

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 January 2023

BESHOM HOLDINGS BERHAD

(Registration No. 202101001114 (1401412-A))

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

The figures have not been audited.

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

	INDIVIDUAL PERIOD (3rd Quarter)		CUMULATIVE PERIOD (3rd Quarter)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/01/2023	31/01/2022	31/01/2023	31/01/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	42,873	59,404	135,213	164,289
Cost of sales	(25,048)	(34,745)	(79,295)	(97,655)
Gross Profit	17,825	24,659	55,918	66,634
Other income	1,050	349	4,836	2,674
Depreciation	(1,360)	(1,521)	(4,108)	(4,624)
Administrative expenses	(4,797)	(4,744)	(14,313)	(14,541)
Selling & distribution expenses	(8,410)	(7,811)	(22,783)	(19,154)
Other expenses	(297)	(130)	(712)	(477)
Operating Profit	4,011	10,802	18,838	30,512
Finance income	163	157	472	465
Finance costs	(48)	(53)	(138)	(172)
Share of profit/(loss) of equity-accounted investee, net of tax	(38)	(47)	(78)	(65)
Profit before tax	4,088	10,859	19,094	30,740
Tax expenses	(1,165)	(2,725)	(5,050)	(7,640)
Profit after tax	2,923	8,134	14,044	23,100
Profit attributable to:				
Owners of the Company	2,603	7,714	13,507	22,530
Non-controlling interests	320	420	537	570
	2,923	8,134	14,044	23,100
Earnings Per Share attributable to owners of the Company				
- Basic (sen)	0.87	2.62	4.50	7.64

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 January 2023

The figures have not been audited.

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

	INDIVIDUAL PERIOD (3rd Quarter)		CUMULATIVE PERIOD (3rd Quarter)	
	CURRENT YEAR QUARTER 31/01/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2022 RM'000	CURRENT YEAR TO DATE 31/01/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2022 RM'000
Profit for the period	2,923	8,134	14,044	23,100
Other comprehensive income				
- Foreign currency translation differences for foreign operations	271	(273)	44	334
Total comprehensive Income for the period	3,194	7,861	14,088	23,434
Total comprehensive income attributable to:				
Owners of the Company	2,874	7,441	13,551	22,864
Non-controlling Interests	320	420	537	570
	3,194	7,861	14,088	23,434

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 JANUARY 2023

	AS AT CURRENT FINANCIAL QUARTER ENDED 31/01/2023 (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 30/04/2022 (RM'000) (Audited)
ASSETS		
Non-current assets		
<i>Property, Plant and Equipment</i>	81,059	81,924
<i>Investment properties</i>	43,042	43,483
<i>Right-of-use assets</i>	10,521	10,547
<i>Investment in jointly control entity</i>	1,922	2,001
<i>Other Investments</i>	7,796	112
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	1,257	1,346
<i>Deferred tax assets</i>	2,412	2,417
	148,094	141,915
Current Assets		
<i>Inventories</i>	89,809	89,336
<i>Trade and other receivables</i>	24,866	21,603
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	62,767	59,922
<i>Cash and Cash Equivalents</i>	33,574	57,364
	211,016	228,225
TOTAL ASSETS	359,110	370,140
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
<i>Share capital</i>	312,978	312,978
<i>Treasury Shares</i>	-	-
<i>Other reserves</i>	(155,093)	(155,137)
<i>Retained earnings</i>	148,793	159,214
	306,678	317,055
Non-controlling interests	12,224	12,044
Total Equity	318,902	329,099
Non-current Liabilities		
<i>Contract Liabilities</i>	299	119
<i>Lease Liabilities</i>	2,415	2,211
<i>Deferred tax</i>	223	288
	2,937	2,618
Current Liabilities		
<i>Trade & other payables</i>	34,551	35,230
<i>Short-term provisions</i>	768	849
<i>Lease Liabilities</i>	1,364	1,521
<i>Contract Liabilities</i>	438	476
<i>Current tax payables</i>	150	347
	37,271	38,423
Total Liabilities	40,208	41,041
TOTAL EQUITY AND LIABILITIES	359,110	370,140

Net assets per share attributable to owners
of the Company (RM)

1.02

1.06

The Condensed Consolidated Statement of 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.

