

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 2024

BESHOM HOLDINGS BERHAD

(Registration No. 202101001114 (1401412-A))

Quarterly report on consolidated results for the financial period ended 31 January 2024

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED 31 JANUARY 2024

	INDIVIDUAL PERIOD (3rd Quarter)		CUMULATIVE PERIOD (3rd Quarter)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/01/2024	31/01/2023	31/01/2024	31/01/2023
	RM'000	RM'000	RM'000	RM'000
Revenue	42,157	42,873	115,230	135,213
Cost of sales	(25,255)	(25,048)	(68,450)	(79,295)
Gross Profit	16,902	17,825	46,780	55,918
Other income	1,025	1,050	3,383	4,836
Depreciation	(1,380)	(1,360)	(4,140)	(4,108)
Administrative expenses	(4,406)	(4,797)	(13,578)	(14,313)
Selling & distribution expenses	(7,849)	(8,410)	(21,167)	(22,783)
Other expenses	(27)	(297)	(447)	(712)
Operating Profit	4,265	4,011	10,831	18,838
Finance income	182	163	492	472
Finance costs	(50)	(48)	(159)	(138)
Share of profit/(loss) of equity-accounted investee, net of tax	(56)	(38)	(86)	(78)
Profit before tax	4,341	4,088	11,078	19,094
Tax expenses	(1,283)	(1,165)	(3,173)	(5,050)
Profit after tax	3,058	2,923	7,905	14,044
Profit attributable to:				
Owners of the Company	3,015	2,603	7,794	13,507
Non-controlling interests	43	320	111	537
	3,058	2,923	7,905	14,044
Earnings Per Share attributable to owners of the Company				
- Basic (sen)	1.01	0.87	2.60	4.50

The Condensed Consolidated Statement of Profit And Loss 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 January 2024

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 JANUARY 2024**

	INDIVIDUAL PERIOD (3rd Quarter)		CUMULATIVE PERIOD (3rd Quarter)	
	CURRENT YEAR QUARTER 31/01/2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2023 RM'000	CURRENT YEAR TO DATE 31/01/2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2023 RM'000
Profit for the period	3,058	2,923	7,905	14,044
Other comprehensive income				
- Net change in fair value of equity investments designated at fair value through other comprehensive income	(372)	-	(1,115)	-
- Foreign currency translation differences for foreign operations	19	271	(252)	44
Total comprehensive Income for the period	2,705	3,194	6,538	14,088
Total comprehensive income attributable to:				
Owners of the Company	2,662	2,874	6,427	13,551
Non-controlling Interests	43	320	111	537
	2,705	3,194	6,538	14,088

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 JANUARY 2024

	AS AT CURRENT FINANCIAL QUARTER ENDED 31/01/2024 (RM'000)	AS AT PRECEDING FINANCIAL YEAR ENDED 30/04/2023 (RM'000) (Audited)
ASSETS		
Non-current assets		
<i>Property, Plant and Equipment</i>	82,535	81,976
<i>Investment properties</i>	42,273	42,791
<i>Right-of-use assets</i>	10,478	10,510
<i>Investment in jointly control entity</i>	1,760	1,846
<i>Other Investments</i>	6,185	7,300
<i>Goodwill arising from consolidation</i>	85	85
<i>Trade receivables - non current</i>	1,734	1,651
<i>Deferred tax assets</i>	1,721	2,007
	146,771	148,166
Current Assets		
<i>Inventories</i>	78,390	87,527
<i>Trade and other receivables</i>	24,526	21,863
<i>Other Investments</i>		
<i>Financial assets at fair value through profit or loss</i>	69,002	60,473
<i>Cash and Cash Equivalents</i>	32,104	35,153
	204,022	205,016
TOTAL ASSETS	350,793	353,182
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
<i>Share capital</i>	312,978	312,978
<i>Other reserves</i>	(154,691)	(154,439)
<i>Retained earnings</i>	147,336	151,122
	305,623	309,661
Non-controlling interests	11,927	12,111
Total Equity	317,550	321,772
Non-current Liabilities		
<i>Contract Liabilities</i>	234	345
<i>Lease Liabilities</i>	2,558	2,471
<i>Deferred tax</i>	231	308
	3,023	3,124
Current Liabilities		
<i>Trade & other payables</i>	28,267	25,848
<i>Short-term provisions</i>	198	350
<i>Lease Liabilities</i>	1,341	1,354
<i>Contract Liabilities</i>	412	553
<i>Current tax payables</i>	2	181
	30,220	28,286
Total Liabilities	33,243	31,410
TOTAL EQUITY AND LIABILITIES	350,793	353,182
Net assets per share attributable to owners of the Company (RM)	1.02	1.03

