

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

CHANGE OF FINANCIAL YEAR END

On 6 December 2017, MSM International Limited announced a change of financial year end from 31 December to 31 March. Consequent thereto, the financial statements prepared for this unaudited results announcement will cover a 15-months financial period from 1 January 2017 to 31 March 2018 (“**FP2018**”) versus a 12-months financial year from 1 January 2016 to 31 December 2016 (“**FY2016**”).

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a) (i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group statement of comprehensive income for 15-months financial period from 1 January 2017 to 31 March 2018 (“**FP2018**”) and 12-month financial year from 1 January 2016 to 31 December 2016 (“**FY2016**”).

	Group		
	RM'000		%
	FP2018 (Unaudited)	FY2016 (Audited)	Increase/ (Decrease)
Revenue	150,366	92,740	62.1%
Cost of sales	(110,447)	(67,555)	63.5%
Gross profit	39,919	25,185	58.5%
Other income – net	1,195	716	66.9%
Expenses			
- Selling and distribution expenses	(11,545)	(5,445)	112.0%
- Administrative expenses	(21,764)	(15,866)	37.2%
- Finance expenses	(4,103)	(2,948)	39.2%
Profit before income tax	3,702	1,642	125.5%
Income tax expense	(1,821)	(1,033)	76.3%
Net profit	1,881	609	208.9%
Profit attributable to:			
Equity holders of the Company	1,852	146	1168.5%
Non-controlling interest	29	463	(93.7%)
	1,881	609	208.9%
Total comprehensive income attributable to:			
Equity holders of the company	1,852	146	1168.5%
Non-controlling interest	29	463	(93.7%)
	1,881	609	208.9%

NM: Not meaningful

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

Note:

Profit/(loss) before income tax is arrived at after charging/(crediting) the following:

	Group	
	RM'000	
	FP2018 (Unaudited)	FY2016 (Audited)
Allowance for impairment of trade receivables	817	314
Bad debts written off	28	2
Commission	515	248
Depreciation of investment properties	74	59
Depreciation of property, plant and equipment	5,465	4,179
Directors' remuneration	1,891	1,525
Reversal of allowance for impairment of trade receivables	(36)	(234)
Net foreign exchange loss/(gain)	1,147	(227)
(Gain)/loss on disposal of property, plant and equipment	(48)	162
Property, plant and equipment written off	87	19
Inventories written off	658	-
Interest income	(51)	(42)
Interest expense	4,103	2,948
Rental expenses	1,290	824
Rental income	(590)	(547)
Staff costs	25,636	18,914

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31/3/18	As at 31/12/16	As at 31/3/18	As at 31/12/16
	RM'000 (Unaudited)	RM'000 (Audited)	RM'000 (Unaudited)	RM'000 (Audited)
ASSETS				
Current assets				
Cash and bank balances	10,422	10,032	*	*
Trade and other receivables	27,276	25,460	15,858	6,500
Inventories	21,335	28,550	-	-
Other current assets	4,808	2,911	-	15
Income tax recoverable	516	1,079	-	-
	64,357	68,032	15,858	6,515
Asset of disposal group classified as held-for-sale	20,799	-	600	-
	85,156	68,032	16,458	6,515
Non-current assets				
Property, plant and equipment	39,943	44,928	-	-
Investment properties	3,785	3,755	-	-
Investment in subsidiary corporations	-	-	18,804	19,404
	43,728	48,683	18,804	19,404
Total assets	128,884	116,715	35,262	25,919
LIABILITIES				
Current liabilities				
Trade and other payables	11,866	17,662	2,798	4,941
Borrowings	37,896	34,814	-	-
	49,762	52,476	2,798	4,941
Liabilities directly associated with group classified as held-for-sale	17,173	-	-	-
	66,935	52,476	2,798	4,941
Non-current liabilities				
Borrowings	17,335	21,287	-	-
Deferred income tax liabilities	40	259	-	-
	17,375	21,546	-	-
Total liabilities	84,310	74,022	2,798	4,941
NET ASSETS	44,574	42,693	32,464	20,978
EQUITY				
Capital and reserves distributable to equity holders of the Company				
Share capital	26,862	26,862	26,862	26,862
Currency translation reserves	(61)	(61)	-	-
Retained earnings/(accumulated losses)	17,261	15,409	5,602	(5,884)
	44,062	42,210	32,464	20,978
Non-controlling interests	512	483	-	-
Total equity	44,574	42,693	32,464	20,978