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

	Attributable to owners of the Company					Non-controlling interests	Total Equity	
	Non distributable				Distributable			
	Share Capital	Reorganisation reserve	Exchange fluctuation reserve	Capital reserve	Retained Earnings			
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
9-month ended 31 January 2023								
Balance as at 1 May 2022	312,978	(155,823)	29	657	159,214	317,055	12,044	329,099
Profit for the period	-	-	-	-	13,507	13,507	537	14,044
Other comprehensive income for the period	-	-	44	-	-	44	-	44
Total comprehensive income for the period	-	-	44	-	13,507	13,551	537	14,088
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	80	80	(114)	(34)
Dividend	-	-	-	-	(24,008)	(24,008)	(243)	(24,251)
Balance at end of financial period	312,978	(155,823)	73	657	148,793	306,678	12,224	318,902

	Attributable to owners of the Company						Distributable Retained Earnings	Total	Non-controlling interests	Total Equity
	Non distributable									
	Share Capital	Treasury shares	Reorganisation reserve	Exchange fluctuation reserve	Capital reserve	Share option reserve				
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
9-month ended 31 January 2022										
Balance as at 1 May 2021	**	(26,684)	157,257	(218)	657	504	181,233	312,749	10,340	323,089
Profit for the period	-	-	-	-	-	-	22,530	22,530	570	23,100
Other comprehensive income for the period	-	-	-	334	-	-	-	334	-	334
Total comprehensive income for the period	-	-	-	334	-	-	22,530	22,864	570	23,434
Issuance of shares pursuant to internal reorganisation	312,978	-	(312,978)	-	-	-	-	-	-	-
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	1,260	1,260
Acquisition of additional interest in a subsidiary from non-controlling interest	-	-	-	-	-	-	188	188	(216)	(28)
Purchase of Company's own shares	-	(189)	-	-	-	-	-	(189)	-	(189)
Cancellation of Company's own shares	-	433	(102)	-	-	-	(331)	-	-	-
Termination of ESOS	-	-	-	-	-	(504)	504	-	-	-
Dividend	-	26,440	-	-	-	-	(50,448)	(24,008)	(197)	(24,205)
Balance at end of financial period	312,978	-	(155,823)	116	657	-	153,676	311,604	11,757	323,361

** Represents RM 2.00

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.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

FOR THE QUARTER ENDED 31 JANUARY 2023

	2023 9-month ended 31/01/2023 (RM '000)	2022 9-month ended 31/01/2022 (RM '000)
Profit before tax	19,094	30,740
Adjustment for :-		
Depreciation on property, plant and equipment & IP	2,824	3,326
Depreciation on right-of-use assets	1,284	1,298
Dividend income	(691)	(707)
Fair value (gain)/loss on other investments	(517)	4
Finance costs	138	172
Finance income	(472)	(465)
Loss/(Gain) on disposal of property, plant and equipment	(1,793)	(18)
Property, plant and equipment written off	7	5
Share of profit of equity-accounted investee, net of tax	79	65
Provision for sales campaign	1,010	1,395
Unrealised foreign exchange differences	219	(117)
Operating profit before changes in working capital	21,182	35,698
Changes in working capital		
<i>Inventories</i>	(473)	(64)
<i>Receipts from customers</i>	(1,741)	(426)
<i>Net Change in other receivables</i>	1,724	498
<i>Payment to suppliers, contractors and employees</i>	(7,700)	(1,680)
<i>Net Change in other payables</i>	(4,137)	(4,524)
	(12,327)	(6,196)
Cash generated from operations		
<i>Payment of income taxes</i>	(7,901)	(10,920)
<i>Finance cost</i>	(138)	(172)
Net cash flows from operating activities	816	18,410
Investing Activities		
<i>Accretion of equity interests in subsidiary</i>	(33)	(28)
<i>Acquisition of other investments</i>	(28,355)	(17,707)
<i>Purchase of property, plant and equipment & IP</i>	(1,608)	(395)
<i>Proceeds from disposal of other investment</i>	19,034	12,514
<i>Proceeds from disposal of property, plant and Equipment</i>	1,863	33
<i>Interest received</i>	472	465
Net cash from/(used in) investing activities	(8,627)	(5,118)
Financing Activities		
<i>Purchase of Company's own share</i>	-	(189)
<i>Dividend paid</i>	(15,005)	(24,205)
<i>Payment of lease liabilities</i>	(1,200)	(1,298)
Net cash from/(used in) financing activities	(16,205)	(25,692)
Net Changes in Cash & Cash Equivalents	(24,016)	(12,400)
Effect of exchange rate & fluctuations on cash held	226	507
Cash & Cash Equivalents at beginning of financial period	57,364	54,549
Cash & Cash Equivalents at end of the financial period	33,574	42,656

The Condensed Consolidated Cash Flow Statement 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.

