

MSM International Limited
(Co. Regn. No: 200918800R)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 Catalyst. 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.

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FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 FY2016 and FY2015.

	Group		
	RM'000		%
	FY2016 (Unaudited)	FY2015 (Audited)	Increase/ (Decrease)
Revenue	92,740	82,181	12.8%
Cost of sales	(67,555)	(60,606)	11.5%
Gross profit	25,185	21,575	16.7%
Other income – net	1,022	2,108	-51.5%
Expenses			
- Selling and distribution expenses	(5,445)	(5,760)	-5.5%
- Administrative expenses	(16,172)	(15,682)	3.1%
- Finance expenses	(2,948)	(2,742)	7.5%
Profit/(loss) before income tax	1,642	(501)	NM
Income tax expense	(1,033)	(680)	51.9%
Net profit/(loss)	609	(1,181)	NM
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Currency translation difference arising from consolidation	-	(61)	NM
Total comprehensive income/(loss)	609	(1,242)	NM
Profit/(loss) attributable to:			
Equity holders of the Company	146	(1,239)	NM
Non-controlling interest	463	58	698.3%
	609	(1,181)	NM
Total comprehensive income/(loss) attributable to:			
Equity holders of the company	146	(1,300)	NM
Non-controlling interest	463	58	698.3%
	609	(1,242)	NM

NM: Not meaningful

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Note:

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

	Group	
	RM'000	
	FY2016 (Unaudited)	FY2015 (Audited)
Allowance for impairment of trade receivables	314	480
Commission	248	411
Depreciation and amortisation of investment properties	59	32
Depreciation of property, plant and equipment	4,179	3,880
Directors' remuneration	1,525	1,609
Reversal of allowance for impairment of trade receivables	(234)	(77)
Net foreign exchange loss/(gain)	227	(238)
Loss/(gain) on disposal of property, plant and equipment	162	(717)
Property, plant and equipment written off	19	-
Impairment loss of goodwill	-	201
Interest income	(42)	(74)
Interest expense	2,948	2,742
Rental expenses	824	771
Rental income	(548)	(594)
Staff costs	18,914	18,896

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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 31/12/16	As at 31/12/15	As at 31/12/16	As at 31/12/15
	RM'000 (Unaudited)	RM'000 (Audited)	RM'000 (Unaudited)	RM'000 (Audited)
ASSETS				
Current assets				
Cash and bank balances	10,032	7,574	-	*
Trade and other receivables	25,463	22,585	6,500	6,500
Inventories	28,550	27,046	-	-
Other current assets	2,911	5,099	15	15
Income tax recoverable	1,079	204	-	-
	68,035	62,508	6,515	6,515
Non-current assets				
Property, plant and equipment	44,928	43,457	-	-
Investment properties	3,755	3,688	-	-
Investment in subsidiary corporations	-	-	19,404	19,404
	48,683	47,145	19,404	19,404
Total assets	116,718	109,653	25,919	25,919
LIABILITIES				
Current liabilities				
Trade and other payables	17,665	15,876	4,941	3,954
Borrowings	34,814	30,460	-	-
	52,479	46,336	4,941	3,954
Non-current liabilities				
Borrowings	21,287	21,006	-	-
Deferred income tax liabilities	259	227	-	-
	21,546	21,233	-	-
Total liabilities	74,025	67,569	4,941	3,954
NET ASSETS	42,693	42,084	20,978	21,965
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)	15,409	15,263	(5,884)	(4,897)
	42,210	42,064	20,978	21,965
Non-controlling interests	483	20	-	-
Total equity	42,693	42,084	20,978	21,965

* 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 31/12/16 (Unaudited)	As at 31/12/15 (Audited)
Bank overdrafts	11,068	8,561
Bank borrowings	2,523	2,271
Bills payables	18,301	16,931
Finance lease liabilities	2,922	2,697
	34,814	30,460

Amount repayable after one year

	Group	
	RM'000	
	As at 31/12/16 (Unaudited)	As at 31/12/15 (Audited)
Bank borrowings		
- due within two to five years	5,771	6,151
- due after five years	8,555	8,973
Finance lease liabilities		
- due within two to five years	6,667	5,640
- due after five years	294	242
	21,287	21,006

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 December 2016, the Group's freehold and leasehold land and buildings with carrying amounts of approximately RM26.2 million were mortgaged for bank borrowings. As at 31 December 2016, 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.

