

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

30 April 2023

BESHOM HOLDINGS BERHAD

(Registration No. 202101001114 (1401412-A))

Quarterly report on consolidated results for the financial year ended 30 April 2023

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 30 APRIL 2023

	INDIVIDUAL PERIOD (4th Quarter)		CUMULATIVE PERIOD (4th Quarter)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/04/2023	30/04/2022	30/04/2023	30/04/2022 (Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	38,943	45,266	174,156	209,555
Cost of sales	(21,703)	(25,536)	(100,998)	(123,191)
Gross Profit	17,240	19,730	73,158	86,364
Other income	1,220	4,387	6,056	7,061
Depreciation	(1,420)	(1,444)	(5,528)	(6,068)
Administrative expenses	(5,882)	(5,851)	(20,195)	(20,392)
Selling & distribution expenses	(6,039)	(6,153)	(28,822)	(25,307)
Other expenses	(119)	(1,134)	(831)	(1,611)
Operating Profit	5,000	9,535	23,838	40,047
Finance income	140	125	612	590
Finance costs	(84)	(45)	(222)	(217)
Share of profit/(loss) of equity-accounted investee, net of tax	(54)	(55)	(132)	(120)
Profit before tax	5,002	9,560	24,096	40,300
Tax expenses	(2,459)	(3,733)	(7,509)	(11,373)
Profit after tax	2,543	5,827	16,587	28,927
Profit attributable to:				
Owners of the Company	2,659	5,667	16,166	28,197
Non-controlling interests	(116)	160	421	730
	2,543	5,827	16,587	28,927
Earnings Per Share attributable to owners of the Company				
- Basic (sen)	0.89	1.90	5.39	9.46

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 year ended 30 April 2023

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 APRIL 2023**

	INDIVIDUAL PERIOD (4th Quarter)		CUMULATIVE PERIOD (4th Quarter)	
	CURRENT YEAR QUARTER 30/04/2023	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2022	CURRENT YEAR TO DATE 30/04/2023	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2022 (Audited)
	RM'000	RM'000	RM'000	RM'000
Profit for the year	2,543	5,827	16,587	28,927
Other comprehensive income, net of tax Items that will not be reclassified subsequently to profit or loss				
- Net change in fair value of equity investments designated at fair value through other comprehensive income	(497)	-	(497)	-
- Foreign currency translation differences for foreign operations	(120)	(87)	(76)	247
Total comprehensive Income for the year	1,926	5,740	16,014	29,174
Total comprehensive income attributable to:				
Owners of the Company	2,042	5,580	15,593	28,444
Non-controlling Interests	(116)	160	421	730
	1,926	5,740	16,014	29,174

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 30 APRIL 2023

	AS AT CURRENT FINANCIAL QUARTER ENDED 30/04/2023 (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 30/04/2022 (RM'000) (Audited)
ASSETS		
Non-current assets		
<i>Property, Plant and Equipment</i>	81,975	81,924
<i>Investment properties</i>	42,791	43,483
<i>Right-of-use assets</i>	10,510	10,547
<i>Investment in jointly control entity</i>	1,868	2,001
<i>Other Investments</i>	7,300	112
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	1,651	1,346
<i>Deferred tax assets</i>	2,074	2,417
	148,254	141,915
Current Assets		
<i>Inventories</i>	87,409	89,336
<i>Trade and other receivables</i>	22,658	21,603
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	60,473	59,922
<i>Cash and Cash Equivalents</i>	34,755	57,364
	205,295	228,225
TOTAL ASSETS	353,549	370,140
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
<i>Share capital</i>	312,978	312,978
<i>Other reserves</i>	(155,213)	(155,137)
<i>Retained earnings</i>	151,002	159,214
	308,767	317,055
Non-controlling interests	12,041	12,044
Total Equity	320,808	329,099
Non-current Liabilities		
<i>Contract Liabilities</i>	345	119
<i>Lease Liabilities</i>	2,470	2,211
<i>Deferred tax</i>	436	288
	3,251	2,618
Current Liabilities		
<i>Trade & other payables</i>	27,073	35,230
<i>Short-term provisions</i>	343	849
<i>Lease Liabilities</i>	1,355	1,521
<i>Contract Liabilities</i>	552	476
<i>Current tax payables</i>	167	347
	29,490	38,423
Total Liabilities	32,741	41,041
TOTAL EQUITY AND LIABILITIES	353,549	370,140
Net assets per share attributable to owners of the Company (RM)	1.03	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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(Registration No. 202101001114 (1401412-A))

