

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

A. Condensed Consolidated Statement of Comprehensive Income for FY2022 and FY2021

	Note	GROUP					
		For the second half year ended 31 March			For the full year ended 31 March		
		2HY2022	2HY2021	Increase/ (Decrease)	FY2022	FY2021	Increase/ (Decrease)
	RM'000	RM'000	%	RM'000	RM'000	%	
Revenue		48,803	33,998	43.5%	78,903	60,258	30.9%
Cost of sales		(37,102)	(30,722)	20.8%	(60,516)	(52,779)	14.7%
Gross profit		11,701	3,276	NM	18,387	7,479	NM
Other income							
- Interest		10	11	-9.1%	20	25	-20.0%
- Others		762	382	99.5%	1,491	1,589	-6.2%
Other gains and losses							
- Reversal on financial assets		(293)	(189)	55.0%	(260)	(177)	46.9%
- Others		(58)	(13)	NM	1,887	58	NM
Expenses							
- Selling and distribution		(2,148)	(2,023)	6.2%	(3,737)	(3,583)	4.3%
- Administrative		(6,147)	(6,984)	-12.0%	(12,599)	(13,490)	-6.6%
- Finance		(1,568)	(1,851)	-15.3%	(3,239)	(3,521)	-8.0%
		2,259	(7,391)	NM	1,950	(11,620)	NM
Share of profit of associated companies		824	950	-13.3%	2,084	2,011	3.6%
Profit/(loss) before income tax	6	3,083	(6,441)	NM	4,034	(9,609)	NM
Income tax expense	7	(187)	(93)	101.1%	(265)	(390)	-32.1%
Net profit/(loss) for the financial period/year		2,896	(6,534)	NM	3,769	(9,999)	NM
Other comprehensive income:							
Exchange gain arising from translation of foreign operations		1	-	NM	26	-	NM
Other comprehensive income for the financial period/year, net of tax		1	-	NM	26	-	NM
Total comprehensive income/(loss)		2,897	(6,534)	NM	3,795	(9,999)	NM
Net profit/(loss) attributable to:							
Equity holders of the Company		2,734	(6,679)	NM	3,533	(10,144)	NM
Non-controlling interests		162	145	11.7%	236	145	62.8%
		2,896	(6,534)	NM	3,769	(9,999)	NM

NM: Not meaningful

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	GROUP					
		For the second half year ended 31 March			For the full year ended 31 March		
		2HY2022	2HY2021	Increase/ (Decrease)	FY2022	FY2021	Increase/ (Decrease)
	RM'000	RM'000	%	RM'000	RM'000	%	
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		2,735	(6,679)	NM	3,559	(10,144)	NM
Non-controlling interests		162	145	11.7%	236	145	62.8%
		2,897	(6,534)	NM	3,795	(9,999)	NM
Earnings/ (Loss) Per Share (Malaysian sen)							
- Basis	9	2.60	(6.34)		3.38	(9.63)	
- Diluted	9	2.60	(6.34)		3.38	(9.63)	

NM: Not meaningful

Note:

In September 2021, the Company disposed 100% of the issued share capital in Marc16 Equipment Manufacturing Sdn Bhd ("Marc16"), for a cash consideration of RM1,000,000. The disposal of Marc16 has resulted in a gain on disposal and an excess of the consideration over the book value of Marc16 of approximately RM1.8 million to the Group (classified under "Other gains and losses - Others"). Marc16 ceased to be a subsidiary of the Company. Please refer to the announcements dated 6 August 2021 and 9 September 2021 for further details.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

