

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

A. Condensed Interim Consolidated Statement of Profit and Loss and Other Comprehensive Income for HY2022 and HY2021

	Note	Group		
		RM'000		%
		HY2022 (Unaudited)	HY2021 (Unaudited)	Increase/ (Decrease)
Revenue		30,100	26,260	14.6%
Cost of sales		(23,414)	(22,057)	6.2%
Gross profit		6,686	4,203	59.1%
Other income				
- Interest		10	14	-28.6%
- Others		729	1,207	-39.6%
Other gains and losses				
- Reversal on financial assets		33	12	175.0%
- Others		1,945	71	NM
Expenses				
- Selling and distribution		(1,589)	(1,560)	1.9%
- Administrative		(6,452)	(6,506)	-0.8%
- Finance		(1,671)	(1,670)	0.1%
		(309)	(4,229)	-92.7%
Share of profit of associated companies		1,260	1,061	18.8%
Profit/(loss) before income tax	6	951	(3,168)	NM
Income tax expense	7	(78)	(297)	-73.7%
Net profit/(loss) for the financial period		873	(3,465)	NM
Other comprehensive income:				
Exchange gain arising from translation of foreign operations		25	-	NM
Other comprehensive income for the financial period, net of tax		25	-	NM
Total comprehensive income/(loss)		898	(3,465)	NM
Net profit/(loss) attributable to:				
Equity holders of the Company		799	(3,619)	NM
Non-controlling interests		74	154	-51.9%
		873	(3,465)	NM

NM: Not meaningful

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	Note	Group		
		RM'000		%
		HY2022 (Unaudited)	HY2021 (Unaudited)	Increase/ (Decrease)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		824	(3,619)	NM
Non-controlling interests		74	154	-51.9%
		898	(3,465)	NM
Earnings/ (Loss) Per Share (Malaysian sen)				
- Basis	9	0.76	(3.43)	
- Diluted	9	0.76	(3.43)	

NM: Not meaningful

Note:

On 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"). 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.

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B. Condensed interim statements of financial position

	Note	Group		Company	
		As at 30/9/21 (Unaudited)	As at 31/3/21 (Audited)	As at 30/9/21 (Unaudited)	As at 31/3/21 (Audited)
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Current assets					
Cash and bank balances		9,627	11,712	126	150
Trade and other receivables		34,778	29,445	18,051	16,032
Inventories		10,847	10,999	-	-
Other current assets		4,876	4,217	-	-
Income tax recoverable		1,148	1,066	-	-
		61,276	57,439	18,177	16,182
Non-current assets					
Property, plant and equipment	11	42,467	54,504	-	-
Investment properties		3,593	3,622	-	-
Investments in subsidiary corporations		-	-	19,654	20,554
Investments in associated companies		9,081	7,821	5,056	5,056
		55,141	65,947	24,710	25,610
Total assets		116,417	123,386	42,887	41,792
LIABILITIES					
Current liabilities					
Trade and other payables		13,635	14,789	5,245	1,966
Borrowings	12	40,713	38,791	-	-
Lease liabilities	13	7,569	4,701	-	-
		61,917	58,281	5,245	1,966
Non-current liabilities					
Borrowings	12	23,521	29,787	-	-
Lease liabilities	13	1,557	6,794	-	-
Deferred income tax liabilities		96	96	-	-
		25,174	36,677	-	-
Total liabilities		87,091	94,958	5,245	1,966
NET ASSETS		29,326	28,428	37,642	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		(36)	(61)	-	-
Retained earnings		(1,692)	(2,491)	7,484	9,668
		28,430	27,606	37,642	39,826
Non-controlling interests		896	822	-	-
Total equity		29,326	28,428	37,642	39,826

* Denotes amounts below RM1,000

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C. Condensed interim statements of changes in equity