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 APRIL 2023**

	Attributable to owners of the Company					Total	Non-controlling interests	Total Equity
	Non distributable		Exchange fluctuation reserve	Capital reserve	Distributable Retained Earnings			
	Share Capital	Reorganisation reserve						
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
12-month ended 30 April 2023								
Balance as at 1 May 2022	312,978	(155,823)	29	657	159,214	317,055	12,044	329,099
Profit for the year	-	-	-	-	16,166	16,166	421	16,587
Other comprehensive income for the year	-	-	(76)	-	(497)	(573)	-	(573)
Total comprehensive income for the year	-	-	(76)	-	15,669	15,593	421	16,014
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	127	127	(181)	(54)
Dividend	-	-	-	-	(24,008)	(24,008)	(243)	(24,251)
Balance at end of financial year	312,978	(155,823)	(47)	657	151,002	308,767	12,041	320,808

	Attributable to owners of the Company						Total	Non-controlling interests	Total Equity	
	Non distributable		Reorganisation reserve	Exchange fluctuation reserve	Capital reserve	Share option reserve				
	Share Capital	Treasury shares								
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)		
12-month ended 30 April 2022 (Audited)										
Balance as at 1 May 2021	**	(26,684)	157,257	(218)	657	504	181,233	312,749	10,340	323,089
Profit for the year	-	-	-	-	-	-	28,197	28,197	729	28,926
Other comprehensive income for the year	-	-	-	247	-	-	-	247	-	247
Total comprehensive income for the year	-	-	-	247	-	-	28,197	28,444	729	29,173
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	-	-	-	-	-	-	60	60	(88)	(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	-	-	-	-	(50,449)	(24,009)	(197)	(24,206)
Balance at end of financial year	312,978	-	(155,823)	29	657	-	159,214	317,055	12,044	329,099

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

FOR THE QUARTER ENDED 30 APRIL 2023

	2023 12-month ended 30/04/2023 (RM '000)	2022 12-month ended 30/04/2022 (RM '000) (Audited)
Profit before tax	24,096	40,300
Adjustment for :-		
Changes in lease payment arising from net concessions	-	(232)
Depreciation on property, plant and equipment & IP	3,804	4,203
Depreciation on right-of-use assets	1,724	1,865
Dividend income	(808)	(804)
Fair value (gain)/loss on other investments	(897)	(22)
Finance costs	222	217
Finance income	(612)	(590)
Loss/(Gain) on disposal of property, plant and equipment	(1,793)	(2,506)
Gain on termination of right-of-use assets	-	(31)
Net loss on impairment of trade and other receivables	1	568
Property, plant and equipment written off	71	26
Share of profit of equity-accounted investee, net of tax	133	120
Provision for sales campaign	1,044	1,053
Unrealised foreign exchange differences	39	(244)
Operating profit before changes in working capital	27,024	43,923
Changes in working capital		
<i>Inventories</i>	1,927	(46)
<i>Receipts from customers</i>	(2,310)	(657)
<i>Net Change in other receivables</i>	3,933	1,359
<i>Payment to suppliers, contractors and employees</i>	(6,331)	(1,197)
<i>Net Change in other payables</i>	(2,904)	(3,286)
	(5,685)	(3,827)
Cash generated from operations		
<i>Payment of income taxes</i>	(10,217)	(14,361)
<i>Finance cost</i>	(222)	(217)
Net cash flows from operating activities	10,900	25,518
Investing Activities		
<i>Accretion of equity interests in subsidiary</i>	(54)	(28)
<i>Acquisition of other investments</i>	(38,355)	(13,207)
<i>Purchase of property, plant and equipment & IP</i>	(3,309)	(999)
<i>Proceeds from disposal of other investment</i>	31,825	12,914
<i>Proceeds from disposal of property, plant and Equipment</i>	1,868	2,637
<i>Interest received</i>	612	590
Net cash (used in)/from investing activities	(7,413)	1,907
Financing Activities		
Equity contribution from non-controlling interest	-	1,260
<i>Purchase of Company's own share</i>	-	(189)
<i>Dividend paid to non-controlling interests of a subsidiary</i>	(243)	(197)
<i>Dividend paid</i>	(24,008)	(24,009)
<i>Payment of lease liabilities</i>	(1,584)	(1,487)
Net cash used in financing activities	(25,835)	(24,622)
Net Changes in Cash & Cash Equivalents	(22,348)	2,803
Effect of exchange rate & fluctuations on cash held	(261)	13
Cash & Cash Equivalents at beginning of financial year	57,364	54,548
Cash & Cash Equivalents at end of the financial year	34,755	57,364