B. Condensed Statements of Financial Position

	Note	Group		Company	
		As at 31/3/22 (Unaudited)	As at 31/3/21 (Audited)	As at 31/3/22 (Unaudited)	As at 31/3/21 (Audited)
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Current assets					
Cash and bank balances		11,323	11,712	8	150
Trade and other receivables		35,407	29,445	18,154	16,032
Inventories		9,723	10,999	-	-
Other current assets		5,041	4,217	-	-
Income tax recoverable		1,188	1,066	-	-
		62,682	57,439	18,162	16,182
Non-current assets					
Property, plant and equipment	11	41,988	54,504	-	-
Investment properties		3,563	3,622	-	-
Investments in subsidiary corporations		-	-	19,654	20,554
Investments in associated companies		9,905	7,821	5,056	5,056
		55,456	65,947	24,710	25,610
Total assets		118,138	123,386	42,872	41,792
LIABILITIES					
Current liabilities					
Trade and other payables		16,614	14,789	5,716	1,966
Borrowings	12	34,766	38,791	-	-
Lease liabilities	13	3,531	4,701	-	-
		54,911	58,281	5,716	1,966
Non-current liabilities					
Borrowings	12	26,024	29,787	-	-
Lease liabilities	13	4,933	6,794	-	-
Deferred income tax liabilities		96	96	-	-
		31,053	36,677	-	-
Total liabilities		85,964	94,958	5,716	1,966
NET ASSETS		32,174	28,428	37,156	39,826
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	30,158	30,158	30,158	30,158
Currency translation reserve		(35)	(61)	-	-
Retained earnings/ (accumulated losses)		1,042	(2,491)	6,998	9,668
		31,165	27,606	37,156	39,826
Non-controlling interests		1,009	822	-	-
Total equity		32,174	28,428	37,156	39,826

* Denotes amounts below RM1,000

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

C. Condensed Consolidated Statements of Changes in Equity

Group	Share capital	Currency translation reserve	Retained earnings/ (accumulated losses)	Equity attributable to equity holders of the Company	Non-controlling Interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2021	30,158	(61)	(2,491)	27,606	822	28,428
Net profit for the financial year	-	-	3,533	3,533	236	3,769
Other comprehensive income for the financial year		26	-	26	-	26
Dividend paid to non-controlling interests	-	-	-	-	(49)	(49)
Balance as at 31 March 2022	30,158	(35)	1,042	31,165	1,009	32,174
Balance as at 1 April 2020	30,158	(61)	7,653	37,750	677	38,427
Total comprehensive (loss)/income for the financial year	-	-	(10,144)	(10,144)	145	(9,999)
Balance as at 31 March 2021	30,158	(61)	(2,491)	27,606	822	28,428

Company	Share capital	Currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling Interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2021	30,158	-	9,668	39,826	-	39,826
Total comprehensive loss for the financial year	-	-	(2,670)	(2,670)	-	(2,670)
Balance as at 31 March 2022	30,158	-	6,998	37,156	-	37,156
Balance as at 1 April 2020	30,158	-	10,415	40,573	-	40,573
Total comprehensive loss for the financial year	-	-	(747)	(747)	-	(747)
Balance as at 31 March 2021	30,158	-	9,668	39,826	-	39,826

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

D. Condensed Consolidated Statement of Cash Flows

	Group	
	RM'000	
	FY2022 (Unaudited)	FY2021 (Audited)
Cash flows from operating activities		
Net profit/(loss)	3,769	(9,999)
Adjustments for:		
- Income tax expense	265	390
- Depreciation of property, plant and equipment	3,404	4,033
- Depreciation of investment properties	59	60
- Depreciation of right-of-use assets	949	1,402
- Gain on disposal of property, plant and equipment	(50)	(5)
- Gain on disposal of a subsidiary corporation	(1,838)	-
- Gain on lease modification	(69)	(23)
- Gain on lease written-off	-	(21)
- Rent concessions	(32)	(67)
- Share of profit of associated companies	(2,084)	(2,011)
- Property, plant and equipment written off	-	37
- Interest income	(20)	(25)
- Interest expense	3,239	3,521
- Unrealised currency translation loss	26	-
	7,618	(2,708)
Change in working capital		
- Trade and other receivables	(6,796)	(69)
- Inventories	457	3,572
- Other current assets	(1,144)	958
- Trade and other payables	10,662	1,166
- Bills payable	(2,287)	(188)
Cash generated from operations	8,510	2,731
Interest paid	(1,428)	(1,474)
Interest received	20	25
Income tax paid	(399)	(592)
Net cash provided by operating activities	6,703	690
Cash flow from investing activities		
Additions to property, plant and equipment	(420)	(1,911)
Proceeds from disposals of property, plant and equipment	170	5
Disposal of a subsidiary corporation, net of cash disposed of	138	-
Net cash used in investing activities	(112)	(1,906)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Group	
	RM'000	
	FY2022 (Unaudited)	FY2021 (Audited)
Cash flow from financing activities		
Increase in short-term bank deposits pledged	(20)	(25)
Proceeds from bank borrowings	-	7,529
Dividends paid to non-controlling interests	(49)	-
Repayment of bank borrowings	(471)	(1,023)
Repayment of lease liabilities	(4,153)	(4,853)
Interest paid	(1,811)	(2,047)
Net cash used in financing activities	(6,504)	(419)
Net increase /(decrease) in cash and cash equivalents	87	(1,635)
Cash and cash equivalents at beginning of financial year	(944)	691
Cash and cash equivalents at end of financial year	(857)	(944)