* Figures below RM1,000

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	Group	
	RM'000	
	As at 31/3/18 (Unaudited)	As at 31/12/16 (Audited)
Bank overdrafts	11,851	11,068
Bank borrowings	2,057	2,523
Bills payables	21,789	18,301
Finance lease liabilities	2,199	2,922
	37,896	34,814
Liabilities directly associated with group classified as held-for-sale		
Bank overdrafts	1,204	-
Bills payables	3,962	-
Finance lease liabilities	960	-
	6,126	-
	44,022	34,814

Amount repayable after one year

	Group	
	RM'000	
	As at 31/3/18 (Unaudited)	As at 31/12/16 (Audited)
Bank borrowings		
- due within two to five years	3,615	5,771
- due after five years	8,255	8,555
Finance lease liabilities		
- due within two to five years	5,340	6,667
- due after five years	125	294
	17,335	21,287

Details of collaterals

All of the above bank borrowings are fully secured. The bank overdrafts, bank borrowings, bills payables and finance lease liabilities are secured on:

- (i) Legal mortgages over the Group's freehold and leasehold land and buildings. As at 31 March 2018, the Group's freehold and leasehold land and buildings with carrying amounts of approximately RM26.6 million were mortgaged for bank borrowings. As at 31 March 2018, the Group's investment properties with carrying amounts of approximately RM3.8 million were mortgaged for bank borrowings;
- (ii) Charged over short-term bank deposits; and
- (iii) Joint and personal guarantee of certain directors and controlling shareholders.

In the case of finance leases in respect of plant and machinery, motor vehicles and computer equipment, the terms of these leases typically provide for the repossession by the finance company of these plant, machinery, motor vehicle and equipment upon a default by the lessee.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group statement of cash flows for 15-months financial period from 1 January 2017 to 31 March 2018 ("FP2018") and 12-month financial year from 1 January 2016 to 31 December 2016 ("FY2016").

	Group	
	RM'000	
	FP2018 (Unaudited)	FY2016 (Audited)
Cash flows from operating activities		
Profit for the period/year	1,881	609
Adjustments for:		
Tax expense	1,821	1,033
Depreciation of property, plant and equipment	5,465	4,179
Depreciation of investment properties	74	59
(Gain)/loss on disposal of property, plant and equipment	(48)	162
Property, plant and equipment written off	87	19
Interest income	(51)	(42)
Interest expense	4,103	2,948
Changes in working capital:	13,332	8,967
- Trade and other receivables	(11,386)	(2,875)
- Inventories	2,272	(1,504)
- Other current assets	(3,728)	648
- Trade and other payables	4,880	1,786
- Bills payables	7,450	1,370
Cash generated from operations	12,820	8,392
Interest paid	(1,168)	(811)
Interest received	51	42
Tax paid	(1,106)	(1,876)
Net cash generated from operating activities	10,597	5,747
Cash flow from investing activities		
Additions to property, plant and equipment	(637)	(1,789)
Additions to investment properties	(104)	(126)
Proceeds from disposal of property, plant and equipment	48	1,890
Net cash used in from investing activities	(693)	(25)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Group	
	RM'000	
	FP2018 (Unaudited)	FY2016 (Audited)
Cash flow from financing activities		
Increase in short-term bank deposits pledged	(51)	(42)
Proceeds from bank borrowings	137	1,914
Repayment of bank borrowings	(3,059)	(2,460)
Repayment of finance lease liabilities	(4,012)	(3,088)
Interest paid	(2,935)	(2,137)
Net cash used in financing activities	(9,920)	(5,813)
Net decrease in cash and cash equivalents	(16)	(91)
Cash and cash equivalents		
Beginning of financial period/ year	(2,345)	(2,254)
End of financial period/ year	(2,361)	(2,345)

Note:

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

	Group	
	RM'000	
	FP2018 (Unaudited)	FY2016 (Audited)
Cash and bank balances	10,422	10,032
Less:		
Short-term bank deposits pledged	(996)	(1,309)
Bank overdrafts	(11,851)	(11,068)
Asset of disposal group classified as held-for-sale		
Cash and bank balances	1,632	-
Less:		
Short-term bank deposits pledged	(364)	-
Bank overdrafts	(1,204)	-
Cash and cash equivalents at end of financial period/ year per Statements of Cash Flows	(2,361)	(2,345)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2017	26,862	(61)	15,409	42,210	483	42,693
Profit for the financial period, representing total comprehensive income for the financial period	-	-	1,852	1,852	29	1,881
Balance as at 31 March 2018	26,862	(61)	17,261	44,062	512	44,574
Balance as at 1 January 2016	26,862	(61)	15,263	42,064	20	42,084
Profit for the financial year, representing total comprehensive income for the financial year	-	-	146	146	463	609
Balance as at 31 December 2016	26,862	(61)	15,409	42,210	483	42,693
Company	Share capital RM'000	Currency translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 1 January 2017	26,862	-	(5,884)	20,978	-	20,978
Total comprehensive income for the financial period	-	-	11,486	11,486	-	11,486
Balance as at 31 March 2018	26,862	-	5,602	32,464	-	32,464
Balance as at 1 January 2016	26,862	-	(4,897)	21,965	-	21,965
Total comprehensive loss for the financial year	-	-	(987)	(987)	-	(987)
Balance as at 31 December 2016	26,862	-	(5,884)	20,978	-	20,978

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

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

1(d) (ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital during since 31 December 2016.

The Company did not have any outstanding convertibles, subsidiary holdings or treasury shares as at 31 March 2018 and 31 December 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 March 2018	As at 31 December 2016
Total number of issued shares (excluding treasury shares)	90,000,000	90,000,000

The Company has no treasury shares, subsidiary holdings or convertibles outstanding as at 31 March 2018 and 31 December 2016.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Note 5 below, the Group had consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as those applied for the most recently audited financial statements for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 January 2017 or later periods:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 Disclosure Initiative
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
 - Amendments to FRS 112 Disclosure of Interests in Other Entities

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 40 Transfers of Investment Property
- Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
 - Amendments to FRS 28 Investments in Associates and Joint Ventures
 - Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

Adoption of the above FRSs, INT FRSs and amendments to FRS did not result in substantial changes to the accounting policies of the Group and had no material impact on the amounts reported for the current financial period or prior financial years.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

15-months financial period from 1 January 2017 to 31 March 2018 ("FP2018") and 12-month financial year from 1 January 2016 to 31 December 2016 ("FY2016").

	Group	
	FP2018	FY2016
Earnings attributable to equity holders of the Company, after deducting any provision for preference dividends (RM'000)	1,852	146
Weighted average number of shares used in computation of basic earnings per share	90,000,000	90,000,000
Basic earnings per share attributable to equity holders of the Company (Malaysian sen)	2.06	0.16
Diluted earnings per share attributable to equity holders of the Company (Malaysian sen)	2.06	0.16

Basic earnings per share is computed by dividing the earnings attributable to the equity holders of the Company in the respective financial period/year by the weighted average number of ordinary shares outstanding at the end of the respective financial period/year.

Diluted earnings per share is the same as the basic earnings per share as the Company does not have any outstanding instruments convertible into, rights to subscribe for and options in respect of its ordinary shares during the respective financial period/year.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at		As at	
	31 March 2018	31 December 2016	31 March 2018	31 December 2016
NAV per ordinary share (Malaysian sen)	49.53	47.44	36.07	23.31
Number of shares used in computation of NAV per share	90,000,000	90,000,000	90,000,000	90,000,000

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Due to the change of financial year end, the changes in income and expenses between the 15-months financial period from 1 January 2017 to 31 March 2018 ("FP2018") are compared against the 12-months financial year from 1 January 2016 to 31 December 2016 ("FY2016").

Commentary on Financial Results

Revenue

Revenue increased by approximately RM57.6 million or 62.1% from approximately RM92.7 million in FY2016 to RM150.3 million in FP2018. This was mainly due to the longer 15 months period for FP2018 compared to 12 months period for FY2016. There was also an increase in sales demand and more projects secured in the oil and gas segment, OEM contract manufacturing segment, cleanroom and laboratories segment and kitchen appliances, equipment and related services segment, recording sales amounting to RM29.7 million, RM6.4 million, RM9.2 million and RM12.3 million respectively.

Cost of sales and gross profit

Cost of sales increased by approximately RM42.9 million or 63.5% from approximately RM67.6 million in FY2016 to approximately RM110.5 million in FP2018 corresponding with the increase in revenue. The gross profit margin for FP2018 is 26.5%, consistent with 27.2% in FY2016

Other income

Other income increased by approximately RM0.5 million or 66.9% in FP2018 from approximately RM0.7 million in FY2016 to approximately RM1.2 million in FP2018 mainly due to the insurance claim of approximately RM0.3 million.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RM6.1 million or 112.0% from approximately RM5.5 million in FY2016 to approximately RM11.5 million in FP2018. This was mainly due to the increase in carriage outward expenses of approximately RM3.5 million as a result of increase in export sales for oil and gas customers and increase and net allowance for impairment of trade receivables of approximately RM0.8 million and also the longer 15 months period for FP2018 compared to 12 months period in FY2016.