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

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(Registration No. 202101001114 (1401412-A))

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 JANUARY 2024

	Attributable to owners of the Company					Non-controlling interests	Total Equity	
	Share Capital	Reorganisation reserve	Non distributable Exchange fluctuation reserve	Capital reserve	Distributable Retained Earnings			Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
9-month ended 31 January 2024								
Balance as at 1 May 2023	312,978	(155,823)	727	657	151,122	309,661	12,111	321,772
Profit for the period	-	-	-	-	7,794	7,794	111	7,905
Other comprehensive loss for the period	-	-	(252)	-	(1,115)	(1,367)	-	(1,367)
Total comprehensive (loss)/income for the period	-	-	(252)	-	6,679	6,427	111	6,538
Acquisition of additional interest in a subsidiary by non-controlling interest	-	-	-	-	39	39	(57)	(18)
Dividend	-	-	-	-	(10,504)	(10,504)	(238)	(10,742)
Balance at end of financial period	312,978	(155,823)	475	657	147,336	305,623	11,927	317,550

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

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 JANUARY 2024

	2024 9-month ended 31/01/2024 (RM '000)	2023 9-month ended 31/01/2023 (RM '000)
Profit before tax	11,078	19,094
Adjustment for :-		
Depreciation on property, plant and equipment & IP	2,938	2,824
Depreciation on right-of-use assets	1,202	1,284
Dividend income	(801)	(691)
Fair value gain on other investments	(786)	(517)
Finance costs	159	138
Finance income	(492)	(472)
Gain on disposal of other investment	(2)	-
Loss/(Gain) on disposal of property, plant and equipment	33	(1,793)
Property, plant and equipment written off	6	7
Share of profit of equity-accounted investee, net of tax	86	79
Provision for sales campaign	653	1,010
Unrealised foreign exchange differences	(103)	219
Operating profit before changes in working capital	13,971	21,182
Changes in working capital		
<i>Inventories</i>	9,137	(473)
<i>Receipts from customers</i>	(2,003)	(1,741)
<i>Net Change in other receivables</i>	(339)	1,724
<i>Payment to suppliers, contractors and employees</i>	(6,585)	(7,700)
<i>Net Change in other payables</i>	3,228	(4,137)
	3,438	(12,327)
Cash generated from operations		
<i>Payment of income taxes</i>	(3,547)	(7,901)
<i>Finance cost</i>	(159)	(138)
Net cash flows from operating activities	13,703	816
Investing Activities		
<i>Accretion of equity interests in subsidiary</i>	(18)	(33)
<i>Acquisition of other investments</i>	(13,500)	(28,355)
<i>Purchase of property, plant and equipment & IP</i>	(3,054)	(1,608)
<i>Proceeds from disposal of other investment</i>	6,560	19,034
<i>Proceeds from disposal of property, plant and Equipment</i>	36	1,863
<i>Interest received</i>	492	472
Net cash used in investing activities	(9,484)	(8,627)
Financing Activities		
<i>Dividend paid</i>	(6,002)	(15,005)
<i>Payment of lease liabilities</i>	(1,096)	(1,200)
Net cash used in financing activities	(7,098)	(16,205)
Net Changes in Cash & Cash Equivalents	(2,879)	(24,016)
Effect of exchange rate & fluctuations on cash held	(170)	226
Cash & Cash Equivalents at beginning of financial period	35,153	57,364
Cash & Cash Equivalents at end of the financial period	32,104	33,574

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

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Financial report for the third quarter ended 31 January 2024

PART A -- Notes To The Interim Financial Report

A1 Basis of preparation

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

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

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

Changes in Accounting Policies

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

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

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

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

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

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

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

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Changes in Accounting Policies (continued)

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

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

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

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

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

A2 Seasonal or cyclical factors of interim operations

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

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

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

A4 Changes in estimates of amounts reported previously

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

A5 Issues, repurchase and repayments of debts and equity securities

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

- (i) As at 19 March 2024, the treasury shares held were 53,500 shares with total purchase considerations of RM 48,435.

The repurchase transactions were financed by internally generated funds.