Note:

For the purpose of presenting the consolidated statements of cash flows, the cash and cash equivalents comprise the following:

	Group	
	RM'000	
	FY2022 (Unaudited)	FY2021 (Audited)
Cash and bank balances	11,323	11,712
Less: Short-term bank deposits pledged	(1,107)	(1,087)
Less: Bank overdraft	(11,073)	(11,569)
Cash and cash equivalents at end of financial year per Statement of Cash Flows	(857)	(944)

E. Notes to the Condensed Consolidated Financial Statements

1. General information

MSM International Limited (the "Company") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST"), which is incorporated and domiciled in Singapore. The address of its registered office is 77 Robinson Road, #06-03 Robinson 77, Singapore 068896. The principal place of business of the subsidiary corporations is located at Lot 1909, Jalan KPB 5, Kawasan Perindustrian Kampung Baru Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary corporations are as follows:

Name of subsidiary corporations	Principal activities
<u>Held by the Company</u>	
MSM Metal Industries Sdn. Bhd.	Contract manufacturing of all metal products
MSM Equipment Manufacturer Sdn. Bhd.	Contract manufacturing of kitchen equipment and sale of standard kitchen equipment
MSM Kitchen Sdn. Bhd	Sale and servicing of standard kitchen equipment products
Toyomi Engineering Sdn. Bhd.	Sale and servicing of metal parts and kitchen equipment, and design consultancy and installation works
FIC Kitchen Technology Sdn. Bhd.	Manufacturing, sale and servicing of refrigeration appliances
OMS Technology Sdn. Bhd.	Design, consultancy and installation works for cleanrooms and laboratories
Flexacon Automation System Sdn. Bhd.	Trading, design and supply of machine, conveyor system
MSM Metal (S) Pte. Ltd.	Trading and servicing of metal parts and kitchen equipment
<u>Held by the MSM Equipment Manufacturer Sdn. Bhd.</u>	
PT. Mulia Sinergi Metalindo	Sale and service of metal parts, kitchen equipment
MSM R Kitchen Sdn. Bhd.	Trading and servicing of metal parts and kitchen equipment

The principal activities of the associated companies are as follows:

Name of associated company	Principal activities
<u>Held by the Company</u>	
Cosmos Technology International Bhd.	Investment holding
<u>Held by Cosmos Technology International Bhd.</u>	
Cosmos Instruments Sdn. Bhd.	Supply of industrial automation and control instruments
Marc Conleth Industries Sdn. Bhd.	Metal engineering work for oil and gas and environmental related industries

The Company's holding corporation is Triumphant Hope Sdn. Bhd., incorporated in Malaysia.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. Basis of preparation

These condensed interim financial statements for the six months ended 31 March 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last condensed interim financial statements for the period ended 30 September 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”), except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements are presented in Malaysian Ringgit (“RM”) and all values are rounded up to the nearest thousand (“RM’000”) except as otherwise indicated.

2.1 New and amended standards adopted by the Group

Other than the adoption of the new and amended standards from prior reporting year, there were no changes in accounting policies and methods of computation adopted in the condensed interim consolidated financial statements as compared to the last audited consolidated financial statements for the financial year ended 31 March 2022, which were in accordance with SFRS(I)s.

2.2 Critical judgements, assumptions and estimation uncertainties

The judgement made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the financial year ended 31 March 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group’s business is not affected significantly by seasonal or cyclical factors during the financial year.

4. Segment and revenue information

4.1 Reportable segments

For the second half year ended 31 March (2HY2022)

	OEM contract manufacturing RM’000	Cleanroom & laboratories RM’000	Kitchen appliances, equipment and related services RM’000	Total RM’000
Revenue				
- Sales to external parties	21,538	7,127	20,138	48,803
Adjusted EBITDA	3,531	480	2,755	6,766
Depreciation of property, plant and equipment and right-of-use assets	1,261	42	792	2,095
Finance expense	1,083	94	391	1,568

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

For the second half year ended 31 March (2HY2021)