Administrative expenses

Administrative expenses increased by approximately RM5.9 million or 37.2% from the approximately RM15.9 million in FY2016 to approximately RM21.8 million in FP2018. This was mainly due to the longer 15 months period for FP2018 compared to 12 months for FY2016 and therefore the increased in staff cost of approximately RM3.5 million and a higher loss on foreign exchange of approximately RM1.1million.

Finance expenses

Finance expenses increased by approximately RM1.2 million or 39.2% from approximately RM2.9 million in FY2016 to approximately RM4.1 million in FP2018. This was mainly due to the longer 15 months period for FP2018 compared to 12 months for FY2016 and higher utilisation of bills payables and bank overdraft facilities for payments to suppliers and operating expenses.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

Commentary on Financial Position

The assets and liabilities of disposal group classified as held-for-sale as at 31 March 2018 is in relation to the proposed disposal of 60% of its wholly-owned subsidiary, Marc Conleth Industries Sdn Bhd ("**Marc Conleth**"), further details of which can be found in the Company's announcement dated 26 March 2018 ("**Proposed Disposal**").

Trade and other receivables

	Group RM'000	
	31 March 2018 (Unaudited)	31 December 2016 (Audited)
Trade receivables	25,487	24,062
Asset of disposal group classified as held-for-sale	8,815	-
	34,302	24,062
Other receivables	1,789	1,398
Asset of disposal group classified as held-for-sale	755	-
	2,544	1,398
Total trade and other receivables	36,846	25,460

Trade receivables increased by approximately RM10.2 million from RM24.1 million as at 31 December 2016 to approximately RM34.3 million as at 31 March 2018 in line with the increase in revenue.

Other receivables increased by approximately RM1.1 million from RM1.4 million as at 31 December 2016 to RM2.5 million as at 31 March 2018 mainly due to GST receivables of approximately RM0.4 million arising from tax relief (classified under held-for-sale) and advance payment to supplier to purchase of trucks of approximately RM0.2 million.

Income tax recoverable

Income tax recoverable decreased by approximately RM0.5 million from RM1.1 million as at 31 December 2016 to approximately RM0.5 million as at 31 March 2018. This was mainly due to certain overpaid tax that has been refunded by the local tax authorities.

Inventories

	Group RM'000	
	31 March 2018 (Unaudited)	31 December 2016 (Audited)
Inventories	21,335	28,550
Asset of disposal group classified as held-for-sale	4,943	-
	26,278	28,550

Inventories decreased by approximately RM2.3 million from RM28.5 million as at 31 December 2016 to RM26.3 million as at 31 March 2018. This was mainly due to improved logistical processes that has effectively reduced turnaround time from production to delivery of goods especially to customers from the oil and gas segment and OEM contract manufacturing segments and inventories written off of approximately RM0.6 million.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

Other current assets

	Group RM'000	
	31 March 2018 (Unaudited)	31 December 2016 (Audited)
Other current assets	4,808	2,911
Asset of disposal group classified as held-for-sale	1,831	-
	6,639	2,911

Other current assets increased by approximately RM3.7 million from approximately RM2.9 million as at 31 December 2016 to RM6.6 million as at 31 March 2018. This was mainly due to the deposit and advance payment for professional fee and renovation of new outlet of approximately RM1.6 million and advance payment to purchase of inventories of approximately RM1.3 million.

Property, plant and equipment

	Group RM'000	
	31 March 2018 (Unaudited)	31 December 2016 (Audited)
Property, plant and equipment	39,943	44,928
Asset of disposal group classified as held-for-sale	2,823	-
	42,766	44,928

Property, plant and equipment decreased by approximately RM2.2 million from approximately RM44.9 million as at 31 December 2016 to approximately RM42.7 million as at 31 March 2018. This was mainly due to the depreciation of property, plant and equipment of approximately RM5.5 million offset by the purchase of property, plant and equipment of approximately RM3.3 million, to increase the production capacity.