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Financial report for the third quarter ended 31 January 2023

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*

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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

An interim single tier dividend of 3 sen per share amounting to RM 9,003,097 in respect of current financial year ending 30 April 2023 was paid on 16 March 2023.

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Financial report for the third quarter ended 31 January 2023

A7 Segment information

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

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE						
Revenue from external customers	55,342	45,117	31,108	3,646	-	135,213
Inter-segment revenue	56	35,310	2	7,194	(42,562)	-
Total revenue	55,398	80,427	31,110	10,840	(42,562)	135,213
RESULT						
Segment profit/(loss)	5,306	9,399	2,834	2,579	(1,280)	18,838
Finance costs						(138)
Interest income						472
Share of loss of equity-accounted investee, net of tax						(78)
Profit before taxation						19,094
Income tax expenses						(5,050)
Net profit for the period						14,044

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	94,874	174,924	41,372	47,940	-	359,110
Segment liabilities	12,024	12,212	5,738	10,234	-	40,208

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 January 2023.

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Financial report for the third quarter ended 31 January 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 January 2023 except for the following:

- (i) Hai-O Enterprise Bhd had acquired additional 9,000 shares in Hai-O Raya Bhd for a total cash consideration of RM 25,200.

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 20/03/2023	As at 31/01/2023	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	2,328	2,328	1,068

A12 Capital commitment

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

	Approved, contracted but not provided for
	RM'000
Property, plant and equipment	857
	<hr/>
	857
	<hr/>

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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 (3 rd quarter)		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/01/2023 (RM '000)	31/01/2022 (RM '000)		31/01/2023 (RM '000)	31/01/2022 (RM '000)	
Revenue	42,873	59,404	(27.8%)	135,213	164,289	(17.7%)
Gross Profit	17,825	24,659	(27.7%)	55,918	66,634	(16.1%)
Operating Profit	4,011	10,802	(62.9%)	18,838	30,512	(38.3%)
Profit Before Tax	4,088	10,859	(62.4%)	19,094	30,740	(37.9%)
Profit After Tax	2,923	8,134	(64.1%)	14,044	23,100	(39.2%)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,603	7,714	(66.3%)	13,507	22,530	(40.0%)

Statement of Profit & Loss and Other Comprehensive Income

For the nine months ended 31 January 2023, the Group recorded lower revenue of RM 135.2 million, a decrease of 17.7% as compared to RM 164.3 million in the previous financial year's corresponding period, reflecting continued challenges in the MLM division. Gross profit margin improved from 40.6% to 41.4%, mainly lifted by higher sales of selected Chinese medicated tonic and cooking wine during the "last-buy" sales promotion prior to the price revision. In line with lower revenue and higher marketing costs, Group pre-tax profit decreased by 37.9% to RM 19.1 million as compared to RM 30.7 million in the previous year's corresponding period.

Statement of Financial Position

The equity attributable to owners of the Company stood at RM 306.7 million as at 31 January 2023 (FYE 30.4.2022: RM 317.1 million), after taking into account net profit attributable to owners of the Company amounting to RM 13.5 million, an interim dividend of RM 9.0 million in respect of current financial year ending 30 April 2023 and final dividend of RM 15.0 million in respect of the previous financial year ended 30 April 2022.

The assets of the Group stood at RM 359.1 million (FYE 30.4.2022: RM 370.1 million) mainly reflecting the decrease in cash and cash equivalent after netting off dividends amounting to RM 24.0 million. Total liabilities of the Group decreased by RM 0.8 million to RM 40.2 million (FYE 30.4.2022: RM 41.0 million) mainly from the decrease in trade and other payables.

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Statement of Financial Position (continued)

Net asset per share was RM 1.02 as at 31 January 2023, compared to RM1.06 as at 30 April 2022.

Statement of Cash Flow

The cash holding of the Group comprising financial assets, cash and cash equivalents amounted to RM 96.3 million as at 31 January 2023.

Net cash flow from operating activities amounted to RM 0.8 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 9.3 million in capital investment and other investment. Net cash used in financing activities of RM 16.2 million was mainly utilised for dividend payment of RM 15.0 million including dividend payment to non-controlling interests. As a result, the Group's cash and cash equivalents decreased by RM 24.0 million to RM 33.6 million as at 31 January 2023.