	OEM contract manufacturing RM'000	Cleanroom & laboratories RM'000	Kitchen appliances, equipment and related services RM'000	Total RM'000
Revenue				
- Sales to external parties	14,522	5,959	13,517	33,998
Adjusted EBITDA	(294)	339	(1,901)	(1,856)
Depreciation of property, plant and equipment and right-of-use assets	1,604	54	1,057	2,715
Finance expense	1,343	76	432	1,851

For the financial year ended 31 March 2022

	OEM contract manufacturing RM'000	Cleanroom & laboratories RM'000	Kitchen appliances, equipment and related services RM'000	Total RM'000
Revenue				
- Sales to external parties	37,241	10,703	30,959	78,903
Adjusted EBITDA	7,893	770	3,002	11,665
Depreciation of property, plant and equipment and right-of-use assets	2,852	96	1,405	4,353
Finance expense	2,279	169	791	3,239

For the financial year ended 31 March 2021

	OEM contract manufacturing RM'000	Cleanroom & laboratories RM'000	Kitchen appliances, equipment and related services RM'000	Total RM'000
Revenue				
- Sales to external parties	26,146	11,228	22,884	60,258
Adjusted EBITDA	925	1,195	(2,738)	(618)
Depreciation of property, plant and equipment and right-of-use assets	3,456	103	1,876	5,435
Finance expense	2,533	133	855	3,521

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4.2 Geographical information

Breakdown of Group Revenue by Geographical Regions

	FY2022		FY2021	
	RM'000	%	RM'000	%
Malaysia	72,032	91.3	51,303	85.1
Vietnam	718	0.9	1,571	2.6
Indonesia	2,229	2.8	1,903	3.2
Singapore	3,514	4.5	4,960	8.2
Others	410	0.5	521	0.9
Total	78,903	100.0	60,258	100.0

5. Financial assets and financial liabilities

	Group RM'000		Company RM'000	
	As at 31/3/22 (Unaudited)	As at 31/3/21 (Audited)	As at 31/3/22 (Unaudited)	As at 31/3/21 (Audited)
Financial assets				
Cash and bank balances	11,323	11,712	8	150
Trade and other receivables	33,223	27,527	18,154	16,032
Other current assets	1,999	1,288	-	-
	46,545	40,527	18,162	16,182
Financial liabilities				
Trade and other payables	15,164	13,567	5,716	1,966
Borrowings	60,790	68,578	-	-
Lease liabilities	8,464	11,495	-	-
	84,418	93,640	5,716	1,966

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

6. Profit/(loss) before income tax

6.1 Significant items

	2HY2022	2HY2021	FY2022	FY2021
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	104	2	117	2
Depreciation of property, plant and equipment	1,622	2,016	3,404	4,033
Depreciation of investment properties	30	30	59	60
Depreciation of right-of-use asset	473	699	949	1,402
Director remunerations	792	705	1,437	1,296
Interest expenses	1,568	1,851	3,239	3,521
Realised foreign exchange loss	(86)	(124)	(102)	(58)
Allowance for doubtful debts	293	189	260	177
Gain on disposal of a subsidiary	-	-	(1,838)	-
Gain on disposal of property, plant and equipment	(20)	-	(50)	(5)
Interest income	(10)	(11)	(20)	(25)
Staff costs	6,047	6,078	11,659	11,082

6.2 Related party transactions

Key management personnel compensation is as follows:

	2HY2022	2HY2021	FY2022	FY2021
	RM'000	RM'000	RM'000	RM'000
Salaries, bonuses and allowances	1,041	935	1,913	1,711
Directors' fees	83	83	167	170
Employer's contribution to defined contribution plans	86	82	164	150
Other short-term benefits	201	257	276	332
	1,411	1,357	2,520	2,363

7. Taxation

Included in income tax expense were:

	2HY2022	2HY2021	FY2022	FY2021
	RM'000	RM'000	RM'000	RM'000
Tax expense attributable to profit/(loss) is made up of:				
Profit/(loss) for the financial period/year:				
- Current income tax - Malaysia	187	(12)	268	285
- Deferred income tax	-	89	-	89
	187	77	268	374
Underprovision in prior financial years:				
- Current income tax	-	16	(3)	16
	187	93	265	390

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

8. Dividend

No dividend was paid for the current financial year reported on.