Group	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	(61)	(2,491)	27,606	822	28,428
Net profit for the financial period	-	-	799	799	74	873
Other comprehensive income for the financial period	-	25	-	25	-	25
Balance as at 30 September 2021	30,158	(36)	(1,692)	28,430	896	29,326
Balance as at 1 April 2020	30,158	(61)	7,653	37,750	677	38,427
Total comprehensive (loss)/income for the financial period	-	-	(3,619)	(3,619)	154	(3,465)
Balance as at 30 September 2020	30,158	(61)	4,034	34,131	831	34,962

Company	Share capital	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 period	-	-	(2,184)	(2,184)	-	(2,184)
Balance as at 30 September 2021	30,158	-	7,484	37,642	-	37,642
Balance as at 1 April 2020	30,158	-	10,415	40,573	-	40,573
Total comprehensive loss for the financial period	-	-	(323)	(323)	-	(323)
Balance as at 30 September 2020	30,158	-	10,092	40,250	-	40,250

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.

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D. Condensed interim consolidated statement of cash flows

	Group	
	RM'000	
	HY2022 (Unaudited)	HY2021 (Unaudited)
Cash flows from operating activities		
Net profit	873	(3,465)
Adjustments for:		
- Income tax expense	78	297
- Depreciation of property, plant and equipment	1,782	2,017
- Depreciation of investment properties	29	30
- Depreciation of right-of-use assets	476	703
- Gain on disposal of property, plant and equipment	(30)	(5)
- Gain on disposal of a subsidiary	(1,839)	-
- Gain on lease modification	(60)	(37)
- Rent concessions	(32)	-
- Share of profit of associated companies	(1,260)	(1,061)
- Interest income	(10)	(14)
- Interest expense	1,671	1,670
- Unrealised currency translation loss	25	-
	1,703	135
Change in working capital		
- Trade and other receivables	(6,167)	3,589
- Inventories	(667)	2,208
- Other current assets	(979)	(1,674)
- Trade and other payables	7,683	(2,238)
- Bills payable	(540)	1,751
Cash generated from operations	1,033	3,771
Interest paid	(675)	(646)
Interest received	10	14
Income tax paid	(172)	(333)
Net cash provided by operating activities	196	2,806
Cash flow from investing activities		
Additions to property, plant and equipment	(180)	(1,823)
Proceeds from disposals of property, plant and equipment	150	5
Disposal of a subsidiary corporation, net of cash disposed of	139	-
Net cash provided by/(used in) investing activities	109	(1,818)

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	Group	
	RM'000	
	HY2022 (Unaudited)	HY2021 (Unaudited)
Cash flows from financing activities		
Proceeds from bank borrowings	-	2,885
Short-term bank deposits pledged	(10)	(14)
Repayment of bank borrowings	(420)	-
Repayment of lease liabilities	(2,124)	(2,026)
Interest paid	(996)	(1,024)
Net cash used in financing activities	(3,550)	(179)
Net (decrease)/ increase in cash and cash equivalents	(3,245)	809
Cash and cash equivalents at beginning of financial period	(944)	691
Cash and cash equivalents at end of financial period	(4,189)	1,500

Note:

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

	Group	
	RM'000	
	HY2022 (Unaudited)	HY2021 (Unaudited)
Cash and bank balances	9,627	14,182
Less: Short-term bank deposits pledged	(1,097)	(1,076)
Less: Bank overdraft	(12,719)	(11,606)
Cash and cash equivalents at end of financial period per Statement of Cash Flows	(4,189)	1,500

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

E. Notes to the Condensed Interim 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 8 Robinson Road, #03-00, ASO Building, Singapore 048544. 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	Principal activities 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

2. Basis of preparation

These unaudited condensed interim financial statements for the six months ended 30 September 2021 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 annual consolidated financial statements for the year ended 31 March 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 year ended 31 March 2021, 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 year ended 31 March 2021.