Segmental Analysis

Current quarter compared to the preceding year's corresponding quarter

(i) MLM division

The uncertain domestic and global economic outlook, high inflationary pressure and weak purchasing power have continued to take a toll on the overall sentiments of distributors. As members cut down spending especially for non-essential goods, divisional revenue and pre-tax profit decreased from RM 28.0 million and RM 4.3 million in the preceding year's corresponding quarter to RM 13.3 million and RM 0.2 million respectively.

To improve business momentum and sentiments among distributors, the division will continue to carry out more targeted physical events and activities, while keeping a close tab on business trend and consumer behaviour to optimize marketing effectiveness.

(ii) Wholesale division

Wholesale revenue decreased by 10.6% to RM 15.4 million as compared to the preceding year's corresponding quarter of RM 17.2 million. Higher contribution from Chinese medicated tonic was not able to offset reduced contribution from premium patented medicine and inter-segment sales. Reflecting lower revenue and higher A&P costs, pre-tax profit decreased by more than 50% to RM 1.5 million.

(iii) Retail division

Divisional revenue decreased marginally by 1.8% to RM 12.9 million as compared to the preceding year's corresponding quarter of RM 13.1 million. The previous year's corresponding quarter captured the full impact of half yearly members' sales promotion, whereas similar sales promotion for the current financial year was held in 2nd quarter.

All retail outlets have resumed business with normal operating hours since the reopening of economy and business activities, thus incurring higher sales, marketing and personnel costs. Coupled with higher rental expenses following the reinstatement to full rental, pre-tax profit decreased by 28.2% to RM 1.5 million.

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

For the nine months ended 31 January 2023, the Group recorded lower revenue and pre-tax profit of RM 135.2 million and RM 19.1 million, representing a decrease of 17.7% and 37.9% from RM 164.3 million and RM 30.7 million respectively in the corresponding period of the preceding year.

(i) MLM division

The division has faced continuous challenges during the period under review. Members' recruitment and renewal have slowed amidst weak purchasing power, and members have remained cautious in spending especially for non-essential goods. Uncertainties on many fronts, coupled with persistent inflationary pressures, have hurt members' ability and willingness to spend, and efforts to revive spending have become less effective as a result, as evident in the disappointing response to the recent overseas incentive trip campaign. To rejuvenate business momentum, the division has carried out various physical events (including the 30th anniversary) to rebuild drive and re-instil confidence among distributors, thus incurring additional marketing and promotion expenditure.

Against the challenging backdrop, divisional revenue and pre-tax profit decreased from RM 93.6 million and RM 17.6 million in the preceding year's corresponding quarter to RM 55.3 million and RM 4.8 million respectively.

(ii) Wholesale division

Wholesale revenue increased by 14.5% to RM 45.1 million as compared to the preceding year's corresponding period of RM 39.4 million.

Higher revenue was mainly boosted by the "last-buy" sales promotion prior to the price increase for selected Chinese medicated tonic and cooking wine in the nine-month period ended 31 January 2023. In addition, sales to duty free shops increased substantially following the reopening of border and resumption of tourism activities.

Pre-tax profit increased by 15.7% to RM 9.0 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

Divisional revenue of RM 31.1 million was 10.1% higher as compared to RM 28.3 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.

Pre-tax profit fell by 6.7% to RM 2.8 million mainly attributable to higher A&P and operating costs as all outlets have resumed business with normal operating hours. Reinstatement to full rentals and the revision of minimum wages have further elevated operating costs for the division.

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(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.

Higher rental income generated from investment properties was offset by lower manufacturing contribution as a result of reduced inter-segment sales. Hence, pre-tax profit increased marginally by 6.2% to RM 2.6 million.

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	Immediate Preceding Quarter	Changes
	31/01/2023 (RM '000)	31/10/2022 (RM '000)	
Revenue	42,873	44,077	(2.7%)
Gross Profit	17,825	17,969	(0.8%)
Operating Profit	4,011	5,406	(25.8%)
Profit Before Tax	4,088	5,516	(25.9%)
Profit After Tax	2,923	4,021	(27.3%)
Profit Attributable to Ordinary Equity Holders of the Parent	2,603	3,878	(32.9%)

For the 3rd quarter under review, Group revenue fell marginally by 2.7% from the preceding quarter to RM 42.9 million, while pre-tax profit decreased 25.9% to RM 5.5 million. The overall performance was mainly dragged by weaker performance at the MLM division, while the Wholesale and Retail divisions both registered higher revenue:

(i) MLM division

MLM revenue decreased from RM 20.6 million to RM 13.3 million, and pre-tax profit correspondingly dropped from RM 2.2 million to RM 0.2 million in the quarter under review. Business activities were affected by slowing new members' recruitment amidst weak purchasing power, as well as General Election and the long year-end holiday.