9. Earnings per share

	Group		Group	
	2HY2022	2HY2021	FY2022	FY2021
Earnings/ (loss) attributable to equity holders of the Company	2,735	(6,679)	3,559	(10,144)
Weighted average number of shares used in computation of basic EPS	105,391,186	105,391,186	105,391,186	105,391,186
Basic earnings/ (loss) attributable to equity holders of the Company (Malaysian sen)	2.60	(6.34)	3.38	(9.63)
Diluted earnings/ (loss) attributable to equity holders of the Company (Malaysian sen)	2.60	(6.34)	3.38	(9.63)

10. Net asset value

	Group		Company	
	As at 31/3/2022	As at 31/3/2021	As at 31/3/2022	As at 31/3/2021
Net asset Value (RM'000)	32,174	28,428	37,156	39,826
Number of ordinary shares	105,391,186	105,391,186	105,391,186	105,391,186
NAV per ordinary share (Malaysian sen)	30.53	26.97	35.26	37.79

11. Property, plant and equipment

During the financial year ended 31 March 2022, the Group acquired assets amounting to RM2,602,000 (31 March 2021: RM4,917,000) and disposed of assets with net book value amounting to RM120,000 (31 March 2021: Nil).

12. Borrowings

Amount repayable in one year or less, or on demand

	Group	
	As at 31/3/22 (Unaudited) RM'000	As at 31/3/21 (Audited) RM'000
Bank overdrafts	11,073	11,569
Bank borrowings	2,236	3,178
Bills payables	21,457	24,044
	<u>34,766</u>	<u>38,791</u>

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Amount repayable after one year

	Group	
	As at 31/3/22 (Unaudited) RM'000	As at 31/3/21 (Audited) RM'000
Bank borrowings		
- due between one to five years	11,013	14,429
- due after five years	15,011	15,358
	26,024	29,787

Details of collaterals

All of the above borrowings are fully secured on:

- (i) Legal mortgages over the Group's freehold and leasehold land and buildings.
- (ii) Charged over short-term bank deposits; and
- (iii) Joint and personal guarantee of certain directors and controlling shareholders.

As at 31 March 2022, a subsidiary corporation of the Company had outstanding bills payables and bank overdrafts amounting to a total of RM4.0 million owing to a bank. However, the subsidiary corporation had, amongst others, not met the financial covenants to maintain a gearing ratio of not more than 2.4 times and a tangible net worth of not less than RM13 million as at 31 March 2022. Meanwhile, the bank has reviewed the management accounts and agreed to continue extending the banking facilities of the subsidiary corporation until the next review.

13. Lease liabilities

	Group	
	As at 31/3/22 (Unaudited) RM'000	As at 31/3/21 (Audited) RM'000
Current	3,531	4,701
Non-current	4,933	6,794
	8,464	11,495

Lease liabilities as at 31 March 2022 RM7,504,000 (31 March 2021: RM10,309,000) of the Group are effectively secured over the leased plant and machinery, motor vehicles and computer and office equipment, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

14. Share capital

	The Group and The Company			
	As at 31/3/22		As at 31/3/21	
	Number of shares	RM'000	Number of shares	RM'000
At beginning and end of financial year	105,391,186	30,158	105,391,186	30,158

There were no changes in the Company's share capital since 30 September 2021 to 31 March 2022.

The Company did not have any outstanding convertibles, subsidiary holdings or treasury shares as at 31 March 2022 and 31 March 2021.

The Company's subsidiary corporations do not hold any shares in the Company as at 31 March 2022 and 31 March 2021.

15. Events subsequent to period end

On 2 May 2022, a fire incident occurred at one of the Group's factory buildings located at Kawasan Perindustrian Kampung Baru Balakong, Seri Kembangan, Selangor Darul Ehsan with no casualties were reported. The factory building is currently rented out to third parties and although a certain amount of damage was caused to the factory building, the affected factory building is adequately insured. As such, the incident is not expected to have any impact on the Group's operations or results for the financial year ending 31 March 2023.

There are no known subsequent events which have led to adjustments to this set of financial statements.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Other information required by Listing Rule Appendix 7C

1. Review

The condensed consolidated statement of financial position of MSM International Limited and its subsidiaries as at 31 March 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial year then ended and certain explanatory notes have not been audited or reviewed.

Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern)

- (a) **Update on the efforts taken to resolve each outstanding audit issue**
- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable

2. Review of performance of the Group

Commentary on Financial Results

Revenue

Segments	2HY2022 RM'000	2HY2021 RM'000	FY2022 RM'000	FY2021 RM'000
Original Equipment Manufacturer ("OEM") Kitchen appliances, equipment and related services ("F&B")	21,538	14,522	37,241 30,959	26,146 22,884
Cleanroom and laboratories	20,138 7,127	13,517 5,959	10,703	11,228
Total	48,803	33,998	78,903	60,258

Revenue in FY2022 increased by approximately RM18.7 million or 30.9% from approximately RM60.2 million in FY2021 to RM78.9 million in FY2022. This was mainly due to the increase in revenue from the OEM and F&B segments by RM11.1 million and RM8.1 million respectively, netted off against decrease in revenue from cleanroom and laboratories segment by RM0.5 million.