Trade and other payables

	Group RM'000	
	31 March 2018 (Unaudited)	31 December 2016 (Audited)
Trade payables	6,352	10,353
Liabilities directly associated with group classified as held-for-sale	7,077	-
	13,429	10,353
Other payables	5,514	7,309
Liabilities directly associated with group classified as held-for-sale	3,599	-
	9,113	7,309
Total trade and other payables	22,542	17,662

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

Trade payables increased by approximately RM3.1 million from approximately RM10.3 million as at 31 December 2016 to approximately RM13.4 million as at 31 March 2018 corresponding to the increase in purchases of raw materials and trading products. Other payables increased by approximately RM1.8 million from approximately RM7.3 million as at 31 December 2016 to approximately RM9.1 million as at 31 March 2018 mainly due to higher accrual purchase of approximately RM1.3 million and higher GST payables of approximately RM0.2 million

Borrowings

	Group RM'000	
	31 March 2018 (Unaudited)	31 December 2016 (Audited)
Bills payables	21,789	18,301
Finance lease liabilities	7,664	9,883
Bank borrowings	13,927	16,849
Bank overdrafts	11,851	11,068
	55,231	56,101
Liabilities directly associated with group classified as held-for-sale		
Bills payables	3,962	-
Finance lease liabilities	960	-
Bank overdrafts	1,204	-
	6,126	-
Total borrowings	61,357	56,101

Bills payable increased by approximately RM7.5 million mainly due to an increase in utilisation of bills payable consistent with the increase in trade activities for payment to suppliers and net drawdown of bank overdraft of approximately RM2.0 million for working capital offset by the repayment of term loan and finance lease liabilities of approximately RM2.9 million and RM1.3 million respectively.

Commentary on Cash Flow

The Group generated a net cash generated from operating activities of approximately RM10.6 million for FP2018. This was derived from operating profit before working capital changes of approximately RM13.3 million, adjusted net working capital outflow of approximately RM0.5 million, net interest paid of approximately RM1.1 million and net income tax paid of approximately RM1.1 million.

Net cash used in investing activities amounted to approximately RM0.7 million mainly due to net purchase of property, plant and equipment and investment properties.

Net cash used in financing activities amounted to approximately RM9.9 million mainly due to the repayment of term loan and finance lease liabilities, which included the respective interest payments.

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

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

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

10. 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.

Notwithstanding that FP2018 has been challenging for the Group, the oil and gas segment's performance for FP2018 improved as compared to FY2016 and the performance for the other 3 segments, i.e. OEM contract manufacturing segment and kitchen appliance, equipment and related services segment and cleanroom and laboratories segment continued to perform well. However, the Directors are of the view that the prospect for the Group's businesses for the next 12 months continue to be challenging due to competitive pressures within the industry. 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 and acquisitions, to grow the Group's revenue. The Group will also continue efforts in controlling costs and reducing overheads to streamline operations to improve overall efficiency. The Company had in FP2018 announced the Proposed Disposal. Upon the fulfilment of the conditions precedent completion of the Proposed Disposal, Marc Conleth would cease to be a subsidiary of the Company and accordingly, become an associated company of which would be equity accounted for.

11. 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) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared / recommended for the financial period ended 31 March 2018.

13. 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.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors comprises three independent directors and three non-independent directors. The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the four primary geographic areas: Malaysia, United States of America, Singapore and Indonesia. All geographic locations are engaged in the OEM contract manufacturing, oil and gas, cleanroom and laboratories and kitchen appliances, equipment and related services.

The information for the reportable segments is as follows:

For the 15-months financial period ended 31 March 2018

	OEM contract manufacturing RM'000	Oil & Gas RM'000	Cleanroom & laboratories RM'000	Kitchen appliances, equipment and related services RM'000	Total RM'000
Revenue					
- Sales to external parties	39,158	38,486	17,999	54,723	150,366
Adjusted EBITDA	4,193	4,462	2,554	2,084	13,293
Depreciation of property, plant and equipment	2,738	1,153	211	1,363	5,465
Finance expense	2,132	933	131	907	4,103

For the 12-months financial year ended 31 December 2016

	OEM contract manufacturing RM'000	Oil & Gas RM'000	Cleanroom & laboratories RM'000	Kitchen appliances, equipment and related services RM'000	Total RM'000
Revenue					
- Sales to external parties	32,772	8,753	8,783	42,432	92,740
Adjusted EBITDA	4,954	1,763	117	1,952	8,786
Depreciation of property, plant and equipment	2,265	953	102	859	4,179
Finance expense	1,683	766	37	462	2,948

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

There are no inter-business segment sales. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on measure of Earnings before interest, tax, depreciation and amortisation (“adjusted EBITDA”). Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), which manages the cash position of the Group.