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 fourth quarter ended 30 April 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 Statements 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

Dividend paid during the financial year ended 30 April 2023:

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

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A7 Segment information

Details of segmental analysis for the year ended 30 April 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	70,718	59,633	39,014	4,791	-	174,156
Inter-segment revenue	61	46,125	2	9,520	(55,708)	-
Total revenue	70,779	105,758	39,016	14,311	(55,708)	174,156
RESULT						
Segment profit/(loss)	8,037	10,719	2,898	3,158	(974)	23,838
Finance costs						(222)
Interest income						612
Share of loss of equity-accounted investee, net of tax						(132)
Profit before taxation						24,096
Income tax expenses						(7,509)
Net profit for the year						16,587

	Multi-Level Marketing	Wholesale	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	86,502	178,226	38,788	50,033	-	353,549
Segment liabilities	11,770	13,527	5,608	1,836	-	32,741

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 year ended 30 April 2023.

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A10 Changes in the composition of the Group

There was no change in the composition of the Group during the quarter ended 30 April 2023 except for the following:

- (i) Hai-O Enterprise Bhd had acquired additional 7,000 shares in Hai-O Raya Bhd for a total cash consideration of RM 19,600.

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 16/06/2023	As at 30/04/2023	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	2,828	2,828	1,068

A12 Capital commitment

The capital commitment of the Group for the year ended 30 April 2023 is as follows:

	Approved, contracted but not provided for
	RM'000
Property, plant and equipment	2,404
	<hr/> 2,404 <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 (4 th quarter)		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30/04/2023 (RM '000)	30/04/2022 (RM '000)		30/04/2023 (RM '000)	30/04/2022 (RM '000)	
					(Audited)	
Revenue	38,943	45,266	(13.9%)	174,156	209,555	(16.9%)
Gross Profit	17,240	19,730	(12.6%)	73,158	86,364	(15.3%)
Operating Profit	5,000	9,535	(47.6%)	23,838	40,047	(40.5%)
Profit Before Tax	5,002	9,560	(47.7%)	24,096	40,300	(40.2%)
Profit After Tax	2,543	5,827	(56.4%)	16,587	28,927	(42.7%)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,659	5,667	(53.1%)	16,166	28,197	(42.7%)

Statement of Profit & Loss and Other Comprehensive Income

For the year ended 30 April 2023, the Group posted lower revenue of RM 174.2 million which represented a decrease of 16.9% as compared to RM 209.6 million in the previous financial year's corresponding period, reflecting continued challenges in the MLM division. Reflecting lower revenue and higher marketing costs, the Group pre-tax profit decreased by 40.2% to RM 24.1 million as compared to RM 40.3 million in the previous year's corresponding period. Gross profit margin of 42% was slightly lifted by higher sales of selected Chinese medicated tonic and cooking wine which command higher margin.

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Statement of Financial Position

The equity attributable to owners of the Company stood at RM 308.8 million as at 30 April 2023 (FYE 30.4.2022: RM 317.1 million), after taking into account net profit attributable to owners of the Company amounting to RM 16.2 million, a final dividend of RM 15.0 million in respect of the previous financial year ended 30 April 2022 and interim dividend of RM 9.0 million in respect of current financial year ended 30 April 2023.

The assets of the Group stood at RM 353.5 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 8.3 million to RM 32.7 million (FYE 30.4.2022: RM 41.0 million) mainly from the decrease in trade and other payables.

Net asset per share was RM 1.03 as at 30 April 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 95.2 million as at 30 April 2023.

Net cash flow from operating activities amounted to RM 10.9 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 7.4 million in capital investment and other investment. Net cash used in financing activities of RM 25.8 million was mainly utilised for dividend payment of RM 24.3 million including dividend payment to non-controlling interests. As a result, the Group's cash and cash equivalents decreased by RM 22.3 million to RM 34.8 million as at 30 April 2023.

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Segmental Analysis

Current quarter compared to the preceding year's corresponding quarter

(i) MLM division

The uncertain domestic and global economic outlook, heightened inflationary pressures and weak purchasing power have continued to take a toll on the overall sentiments of MLM distributors. Divisional revenue and pre-tax profit decreased by 29.5% and 27.2% to RM 15.4 million and RM 2.5 million, respectively. Despite Malaysia's GDP growing by 5.6% in the 1st quarter of 2023, the growth was uneven with weak consumer confidence and willingness to spend still afflicting the MLM segment. The division will continue to provide more support to distributors via more targeted marketing events and activities and re-strategize new members recruitment campaign to improve business momentum.