The increase in the FY2022 revenue was because of higher demand from OEM customers, which mainly contributed by semi-conductor industry and F&B customers, due to better demand and softening of COVID-19 measures on operating procedures by the government. The increase is offset by the decrease in cleanroom and laboratories segment as certain projects in FY2022 have been postponed and rescheduled to subsequent financial year due to delay of government projects.

Revenue in 2HY2022 has increased by approximately RM14.8 million or 43.5% from approximately RM34.0 million in 2HY2021 to RM48.8 million in 2HY2022 due to the increase in OEM, F&B and cleanroom and laboratories segments by approximately RM7.0 million, RM6.6 million and RM1.2 million respectively. The increased mainly due to better demand and softening of COVID-19 measures on operating procedures by the government.

Cost of sales and gross profit

Cost of sales increased by approximately RM7.7 million or 14.7% from approximately RM52.8 million in FY2021 to approximately RM60.5 million in FY2022 in line with the increase in revenue.

The gross profit margin increased by 10.9 percentage point from 12.4% in FY2021 to 23.3% in FY2022 mainly due to better cost control and increase in revenue.

Simultaneously, the gross profit for 2HY2022 also increased by RM8.4 million from approximately RM3.3 million in 2HY2021 to approximately RM11.7 million in 2HY2022 in line with the increase in revenue and better cost control.

Other gains and losses

Other gains and losses increased by approximately RM1.7 million in FY2022 from net loss of approximately RM0.1 million in FY2021 to net gain of approximately RM1.6 million in FY2022. The higher gains in FY2022 was due to a gain on disposal of a subsidiary corporation, Marc16 Equipment Manufacturing Sdn Bhd ("Marc16") of approximately RM1.8 million.

Administrative expenses

Administrative expenses decreased by approximately RM0.9 million or 6.6% from approximately RM13.5 million in FY2021 to approximately RM12.6 million in FY2022. This was mainly due to the decrease in depreciation charges by approximately RM0.7 million from certain right-of-use assets which lease terms had expired during the year and not renewed subsequently.

Therein, the administrative expenses in 2HY2022 has also decreased by approximately RM0.8 million or 12.0% from approximately RM7.0 million in 2HY2021 to approximately RM6.2 million in 2HY2022. This was mainly due to the decrease in depreciation charges by approximately RM0.5 million from certain right-of-use assets which lease terms had expired during the period and not renewed subsequently. Further, the rental expenses has decreased by approximately RM0.2 million due to rebate which has been obtained from a landlord for a rented property.

Finance expenses

Finance expenses decreased by approximately RM0.3 million or 8.0% from approximately RM3.5 million in FY2021 to approximately RM3.2 million in FY2022. This was mainly due to the decrease in term loan interests of approximately RM0.1 million on a term loan of a disposed subsidiary corporation, Marc16. The interest on the aforementioned term loan was partially excluded in the Group's FY2022 results after Marc16 ceased to be a subsidiary corporation of the Group. There was also a decrease in lease liabilities interests of approximately RM0.1 million due to a few lease liabilities were fully repaid in FY2022.

The finance expenses in 2HY2022 also decreased by approximately RM0.3 million from approximately RM1.9 million in 2HY2021 to approximately RM1.6 million in 2HY2022 due to same reason as mentioned above.

Commentary on Financial Position

Trade and other receivables

	Group RM'000	
	As at 31/3/22 (Unaudited)	As at 31/3/21 (Audited)
Trade receivables	23,965	20,538
Other receivables	9,258	6,989
Contract assets	2,184	1,918
	35,407	29,445

Trade receivables increased by approximately RM3.5 million from approximately RM20.5 million as at 31 March 2021 to approximately RM24.0 million as at 31 March 2022. This was mainly due to the increase in revenue in last quarter of the financial year.

Other receivables increased by approximately RM2.3 million from approximately RM7.0 million as at 31 March 2021 to approximately RM9.3 million as at 31 March 2022 mainly due to an amount of approximately RM6.7 million owing from Marc16, a subsidiary corporation of the Group disposed in September 2021.