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 period

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

4. Segment and revenue information

4.1 Reportable segments

For the 6 months ended 30 September 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	15,703	3,576	10,821	30,100
Adjusted EBITDA	4,362	290	247	4,899
Depreciation of property, plant and equipment	1,591	54	613	2,258
Finance expense	1,196	75	400	1,671

For the 6 months ended 30 September 2020

	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	11,624	5,269	9,367	26,260
Adjusted EBITDA	1,219	856	(837)	1,238
Depreciation of property, plant and equipment	1,852	49	819	2,720
Finance expense	1,190	57	423	1,670

4.2 Geographical information

Breakdown of Group Revenue by Geographical Regions

	HY2022		HY2021	
	RM'000	%	RM'000	%
Malaysia	26,312	87.4	22,174	84.4
Vietnam	608	2.0	1,421	5.4
Indonesia	970	3.2	310	1.2
Singapore	1,982	6.6	2,102	8.0
Others	228	0.8	253	1.0
Total	30,100	100.0	26,260	100.0

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5. Financial assets and financial liabilities

	Group RM'000		Company RM'000	
	As at 30/9/21 (Unaudited)	As at 31/3/21 (Audited)	As at 30/9/21 (Unaudited)	As at 31/3/21 (Audited)
Financial assets				
Cash and bank balances	9,627	11,712	126	150
Trade and other receivables	32,221	27,527	18,051	16,032
Other current assets	1,377	1,288	-	-
	<u>43,225</u>	<u>40,527</u>	<u>18,177</u>	<u>16,182</u>
Financial liabilities				
Trade and other payables	12,240	13,567	5,245	1,966
Borrowings	64,234	68,578	-	-
Lease liabilities	9,126	11,495	-	-
	<u>85,600</u>	<u>93,640</u>	<u>5,245</u>	<u>1,966</u>

6. Profit before tax

6.1 Significant items

	HY2022 RM'000	HY2021 RM'000
Bad debts written off	13	-
Depreciation of property, plant and equipment	1,782	2,017
Depreciation of investment properties	29	30
Depreciation of right-of-use asset	476	703
Director remunerations	634	541
Interest expenses	1,671	1,670
Interest income	(10)	(14)
Reversal of allowance for doubtful debts	(33)	(12)
Gain on disposal of property, plant and equipment	(30)	(5)
Gain on disposal of a subsidiary	(1,839)	-
Realised foreign exchange (gain)/loss	(16)	66
Staff costs	5,622	5,054

6.2 Related party transactions

Key management personnel compensation is as follows:

	HY2022 RM'000	HY2021 RM'000
Salaries, bonuses and allowances	872	776
Directors' fees	84	87
Employer's contribution to defined contribution plans	78	68
Other short-term benefits	75	75
	<u>1,109</u>	<u>1,006</u>

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

7. Taxation

Included in income tax expense were:

	HY2022	HY2021
	RM'000	RM'000
Current income tax	78	297

8. Dividend

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

9. Earnings per share

	Group	
	HY2021	HY2020
Earnings/ (loss) attributable to equity holders of the Company, after deducting any provision for preference dividends (RM'000)	799	(3,619)
Weighted average number of shares used in computation of basic EPS	105,391,186	105,391,186
Basic earnings/ (loss) attributable to equity holders of the Company (Malaysian sen)	0.76	(3.43)
Diluted earnings/ (loss) attributable to equity holders of the Company (Malaysian sen)	0.76	(3.43)

10. Net asset value

	Group		Company	
	As at	As at	As at	As at
	30/9/2021	31/3/2021	30/9/2021	31/3/2021
Net asset Value (RM'000)	29,326	28,428	37,642	39,826
Number of ordinary shares	105,391,186	105,391,186	105,391,186	105,391,186
NAV per ordinary share (Malaysian sen)	27.83	26.97	35.72	37.79

11. Property, plant and equipment

During the six months ended 30 September 2021, the Group acquired assets amounting to RM797,000 (30 September 2020: RM2,203,000) and disposed of assets with net book value amounting to RM120,000 (30 September 2020: Nil).

