

### (iv) Other division

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

During the quarter under review, pre-tax profit increased by more than 50% to RM 1.1 million, thanks to the manufacturing division which secured higher orders for health supplement products.

## 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  31/07/2023 (RM '000)	Immediate Preceding Quarter  30/04/2023 (RM '000)	Changes
<b>Revenue</b>	35,195	38,943	(9.6%)
<b>Gross Profit</b>	15,009	17,240	(12.9%)
<b>Operating Profit</b>	3,338	5,000	(33.2%)
<b>Profit Before Tax</b>	3,410	5,002	(31.8%)
<b>Profit After Tax</b>	2,476	2,543	(2.6%)
<b>Profit Attributable to Ordinary Equity Holders of the Parent</b>	2,457	2,659	(7.6%)

For the 1<sup>st</sup> quarter under review, the Group's revenue and pre-tax profit decreased by 9.6% and 31.8% to RM 35.2 million and RM 3.4 million respectively. Lower GP was recorded in the current quarter due to the weakening of the RM currency.

### (i) MLM division

MLM revenue decreased by 19.5% to RM 12.4 million as compared with the immediate preceding quarter of RM 15.4 million. The higher base in the immediate preceding quarter was driven both by Hari Raya promotions as well as the overseas incentive trip campaign. Pre-tax profit fell from RM 2.5 million to RM 0.2 million, mainly dragged by lower GP due to the increase in product costs and marketing costs in the quarter under review.

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

### (ii) Wholesale division

To counter cautious consumer sentiment amid heightened inflationary pressures and rising cost of living, the Wholesale division has launched various promotional activities and collaborated with several strategic business partners to expand business coverage. The division managed to maintain revenue at about RM 14.3 million, while pre-tax profit increased by 27.1% to RM 2.4 million, thanks to a more favourable sales mix with high margin products.

### (iii) Retail division

Divisional revenue fell by 11.5% to RM 7.0 million, mainly due to the high base effect in the immediate preceding quarter which was boosted by its members' sales promotion campaign. The Division experienced weaker customer footfall and sales in the face of weakening purchasing power and elevated cost of living as consumers scaled back the purchase of premium health supplement products. Lower contribution from house brand products coupled with lower A&P subsidy income from suppliers caused the division to record a loss of RM 0.4 million in the quarter under review.

## B3 Commentary on next quarter

Persistent inflationary pressures and higher financing costs at the heels of successive interest rate hikes have reduced disposable income, dampened consumers' confidence and their willingness to spend. These have taken a big toll on us as a consumer-centric group, and such negatives are unlikely to go away in the short term. Although inflation and interest rates are largely global issues that spill over to the Malaysian economy, we are also challenged by domestic factors including high household debt and a weak RM currency. In particular, our focus has always been on low to middle-income consumers, a group who is particularly hard hit by prevailing challenges. There are also other disruptive elements such as changing consumer behaviours, the move towards omni-channel marketing, competition, and the availability of casual employment options.

The Group recognises the challenges from many fronts and is constantly reviewing, revamping and adjusting strategies to mitigate risks, including but not limited to managing operating expenses and raising operational efficiency as we strive for business sustainability via the optimal mix of the right products at the right prices for customers in a win-win relationship. Over the shorter term, the overall outlook remains subdued. The MLM division is stepping up efforts to drive membership growth, reviewing and enhancing processes and programmes to retain and attract members. In addition, an overseas incentive trip campaign will be launched in the next quarter to incentivize and reward top performing distributors. The Wholesale division will also launch a customer overseas incentive trip campaign for core products. The half yearly members' sales campaign will be carried out for the Retail division and is expected to bring positive results in the next quarter.

In view of the above, the Board of Directors retains a cautious outlook on the Group's performance in the next quarter.

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## **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 July 2023 is as follow:

	<b>RM '000</b>
Not past due	13,216
Past due 1-30 days	952
Past due 31-60 days	185
Past due more than 60 days & impaired	369
	<u>14,722</u>

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 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.

	<b>Quarter and Year-to-date ended</b>
	<b>31/07/2023</b>
	<b>(RM '000)</b>
Profit before taxation	3,410
Taxation at applicable tax rate – 24%	818
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	116
<b>Total Income Tax Expenses</b>	<b>934</b>

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## 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 July 2023 were as follows :

Current Quarter ended 31/07/2023				
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 31/07/2022				
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

No interim dividend has been declared for the quarter under review (31/7/2022: Nil)



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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
	31/07/2023	31/07/2022	31/07/2023	31/07/2022
<i>Earnings</i>				
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	2,457	7,026	2,457	7,026
Weighted average number of shares ('000)	300,103	300,250	300,103	300,250
Basic earnings per share (sen)	0.82	2.34	0.82	2.34

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
	31/07/2023 RM' 000	31/07/2022 RM' 000	31/07/2023 RM' 000	31/07/2022 RM' 000
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	142	148	142	148
Other income including investment Income	1,012	2,794	1,012	2,794
Interest expense	(55)	(45)	(55)	(45)
Depreciation and amortization on PPE & IP	(967)	(947)	(967)	(947)
Depreciation and amortization on Right-use-of-assets	(402)	(444)	(402)	(444)
Provision for and write off of receivables	(13)	(20)	(13)	(20)
Provision for and write off of inventories	(200)	(190)	(200)	(190)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	2	1,732	2	1,732
Foreign exchange gain/(loss):				
- Realised	96	174	96	174
- Unrealised	(2)	(44)	(2)	(44)
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 27 September 2023.