Inventories

Inventories decreased by approximately RM1.3 million from RM11.0 million as at 31 March 2021 to approximately RM9.7 million as at 31 March 2022. This was mainly due to the disposal of a subsidiary corporation, Marc16, which carried inventories of approximately RM0.8 million as at 31 March 2021.

Other current assets

Other current assets increased by approximately RM0.8 million from approximately RM4.2 million as at 31 March 2021 to RM5.0 million as at 31 March 2022. This was mainly due to prepayment made for purchase of inventories to secure order on material required to serve sales demand.

Income tax recoverable

Income tax recoverable increased by approximately RM0.1 million from RM1.1 million as at 31 March 2021 to approximately RM1.2 million as at 31 March 2022. This was mainly due to tax overpaid which has yet to be refunded from the local tax authorities.

Property, plant and equipment

Property, plant and equipment decreased by approximately RM12.5 million from approximately RM54.5 million as at 31 March 2021 to RM42.0 million as at 31 March 2022. This was mainly due to the disposal of a subsidiary corporation, Marc16, which carried property, plant and equipment with net book value of approximately RM10.2 million as at 31 March 2021.

Investments in associated companies

The investment in associated companies increased by approximately RM2.1 million from approximately RM7.8 million as at 31 March 2021 to RM9.9 million as at 31 March 2022 due to the share of profit in FY2022 of approximately RM2.1 million.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Trade and other payables

	Group RM'000	
	As at 31/3/22 (Unaudited)	As at 31/3/21 (Audited)
Trade payables	11,386	9,558
Other payables	5,228	5,231
	16,614	14,789

Trade payables increased by approximately RM1.8 million from approximately RM9.6 million as at 31 March 2021 to approximately RM11.4 million as at 31 March 2022. This is mainly due to the increase of purchases, which in line with the increase in revenue.

Borrowings

	Group RM'000	
	As at 31/3/22 (Unaudited)	As at 31/3/21 (Audited)
Bills payables	21,457	24,044
Bank loans	28,260	32,965
Bank overdrafts	11,073	11,569
Total borrowings	60,790	68,578

Total borrowings decreased by approximately RM7.8 million from approximately RM68.6 million as at 31 March 2021 to approximately RM60.8 million as at 31 March 2022. This was mainly due to decrease in bank loans and bills payable of approximately RM4.7 million and RM2.6 million respectively, which arose from the bank loans and bills payable of approximately RM4.4 million and RM1.3 million respectively carried by a disposed subsidiary corporation, Marc16 which is now excluded in FY2022.

Lease liabilities

Lease liabilities decreased by approximately RM3.0 million from approximately RM11.5 million as at 31 March 2021 to approximately RM8.5 million as at 31 March 2022 due to the repayment of lease liabilities of approximately RM4.6 million and disposal of Marc16 which carried approximately RM0.6 million of lease liabilities netted off against addition of lease liabilities of approximately RM2.2 million in FY2022 for the purchase of machineries and renewal of right-of-use assets.

Commentary on Cash Flow

The Group generated a net cash from operating activities of approximately RM6.7 million for FY2022. This was derived from operating profit before working capital changes of approximately RM7.6 million, adjusted net working capital inflow of approximately RM0.9 million, net interest paid of approximately RM1.4 million and net income tax paid of approximately RM0.4 million.

Net cash used in investing activities amounted to approximately RM0.1 million mainly due to purchase of plant and equipment and offset against proceeds from a disposal of subsidiary corporation, Marc16.

Net cash used in financing activities amounted to approximately RM6.5 million mainly due to net repayment of bank loans, lease liabilities and interest paid.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No specific forecast or prospect statement has been previously disclosed to the shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group faced a challenging start for FY2022 arising from the Covid-19 pandemic, as Malaysia's Covid-19 cases were on the upward trend and the Government of Malaysia implemented the Full Movement Control Order ("FMCO") from 1 June 2021 for 2 weeks and this was extended for several times.

Although the performance of the Group for FY2022 is better, the Group is still facing competitive pressures within the industry locally and global and with uncertain economic outlook. These challenges are expected to remain for the next 12 months.

To maintain its competitive advantage, the Group will continue to explore opportunities to expand its business in all segments both locally and abroad, via the development of new products, strategic investments, acquisitions and joint ventures with potential business partners.

5. Dividend

(a) Current financial period reported on - Any dividend declared for the current financial period reported on?