(ii) Wholesale division

Wholesale revenue increased by 5.8% to RM 14.5 million as compared to the preceding corresponding quarter of RM 13.7 million, mainly attributed to higher sales to duty free outlets, thanks to the revival of international tourist arrivals to the country. However, signs of softer domestic sentiment due to higher-than-anticipated inflation, weakening of the Ringgit Malaysia (RM) currency and weak purchasing power has affected the demand of non-essential goods.

Pre-tax profit decreased by 59.4% to about RM 2.0 million mainly due to reduced contribution from inter-segment sales coupled with lower other income due to the absence of an one-off gain from the disposal of vintage tea amounting to RM 2.3 million in the previous year's corresponding quarter.

(iii) Retail division

The division registered a revenue of RM 7.9 million, a decrease of 9.2% as compared to the preceding year's corresponding quarter of RM 8.7 million. Higher inflation and interest rate, coupled with the weakening of RM currency, have dampened consumer sentiment and willingness to spend especially on premium health supplement products. The Consumer Sentiment Index (CSI) dropped by 6.2 points to 99.2 points in the 1st quarter of 2023, indicating a lack of confidence among consumers. This was evidenced by lower footfall in outlets as well as the less encouraging response from year-end members' sales campaign.

In view of lower revenue and A&P income subsidy from supplier, the division only managed to break even as compared to pre-tax profit of RM 0.5 million in previous year's corresponding quarter.

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

For the financial year under review, the Group recorded lower revenue and pre-tax profit of RM 174.2 million and RM 24.1 million, as compared to the preceding year of 209.6 million and RM 40.3 million, representing a decrease of 16.9% and 40.2% respectively.

(i) MLM division

The division has faced continuous challenges during the year under review. Persistent inflationary pressures and weak purchasing power have hurt members' ability to spend especially on non-essential goods, dampening their response to various rebates, marketing and incentive trip campaigns. The emergence of new MLM companies and other marketing platforms has diluted our market shares as reflected in the slowdown of members' recruitment and renewal. Furthermore, uncertainties on global and domestic economic outlook have taken a big toll on consumer sentiment. To rejuvenate business momentum, the division has carried out various physical events (including the 30th anniversary event) to rebuild drive and re-instil confidence among distributors, thus incurring additional marketing and promotion expenditure.

Against the above background, divisional revenue and pre-tax profit decreased by 38.7% and 65.3% to RM 70.7 million and RM 7.3 million, respectively.

(ii) Wholesale division

During the financial year under review, divisional revenue increased by 12.2% to RM 59.6 million as compared to the preceding year's corresponding period of RM 53.1 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 during the financial year under review. The implementation of a revised incentive scheme has effectively motivated salesmen to aggressively push sales. In addition, sales to duty free shops have increased substantially following the resumption of tourism activities.

However, higher sales & marketing costs incurred on new FMCG products and branding exercise, coupled with lower contribution from inter-segment sales, resulted in pre-tax profit decreasing by 12.6% to RM 10.9 million.

(iii) Retail division

The division achieved higher revenue of RM 39.0 million, an increase of 5.6% as compared to RM 36.9 million in the previous year's corresponding period. The comparison was against a lower base in the previous year's corresponding period which was affected by the imposition of various phases of MCOs.

Despite higher revenue, pre-tax profit fell by 19.5% to RM 2.8 million due to higher operating costs with all outlets having resumed business on full scale operations. The reinstatement to full rentals and the revision of minimum wages have further elevated operating costs and negatively impacted the bottom line.

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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 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 orders. Correspondingly, pre-tax profit decreased by 6.0% to RM 3.1 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
	30/04/2023 (RM '000)	31/01/2023 (RM '000)	
Revenue	38,943	42,873	(9.2%)
Gross Profit	17,240	17,825	(3.3%)
Operating Profit	5,000	4,011	24.7%
Profit Before Tax	5,002	4,088	22.4%
Profit After Tax	2,543	2,923	(13.0%)
Profit Attributable to Ordinary Equity Holders of the Parent	2,659	2,603	2.2%

For the 4th quarter under review, Group revenue fell by 9.2% from the preceding quarter to RM 38.9 million, with lower sales recorded in the Wholesale and Retail divisions post Chinese New Year (“CNY”) sales promotion. However, pre-tax profit increased 22.4% to RM 5.0 million in the quarter under review, thanks to cost optimization initiatives and reduced sales and marketing costs post CNY sales campaign.

(i) MLM division

Divisional revenue increased by 15.8% to RM 15.4 million as compared with the immediate preceding quarter of RM 13.3 million. The increase in revenue was primarily driven by higher sales of affordable “small ticket” items on the back of Hari Raya promotion and overseas incentive trip campaign carried out in the quarter under review.