(ii) Wholesale division

Wholesale revenue increased by 20.2% to RM 15.4 million as compared with the immediate preceding quarter of RM 12.8 million, mainly attributed to higher sales of Chinese medicated tonic, additional seasonal sales from Chinese New Year (CNY) hampers and festive products. However, pre-tax profit decreased marginally by 6.4% to RM 1.5 million due to higher A&P costs incurred during the quarter under review.

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(iii) Retail division

Divisional revenue increased by 35.3% to RM 12.9 million as compared with the immediate preceding quarter of RM 9.5 million, mainly driven by higher sales generated from CNY festive season campaign and premium house brand products.

Pre-tax profit increased more than 50% to RM 1.5 million, thanks to higher revenue and higher margin for house brand products .

B3 Commentary on next quarter

The Malaysian economy continues to be supported by domestic demand and business activities as we transit to the endemic phase amidst a global economic slowdown. However, uncertainties abound on both the domestic and foreign fronts, and from economics to financial and geopolitics. In the latest development, the rescue of several banks in the United States and Europe has highlighted risks in the financial system and has inevitably undermined overall confidence. The direction of interest rates vis-a-vis persistent inflationary pressures, which are becoming increasingly structural in nature, is another key factor affecting overall economic activities. The Group will continue to keep a close tab especially on issues which have a direct impact on our consumer-centric businesses, including the movement of currency which will affect import costs, the affordability of our products, the competitive landscape and the evolving consumer behaviour.

The Group will focus on our core competitive advantages and strengths and remain prudent and agile amidst ongoing uncertainties. The MLM division will continue to develop and refine strategies to reinforce its distributors base as it faces unprecedented challenges. Among others, it has recently launched an overseas incentive trip campaign to motivate and incentivise the middle and lower-ranking groups of distributors. The Retail division will build on its good momentum post the re-opening of the Malaysian economy and is optimistic that the half yearly members' sales campaign will boost sales in the next quarter. Meanwhile, the Wholesale division plans to collaborate with more modern trade channels and pharmacy chain stores to tap a wider group of consumers. Besides, the recovery of the tourism industry will help to lift sales to duty free shops for the Wholesale division.

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.

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B6 Trade Receivables

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

	RM '000
Not past due	15,257
Past due 1-30 days	556
Past due 31-60 days	137
Past due more than 60 days & impaired	316
	16,266

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.

	Current quarter ended	Current year to date
	31/01/2023	31/01/2023
	(RM '000)	(RM '000)
Profit before taxation	4,088	19,094
Taxation at applicable tax rate – 24%	981	4,583
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	184	467
Total Income Tax Expenses	1,165	5,050

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

There were no borrowings or debts securities as at 31 January 2023.

Current Quarter ended 31/01/2023				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowing	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	-
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
Total				-

Preceding Quarter ended 31/01/2022				
Group Borrowings	Currency	Secured/ Unsecured	Type of borrowings	RM'000
Short Term Borrowings	Ringgit Malaysia	Unsecured	Trade facilities	-
Short Term Borrowings	Ringgit Malaysia	Secured	-	-
Total				-

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 declared

No interim dividend has been declared for the quarter under review (31/01/2022: 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
	31/01/2023	31/01/2022	31/01/2023	31/01/2022
<i>Earnings</i>				
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	2,603	7,714	13,507	22,530
Weighted average number of shares ('000)	300,103	294,753	300,103	294,753
Basic earnings per share (sen)	0.87	2.62	4.50	7.64

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
	31/01/2023 RM' 000	31/01/2022 RM' 000	31/01/2023 RM' 000	31/01/2022 RM' 000
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	163	157	472	465
Other income including investment Income	1,050	349	4,836	2,674
Interest expense	(48)	(53)	(138)	(172)
Depreciation and amortization on PPE & IP	(876)	(1,098)	(2,824)	(3,326)
Depreciation and amortization on Right-use-of-assets	(484)	(423)	(1,284)	(1,298)
Provision for and write off of receivables	44	(19)	37	(34)
Provision for and write off of inventories	(181)	(195)	(591)	(615)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	22	22	1,793	18
Foreign exchange gain/(loss):				
- Realised	157	155	537	316
- Unrealised	(140)	44	(219)	117
Gain or loss on derivatives	-	-	-	-
Reversal of impairment loss of inventories	-	4	-	42
Exceptional items	-	-	-	-

B15 The interim financial statements were authorised for issue by the Board of Directors on 27 March 2023.