A6 Dividend paid

An interim single tier dividend of 1.5 sen per share amounting of RM 4,501,574 in respect of current financial year ending 30 April 2024 was paid on 14 March 2024.

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Financial report for the third quarter ended 31 January 2024

A7 Segment information

Details of segmental analysis for the period ended 31 January 2024 are as follows:

	Wholesale	Multi-Level Marketing	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
REVENUE						
Revenue from external customers	46,304	39,074	25,654	4,198	-	115,230
Inter-segment revenue	28,012	154	-	7,019	(35,185)	-
Total revenue	74,316	39,228	25,654	11,217	(35,185)	115,230
RESULT						
Segment profit/(loss)	7,541	1,057	434	2,902	(1,103)	10,831
Finance costs						(159)
Interest income						492
Share of loss of equity-accounted investee, net of tax						(86)
Profit before taxation						11,078
Income tax expenses						(3,173)
Net profit for the period						7,905

	Wholesale	Multi-Level Marketing	Retail	Others	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Segment assets	178,416	81,814	40,361	50,202	-	350,793
Segment liabilities	12,660	9,489	5,661	5,433	-	33,243

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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Financial report for the third quarter ended 31 January 2024

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 2024.

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 2024 except for the following:

- (i) Hai-O Enterprise Bhd had acquired additional 3,000 shares in Hai-O Raya Bhd for a total cash consideration of RM 9,000.

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 19/03/2024	As at 31/01/2024	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	2,894	2,678	2,828

A12 Capital commitment

The capital commitment of the Group for the period ended 31 January 2024 is as follows:

	Approved, contracted but not provided for
	RM'000
Property, plant and equipment	4,700
Total	4,700

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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	
	31/01/2024 (RM '000)	31/01/2023 (RM '000)		31/01/2024 (RM '000)	31/01/2023 (RM '000)	
Revenue	42,157	42,873	(1.7%)	115,230	135,213	(14.8%)
Gross Profit	16,902	17,825	(5.2%)	46,780	55,918	(16.3%)
Operating Profit	4,265	4,011	6.3%	10,831	18,838	(42.5%)
Profit Before Tax	4,341	4,088	6.2%	11,078	19,094	(42.0%)
Profit After Tax	3,058	2,923	4.6%	7,905	14,044	(43.7%)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	3,015	2,603	15.8%	7,794	13,507	(42.3%)

Statement of Profit & Loss and Other Comprehensive Income

For the nine month ended 31 January 2024, the Group posted lower revenue and pre-tax profit of RM 115.2 million and RM 11.1 million respectively, decreased by 14.8% and 42.0% as compared to the previous year's corresponding period of RM 135.2 million and RM 19.1 million respectively. The continuous weak performance reflected the challenges faced due to the high cost of living and subdued consumer sentiment.

Statement of Financial Position

The equity attributable to owners of the Company as at 31 January 2024 amounted to RM 305.6 million (FYE 30.4.2023: RM 309.7 million), representing a decrease of RM 4.1 million.

Total assets of the Group was RM 350.8 million (FYE 30.4.2023: RM 353.2 million), whereas total liabilities of the Group increased by RM 1.8 million to RM 33.2 million (FYE 30.4.2023: RM 31.4 million) mainly due to the increase in trade and other payables.

Net asset per share as at 31 January 2024 was RM 1.02 (FYE 30.4.2023: RM 1.03).

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Financial report for the third quarter ended 31 January 2024

Statement of Cash Flow

The cash holding of the Group comprising financial assets, cash and cash equivalents amounted to RM 101.1 million as at 31 January 2024.

Net cash flow from operating activities amounted to RM 13.7 million generated from the Group's businesses which are substantially transacted in cash. Net cash used in investing activities was RM 9.5 million mainly incurred on the purchase of other investment, property, plant and equipment. Net cash used in financing activities of RM 7.1 million was mainly utilised for dividend payment of RM 6.0 million including dividend payment to non-controlling interests and payment of lease liabilities. As a result, the Group's cash and cash equivalents decreased by RM 2.9 million to RM 32.1 million as at financial period ended 31 January 2024.

Segmental Analysis

Current quarter compared to the preceding year's corresponding quarter

(i) MLM division

The business momentum and drive among distributors/members are not bringing any major improvement as compared to the preceding year's corresponding quarter despite various marketing strategies and recruitment programs been carried out. In light of the poor market sentiment in domestic economy, members are cautious in spending especially on non-essential goods amid high cost of living. The emergence of many other MLM market players and availability of casual employment options has further affected the members' recruitment program.