In tandem with higher revenue and margin, pre-tax profit increased from RM 0.2 million to RM 2.5 million.

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(ii) Wholesale division

Wholesale revenue declined marginally by 5.8% to RM 14.5 million from RM 15.4 million in the immediate preceding quarter. The higher base in the immediate quarter was mainly driven by higher seasonal CNY sales.

Despite lower revenue, pre-tax profit increased by 31.5% to about RM 2.0 million, due mainly to lower marketing & distribution expenses post CNY sales campaign and higher contribution from high margin products in the quarter under review.

(iii) Retail division

Divisional revenue decreased by 38.7% to RM 7.9 million as consumers typically reduce spending after the CNY festive season. Furthermore, recent response from the year-end members' campaign was less encouraging as consumer scaled back the purchase of premium health supplement products amidst weak purchasing power and elevated inflationary pressure.

B3 Commentary on next financial year

Against the tepid global economic outlook and heightened uncertainties on various fronts, noting in particular the volatile global financial market conditions, the group expects the business operating environment to remain challenging in the next financial year.

The Malaysian economy is facing pressure from persistent inflationary pressures, interest rate hikes and the weakening of RM currency, all of which are affecting consumers' ability and willingness to spend. The impact of higher financing costs following several interest rate hikes is keenly felt especially for the middle to lower income groups, who are our target customers. Meanwhile, import costs have risen due to the weak currency. A further challenge comes from evolving consumer behaviour following the end of the pandemic, and amidst intense competition between traditional and new omnichannel retailers.

The Group will constantly monitor global and domestic economic developments to keep abreast of the latest trends and potential disruptions. For business sustainability, we will continue to optimize costs, streamline operational efficiency and enhance our existing physical outlets and digital platforms to deliver the best customer experience. The Group is currently undertaking a rebranding exercise for existing key products and is planning to roll out more new products in the Wholesale and Retail divisions. We are also looking to further finetune our sales incentive scheme in order to better motivate the sales team in both divisions. Meanwhile, we believe that the MLM business environment will continue to be challenging in view of intense competition and subdued consumption. The MLM division will constantly re-assess strategy to strengthen distributors' base and re-strategise towards more targeted marketing activities to revive sentiment and drive among distributors.

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

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.

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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 30 April 2023 is as follow:

	RM '000
Not past due	15,592
Past due 1-30 days	655
Past due 31-60 days	337
Past due more than 60 days & impaired	249
	16,833

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 year under review.

For the financial year 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 30/04/2023 (RM '000)	Current year to date 30/04/2023 (RM '000)
Profit before taxation	5,002	24,096
Taxation at applicable tax rate – 24%	1,200	5,783
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	1,259	1,726
Total Income Tax Expenses	2,459	7,509

B8 Status of Corporate Proposals

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

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B9 Group Borrowings and Debts Securities

There were no borrowings or debts securities as at 30 April 2023.

Current Quarter ended 30/04/2023				
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 30/04/2022				
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 Proposed Dividend

The Board of Directors is pleased to propose a final single tier dividend of 2 sen per ordinary share, in respect of the financial year ended 30 April 2023 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting (30.4.2022: 5 sen final single tier dividend).

The dates of entitlement and payment will be advised later.

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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
	30/04/2023	30/04/2022	30/04/2023	30/04/2022 (Audited)
<i>Earnings</i>				
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	2,659	5,667	16,166	28,197
Weighted average number of shares ('000)	300,103	298,164	300,103	298,164
Basic earnings per share (sen)	0.89	1.90	5.39	9.46

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
	30/04/2023 RM' 000	30/04/2022 RM' 000	30/04/2023 RM' 000	30/04/2022 RM' 000 (Audited)
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	140	125	612	590
Other income including investment Income	1,220	4,386	6,056	7,060
Interest expense	(84)	(45)	(222)	(217)
Depreciation and amortization on PPE & IP	(980)	(877)	(3,804)	(4,203)
Depreciation and amortization on Right-use-of-assets	(440)	(567)	(1,724)	(1,865)
Provision for and write off of receivables	(24)	(534)	13	(568)
Provision for and write off of inventories	(212)	185	(803)	(430)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	-	2,484	1,793	2,506
Foreign exchange gain/(loss):				
- Realised	90	221	627	378
- Unrealised	180	127	(39)	244
Reversal of impairment loss of inventories	-	-	-	-

B15 The interim financial statements were authorised for issue by the Board of Directors on 23 June 2023.