No

(b) Corresponding period of the immediately preceding financial year - Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) Date payable

Not applicable

(e) Record date

Not applicable

6. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared / recommended for the financial year ended 31 March 2022 in order to preserve capital for business growth.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

7. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions and none of the interested person transactions (individually) were of a value of S\$100,000 and above.

8. Use of Proceeds

The net proceeds raised by the Company from the issuance of 15,391,186 new ordinary shares in the Company arising from the renounceable non-underwritten rights issue, which was allotted and issued on 23 October 2019, was approximately S\$1.0 million (after deducting expenses of approximately S\$0.1 million) (“Net Proceeds”). As at 31 March 2022, the Company had fully utilised the Net Proceeds as follows:-

Intended use of Net Proceeds	Amount allocated S\$	Amount utilised S\$	Balance available S\$
i) Funding Operating Costs	684,168	684,168	-
ii) Expansion of Existing Business And Making New Strategic Investments and/ or Acquisitions	293,215	293,215	-
	977,383	977,383	-

Note:

*The amount utilised under “Funding Operating Costs” was for the purpose of payment to suppliers.

The above utilisation of the Net Proceeds is in accordance with the intended use as stated in the offer document dated 30 September 2019.

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

10. Changes in the composition in the Group

In September 2021, the Company disposed 100% of the issued share capital in Marc16 Equipment Manufacturing Sdn Bhd (“Marc16”), for a cash consideration of RM1,000,000. The disposal of Marc16 has resulted in a gain on disposal and an excess of the Consideration over the book value of Marc16 of approximately RM1.8 million to the Group. Marc16 ceased to be a subsidiary of the Company. Please refer to the announcements dated 6 August 2021 and 9 September 2021 for further details.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

11. A breakdown of sales as follows:

	FY2022	FY2021	Change
	RM'000	RM'000	%
(a) Sales reported for the period from 1 April to 30 September	30,100	26,260	14.6
(b) Net profit/(loss) after tax before deducting non-controlling interests for the period from 1 April to 30 September	898	(3,465)	NM
(c) Sales reported for the period from 1 October to 31 March	48,803	33,998	43.5
(d) Net profit/(loss) after tax before deducting non-controlling interests for the period from 1 October to 31 March	2,897	(6,534)	NM
Total sales for the year	78,903	60,258	30.9
Total net profit/(loss) for the year	3,795	(9,999)	NM

NM: Not meaningful

12. A breakdown of the total annual dividend (in Malaysia Ringgit value) for the issuer's latest full year and its previous full year.

	FY2022	FY2021
	(RM'000)	(RM'000)
Ordinary	-	-

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

13. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer

Pursuant to Rule 704(10) of the Listing Manual of Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited, MSM International Limited wishes to provide the following information on persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a Director, Chief Executive Officer or Substantial Shareholder of the Company:

Name	Age	Family Relationship with any Director, Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Chan Kee Sieng	70	Brother of Chan Kit Moi (Director and controlling shareholder) Father of Chan Wen Chau (Chief Executive Officer)	Executive Chairman (since 30 October 2009) Duties: Charting the business direction, corporate planning and strategic developments of the Group.	N.A.
Chan Kit Moi	69	Brother of Chan Kee Sieng, (Executive Chairman and controlling shareholder) Uncle of Chan Wen Chau (Chief Executive Officer)	Executive Director (since 30 October 2009) Duties: Responsible for corporate planning and strategic development of the Group.	N.A.
Chan Wen Chau	47	Son of Chan Kee Sieng (Executive Chairman and Controlling Shareholder) Nephew of Chan Kit Moi (Director and controlling shareholder)	Executive Director and Chief Executive Officer (since 8 October 2009) Duties: In charge of overall business and strategic development, corporate planning, operations and management of the Group.	N.A.
Chan Wen Yee	38	Son of Chan Kit Moi (Director and substantial shareholder) Nephew of Chan Kee Sieng (Executive Chairman and controlling shareholder) Cousin of Chan Wen Chau (Chief Executive Officer)	General Manager (since 1st May 2010) Duties: Responsible for sales, marketing and business development for Toyomi Engineering Sdn Bhd.	N.A.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

14. On behalf of the Board of Directors of the Company, we hereby confirm that to the best knowledge of the Directors of the Company nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial statements for the FY2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chan Kee Sieng
Executive Chairman

Chan Kit Moi
Executive Director

30 May 2022

This announcement has been prepared by MSM International Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.