Divisional revenue was maintained at RM 13.3 million with pre-tax profit increased by RM 0.8 million to RM 1.0 million as compared to the preceding year's corresponding quarter of RM 0.2 million, mainly attributed to cost optimisation measures carried out and lower marketing costs incurred in the quarter under review.

(ii) Wholesale division

The division recorded higher revenue of RM 17.3 million, an increase of 12.8% as compared to the preceding year's corresponding quarter of RM 15.4 million. The increase in revenue was mainly contributed by Chinese medicated tonic and premium cooking wine promotional campaign leading up to Chinese New Year (CNY) festive season and higher sales to duty free shop due to the increase in international tourist arrivals.

Pre-tax profit increased by 36.3% to RM 2.0 million in tandem with higher revenue recorded coupled with the ongoing efforts on cost optimization measures.

(iii) Retail division

As part of the CNY sales is crossed over to 4th quarter of this current financial year, the division recorded lower revenue of RM 10.2 million, decreased by 21% as compared to the preceding year's corresponding quarter which captured the full impact of the CNY sales campaign.

The retail industry remains challenging due to high cost of living and consumers are more cautious in spending even during festive season. In tandem with lower revenue recorded coupled with lower contribution from house brand products, pre-tax profit decreased from RM 1.5 million to RM 0.5 million.

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

For the nine months ended 31 January 2024, the Group recorded lower revenue and pre-tax profit of RM 115.2 million and RM 11.1 million, representing a decrease of 14.8% and 41.9% respectively, from RM 135.2 million and RM 19.1 million in the corresponding period of the preceding year.

(i) MLM division

In the face of a challenging business environment due to inflationary pressure and poor market sentiment, the recovery of business momentum and drive among distributors are not improving despite various marketing activities being carried out during the period under review. With many new market players entering into MLM industry, members' recruitment and renewal have not been encouraging. The situation was further aggravated by some members switching to casual employment to supplement income, which providing them with immediate cash return. This is evident from the less encouraging response to the overseas incentive trip sales campaign launched in the period under review. In addition, divisional financial performance was further dragged by lower margin due to the increase costs in supply chain.

In view of the above MLM registered lower revenue and pre-tax profit of RM 39.1 million and RM 1.3 million respectively in the period under review.

(ii) Wholesale division

Divisional revenue increased marginally by about 2.7% to RM 46.3 million as compared to RM 45.1 million in the previous year's corresponding quarter, mainly attributed to higher sales of premium patented medicine and sales of goods to duty free shop which increased substantially due to higher international tourist arrivals.

In comparison with higher base in the previous year's corresponding period which was partly contributed by a gain from the disposal of vintage tea amounting to RM1.7 million and higher contribution from inter-segment sales, the pre-tax profit decreased by 27.0% to RM 6.6 million.

(iii) Retail division

The retail industry in Malaysia continues to face challenges amid rising cost of living which has adversely affected the purchasing power of consumers. The division registered a 17.4% decrease in revenue to RM 25.7 million as compared to RM 31.1 million in the previous year's corresponding quarter. The current period did not fully capture the impact of CNY sales and buying momentum remains subdued even during festive season. In addition, the return to normalcy post Covid-19 resulted in lower demand for health supplement products, especially immunity-boosting products has also attributed to the lower sales.

In tandem with lower revenue recorded and high operating costs arose from higher personnel costs following the revision of minimum wages, the division recorded lower pre-tax profit of RM 0.3 million as compared to RM 2.8 million in the previous year's corresponding period.

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

(iv) Other division

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

During the period under review, pre-tax profit increased by 12.8% to RM 2.9 million mainly attributed to cost optimisation measures carried out in other division resulted lower operating costs incurred.

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
	31/01/2024 (RM '000)	31/10/2023 (RM '000)	
Revenue	42,157	37,878	11.3%
Gross Profit	16,902	14,869	13.7%
Operating Profit	4,265	3,228	32.1%
Profit Before Tax	4,341	3,327	30.5%
Profit After Tax	3,058	2,371	29.0%
Profit Attributable to Ordinary Equity Holders of the Company	3,015	2,322	29.8%

For the 3rd quarter under review, revenue and pre-tax profit increase by 11.3% and 30.5% to RM 42.2 million and RM 4.3 million, respectively.