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12. Borrowings

Amount repayable in one year or less, or on demand

	Group	
	As at 30/9/21 (Unaudited) RM'000	As at 31/3/21 (Audited) RM'000
Bank overdrafts	12,719	11,569
Bank borrowings	4,790	3,178
Bills payables	23,204	24,044
	40,713	38,791

Amount repayable after one year

	Group	
	As at 30/9/21 (Unaudited) RM'000	As at 31/3/21 (Audited) RM'000
Bank borrowings		
- due within two to five years	10,923	14,429
- due after five years	12,598	15,358
	23,521	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 2021, a subsidiary 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 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 2021. Notwithstanding the aforementioned, the bank has notified the subsidiary that it is agreeable to continue extending the banking facilities until the next review of the bank facilities upon receipt of the subsidiary's audited financial statements for FY2021. Meanwhile, the bank is currently reviewing the banking facilities of the subsidiary and the Company will provide further updates on this matter if and where there are material developments in relation thereto.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2021**

13. Lease liabilities

	Group	
	As at 30/9/21 (Unaudited) RM'000	As at 31/3/21 (Audited) RM'000
Current	7,569	4,701
Non-current	1,557	6,794
	<u>9,126</u>	<u>11,495</u>

Lease liabilities as at 30 September 2021 RM8,870,000 (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.

14. Share capital

	Group		Company	
	As at 30/9/21	As at 31/3/21	As at 30/9/21	As at 31/3/21
At beginning and end of interim period	<u>105,391,186</u>	<u>105,391,186</u>	<u>105,391,186</u>	<u>105,391,186</u>

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

The Company did not have any outstanding convertibles, subsidiary holdings or treasury shares as at 30 September 2021, 31 March 2021 and 30 September 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021, 31 March 2021 and 30 September 2020.

15. Events subsequent to period end

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

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2021**

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 30 September 2021 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 six-month period 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	HY2022 RM'000	HY2021 RM'000
Original Equipment Manufacturer ("OEM")	15,703	11,624
Kitchen appliances, equipment and related services ("F&B")	10,821	9,367
Cleanroom and laboratories	3,576	5,269
Total	30,100	26,260

Revenue increased by approximately RM3.8 million or 14.6% from approximately RM26.3 million in HY2021 to RM30.1 million in HY2022. This was mainly due to the increase in revenue from the OEM segment and F&B segment by RM4.1 million and RM1.4 million respectively netted off against decreased in revenue from the cleanroom and laboratories segment by RM1.7 million.

The increase in revenue were because of higher demand from OEM customers, majority of which contributed from semi-conductor industry and increase from F&B customers as the projects postponed in FY2021 was delivered in first quarter of FY2022. The increase is offset by the decrease in cleanroom and laboratories segment as certain projects in second quarter of FY2022 have been postponed and rescheduled to second half of FY2022 due to the movement control order implemented by Government of Malaysia since 1 June 2021.

Cost of sales

Cost of sales increased by approximately RM1.4 million or 6.2% from approximately RM22.0 million in HY2021 to approximately RM23.4 million in HY2022 in line with the increase in revenue.

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Other income - others

Other income decreased by approximately RM0.5 million in HY2022 from approximately RM1.2 million in HY2021 to approximately RM0.7 million in HY2022 mainly due to the higher wages subsidy of approximately RM0.4 million received from government under PENJANA (“short term economy recovery plan”) program as compared to HY2022.

Other gains and losses

Other gains and losses increased by approximately RM1.8 million in HY2022 from approximately RM0.1 million in HY2021 to approximately RM1.9 million in HY2022. The higher gains in HY2022 was due to gain on disposal of a subsidiary company, Marc16 Equipment Manufacturing Sdn Bhd of approximately RM1.8 million.

Share of profit of associated companies

The Group’s share of profit from its associated companies increased by approximately RM0.2 million from approximately RM1.1 million in HY2021 compared to RM1.3 million in HY2022. The increase was mainly due to the improved financial performance of the associated company, Cosmos Technology International Berhad during HY2022.

Commentary on Financial Position

Trade and other receivables

	Group RM'000	
	As at 30/9/21 (Unaudited)	As at 30/3/21 (Audited)
Trade receivables	19,528	20,538
Other receivables	15,250	8,907
	34,778	29,445

Trade receivables decreased by approximately RM1.0 million from approximately RM20.5 million as at 31 March 2021 to approximately RM19.5 million as at 30 September 2021. The decrease is mainly due to the disposal of a subsidiary Marc16 Equipment Manufacturing Sdn Bhd (“Marc16”), which trade receivables was RM0.8 million as at 31 March 2021.