A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	Group	
	FP2018 RM'000	FY2016 RM'000
Adjusted EBITDA for reportable segments	13,293	8,786
Depreciation of property, plant and equipment	(5,465)	(4,179)
Depreciation of investment properties	(74)	(59)
Finance expense	(4,103)	(2,948)
Interest income	51	42
Profit before income tax	3,702	1,642

BREAKDOWN OF GROUP REVENUE BY PRODUCT SEGMENTS

Revenue

Revenue from external customers are derived mainly from the sale of OEM contract manufacturing, oil & gas, cleanroom and securities and kitchen appliances, equipment and related services. Breakdown of revenue is as follows:

	FP2018		FY2016	
	RM'000	%	RM'000	%
OEM contract manufacturing	39,158	26.0	32,772	35.3
Oil & gas	38,486	25.6	8,753	9.4
Cleanroom and laboratories	17,999	12.0	8,783	9.5
Kitchen appliances, equipment and related services	54,723	36.4	42,432	45.8
Total	150,366	100.0	92,740	100.0

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

BREAKDOWN OF GROUP REVENUE BY GEOGRAPHICAL REGIONS

	FP2018		FY2016	
	RM'000	%	RM'000	%
Malaysia	110,300	73.3	78,109	84.2
United States of America	28,983	19.3	6,244	6.7
Singapore	2,752	1.8	1,525	1.7
Indonesia	3,699	2.5	3,144	3.4
Others	4,632	3.1	3,718	4.0
Total	150,366	100.0	92,740	100.0

The Group's four business segments are headquartered and operated mainly in Malaysia. The operations in this area are principally in the manufacturing and sales of OEM contract manufacturing products, oil & gas, cleanroom and laboratories and kitchen appliances, equipment and related services.

In United States of America, the operations consist sale of oil and gas product only.

In Singapore and Indonesia, the major operations is kitchen appliances, equipment and related services whereas OEM contract manufacturing products is minor operation only.

In other countries, the operations include the sale of OEM contract manufacturing products in New Zealand, Thailand and France, the sale of kitchen appliances and equipment in Vietnam, Sri Lanka, Australia, New Zealand, Myanmar, Philippines, Thailand and Cambodia, and the sale of cleanroom and laboratories in Philippines.

Revenues of approximately RM37.4 million and RM8.5 million in FP2018 and FY2016 respectively are derived from a single external customer attributable to the oil and gas segment.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to the section on "Review of Results of Operations" paragraph 8 of this announcement for details.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

16. A breakdown of sales.

	FP2018	FY2016	Change
	RM'000	RM'000	%
(a) Sales reported from 1 January to 30 June (six months)	53,666	41,172	30.3
(b) Net profit after tax before deducting minority interests from 1 January to 30 June (six months)	1,518	546	178.0
(c) Sales reported for the period from 1 July to 31 December (six months)	64,424	51,568	24.9
(d) Net profit after tax before deducting minority interests for the period from 1 July to 31 December (six months)	1,487	63	2,260.3
(e) Sales reported for the period from 1 Jan 2018 to 31 March 2018 (three months)	32,276	Not Applicable	
(f) Net loss after tax before deducting minority interests for the period from 1 July to 31 December (three months)	(1,124)	Not Applicable	
Total sales for the period/year	150,366	92,740	62.1
Total net profit for the period/year	1,881	609	208.9

NM: Not meaningful

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

	FP2018 (RM'000)	FY2016 (RM'000)
Ordinary	-	-

18. 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 Catalist of the Singapore Exchange Securities Trading Limited, MSM International Limited (formerly known as Mann Seng Metal International Limited) ("the Company") 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:

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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	66	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	65	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	43	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	34	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 (M) Sdn Bhd.	N.A.
Chan Siew Ling	33	Daughter of Chan Kit Moi (Director and controlling shareholder) Niece of Chan Kee Sieng (Executive Chairman and controlling shareholder) Cousin of Chan Wen Chau (Chief Executive Officer)	Assistant Operations Manager (since 15 June 2009) Duties: Assist in managing Group's financial and administration matters.	N.A.

19. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual

The Company has procured undertakings from all its directors and executive officer under Rule 720(1).

BY ORDER OF THE BOARD

Chan Kee Sieng
Executive Chairman
30 May 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore, telephone (65) 6229 8088.