(i) MLM division

Despite revenue was maintained at RM 13.3 million, pre-tax profit increased to RM 1.0 million as compared with the immediate preceding quarter of RM 0.1 million on the back of cost optimisation initiatives carried out during the quarter under review. The division has continuously revamped its marketing strategies in sustaining the sales in light of the weak buying power of its members especially spending on non-essential goods.

(ii) Wholesale division

Divisional revenue increased by 17.7% to RM 17.3 million as compared with the immediate preceding quarter of RM 14.7 million. The increase in revenue was mainly driven by higher sales generated from Chinese medicated tonic promotion campaign and additional seasonal CNY sales.

However, pre-tax profit decreased by 6.1% to RM 2.0 million attributed to lower margin recorded especially on imported products due to the weakening of RM coupled with higher A&P costs for CNY promotion campaign during the quarter under review.

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

(iii) Retail division

The division recorded higher revenue of RM 10.2 million, an increase by 20.0% as compared with the immediate preceding quarter of RM 8.5 million. The increase in revenue was mainly driven by higher sales from CNY festive season campaign and premium house brand products.

In tandem with higher revenue recorded coupled with higher A&P subsidy from suppliers, pre-tax profit increased from RM 0.2 million to RM 0.5 million.

B3 Commentary on next quarter

The global macroeconomic and business environment remain challenging and volatile, the escalation and extension of geopolitical tension has disrupted the global supply chain and lead to the increase in logistic and product costs. Furthermore, pro-longed weakening of RM against major currencies, elevated price pressure following the hike of service tax to 8% will further affect the domestic business sentiment and dampen the consumers' purchasing power, moving forward.

The Group will monitor closely the external political and economic developments, and will constantly review, adapt and realign its strategies to mitigate business risks. The MLM division remains challenging amidst elevated cost of living, lower distributor base and weakening of members' purchasing power. In view thereof, the division will continue to review and revamp its marketing strategies as well as member recruitment and retention program. The Wholesale division will extensively incentivise customer by promoting its selective key products via overseas incentive trip campaign. Besides, the recovery of international tourist arrivals will help to lift sales on duty free products. Whereas for Retail division, it is optimistic that the year-end loyalty members' sales campaign will boost sales in the next quarter.

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

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

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

B5 Profit forecast / profit guarantee previously announced

There were no profit forecast or profit guarantee previously announced.

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B6 Trade Receivables

Ageing analysis of trade receivables of the Group as at 31 January 2024 is as follow:

	RM '000
Not past due	15,332
Past due 1-30 days	1,370
Past due 31-60 days	369
Past due more than 60 days & impaired	503
	<u>17,574</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 as certain expenses were not deductible for tax purpose and losses of certain subsidiary companies which could not be set off against profits of certain subsidiaries as no Group relief was available for tax purposes.

	Current quarter ended	Current year to date
	31/01/2024	31/01/2024
	(RM '000)	(RM '000)
Profit before taxation	4,341	11,078
Taxation at applicable tax rate – 24%	1,042	2,659
Adjustment mainly due to certain non-allowable expenses and deferred tax recognized in the profit or loss	241	514
Total Income Tax Expenses	1,283	3,173

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 2024.

Current Quarter ended 31/01/2024				
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 31/01/2023				
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

No interim dividend has been declared for the quarter under review (31/01/2023: 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
	31/01/2024	31/01/2023	31/01/2024	31/01/2023
<i>Earnings</i>				
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	3,015	2,603	7,794	13,507
Weighted average number of shares ('000)	300,103	300,103	300,103	300,103
Basic earnings per share (sen)	1.01	0.87	2.60	4.50

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
	31/01/2024 RM' 000	31/01/2023 RM' 000	31/01/2024 RM' 000	31/01/2023 RM' 000
<i>Profit before taxation is arrived at after (charging)/crediting:</i>				
Interest income	182	163	492	472
Other income including investment Income	1,025	1,050	3,383	4,836
Interest expense	(50)	(48)	(159)	(138)
Depreciation and amortization on PPE & IP	(986)	(876)	(2,938)	(2,824)
Depreciation and amortization on Right-use-of-assets	(394)	(484)	(1,202)	(1,284)
Provision for and write off of receivables	202	44	(15)	37
Provision for and write off of inventories	(346)	(181)	(733)	(591)
Gain or (loss) on disposal of quoted or unquoted investment and/or PPE	(29)	22	(31)	1,793
Foreign exchange gain/(loss):				
- Realised	175	157	766	537
- Unrealised	13	(140)	103	(219)
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 26 March 2024.