Other receivables increased by approximately RM6.3 million from approximately RM8.9 million as at 31 March 2021 to approximately RM15.2 million as at 30 September 2021 mainly due to the amount due from Marc16 to the Group. Marc16 has ceased to be a subsidiary corporation of the Group upon completion of disposal in September 2021.

Other current assets

Other current assets increased by approximately RM0.7 million from approximately RM4.2 million as at 31 March 2021 to RM4.9 million as at 30 September 2021. This was mainly due to deposit paid for purchase plant and equipment of approximately RM0.4 million.

Property, plant and equipment

Property, plant and equipment decreased by approximately RM12.0 million from approximately RM54.5 million as at 31 March 2021 to RM42.5 million as at 30 September 2021. This was mainly due to the disposal of a subsidiary, Marc16, which carried a net book value of property, plant and equipment of approximately RM10.2 million.

Investments in associated companies

The investment in associated companies increased by approximately RM1.3 million from approximately RM7.8 million as at 31 March 2021 to RM9.1 million as at 30 September 2021 due to the share of profit in HY2022 of approximately RM1.3 million.

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Trade and other payables

	Group RM'000	
	As at 30/9/21 (Unaudited)	As at 30/3/21 (Audited)
Trade payables	7,599	9,558
Other payables	6,036	5,231
	13,635	14,789

Trade payables decreased by approximately RM2.0 million from approximately RM9.6 million as at 31 March 2021 to approximately RM7.6 million as at 30 September 2021. This is mainly due to better cost control on purchases and the disposal of Marc16, which trade payables was approximately of RM0.2 million to external parties

Other payables increase by approximately RM0.8 million mainly due to an outstanding amount from subsidiary disposed of, Marc 16 of approximately RM0.8 million in HY 2022.

Borrowings

	Group RM'000	
	As at 30/9/21 (Unaudited)	As at 30/3/21 (Audited)
Bills payables	23,204	24,044
Bank loans	28,311	32,965
Bank overdrafts	12,719	11,569
Total borrowings	64,234	68,578

Total borrowings decreased by approximately RM4.3 million from approximately RM68.5 million as at 31 March 2021 to approximately RM64.2 million as at 30 September 2020. This was mainly due to decrease in bank loans of approximately RM4.6 million which arose from the disposal of Marc16, that carried a bank loan of approximately RM4.2 million.

Lease liabilities

Lease liabilities decreased by approximately RM2.4 million from approximately RM11.5 million as at 31 March 2021 to approximately RM9.1 million as at 30 September 2021 due to the repayment of lease liabilities of approximately RM2.6 million and disposal of Marc16 which carried approximately of RM0.6 million of lease liabilities netted off against addition of lease liabilities of approximately RM0.8 million in HY2022 for the purchase of machineries.

Commentary on Cash Flow

The Group generated a net cash from operating activities of approximately RM0.2 million for HY2022. This was derived from operating profit before working capital changes of approximately RM1.7 million, adjusted net working capital outflow of approximately RM0.7 million, net interest paid of approximately RM0.6 million and net income tax paid of approximately RM0.2 million.

Net cash provided by investing activities amounted to approximately RM0.1 million mainly due to net purchase of plant and equipment and disposal of subsidiary Marc16.

Net cash used in financing activities amounted to approximately RM3.5 million mainly due to net repayment of term loan, lease liabilities and interest paid.

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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 operating period and the next 12 months

The Group faced a challenging start for HY2022 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.

The performance of the Group for HY2022 is comparably slower due to the Covid-19 pandemic, competitive pressures within the industry locally and global, 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

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

No dividend has been declared / recommended for the HY2022 in order to preserve capital for business growth.

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 October 2021, the Company had utilised approximately S\$0.9 million 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	198,900	94,315
	977,383	883,068	94,315

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

On 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

11. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalist

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 HY2022 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

11 November 2021

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.

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