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	
	RM'000	
	FY2016 (Unaudited)	FY2015 (Audited)
Cash flows from operating activities		
Profit/(loss) for the year	609	(1,181)
Adjustments for:		
Tax expense	1,033	680
Depreciation for property, plant and equipment	4,179	3,880
Depreciation and amortisation of investment properties	59	32
Loss/(gain) on disposal of property, plant and equipment	162	(717)
Property, plant and equipment written off	19	-
Impairment loss of goodwill	-	201
Interest income	(42)	(74)
Interest expense	2,948	2,742
Unrealised currency translation gain	-	(71)
	8,967	5,492
Changes in working capital:		
- Trade and other receivables	(2,878)	2,251
- Inventories	(1,504)	2,090
- Other current assets	648	(919)
- Trade and other payables	1,789	(5,391)
- Bills payables	1,370	3,283
	8,392	6,806
Cash generated from operations		
Interest paid	(811)	(697)
Interest received	42	74
Tax (paid)/refund	(1,876)	2,170
Net cash generated from operating activities	5,747	8,353
Cash flow from investing activities		
Additions to property, plant and equipment	(1,789)	(133)
Addition to investment properties	(126)	(229)
Proceeds from disposal of property, plant and equipment	1,890	905
Net cash (used in)/generated from investing activities	(25)	543

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	Group	
	RM'000	
	FY2016 (Unaudited)	FY2015 (Audited)
Cash flow from financing activities		
Proceeds from issuance of subsidiary's shares to non-controlling interest	-	49
(Increase)/decrease in short-term bank deposits pledged	(42)	441
Proceeds from bank borrowings	1,914	472
Repayment of bank borrowings	(2,460)	(3,533)
Repayment of finance lease liabilities	(3,088)	(4,164)
Interest paid	(2,137)	(2,045)
Net cash used in financing activities	(5,813)	(8,780)
Net (decrease)/increase in cash and cash equivalents	(91)	116
Cash and cash equivalents		
Beginning of financial year	(2,254)	(2,370)
End of financial year	(2,345)	(2,254)

Note:

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

	Group	
	RM'000	
	FY2016 (Unaudited)	FY2015 (Audited)
Cash and bank balances	10,032	7,574
Less:		
Short-term bank deposits pledged	(1,309)	(1,267)
Bank overdrafts	(11,068)	(8,561)
Cash and cash equivalents at end of financial year per Statements of Cash Flows	(2,345)	(2,254)

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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 interest RM'000	Total equity RM'000
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
Balance as at 1 January 2015	26,862	-	16,502	43,364	(87)	43,277
(Loss)/profit for the financial year	-	-	(1,239)	(1,239)	58	(1,181)
Other comprehensive loss for the financial year	-	(61)	-	(61)	-	(61)
Total comprehensive (loss)/income for the financial year	-	(61)	(1,239)	(1,300)	58	(1,242)
Issue of subsidiary corporation's shares to non-controlling interests	-	-	-	-	49	49
Balance as at 31 December 2015	26,862	(61)	15,263	42,064	20	42,084
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 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
Balance as at 1 January 2015	26,862	-	(3,834)	23,028	-	23,028
Total comprehensive loss for the financial year	-	-	(1,063)	(1,063)	-	(1,063)
Balance as at 31 December 2015	26,862	-	(4,897)	21,965	-	21,965

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.

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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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

There were no changes in the Company's share capital during FY2016.

As at the end of the current financial year reported on, and as at the end of the corresponding period of the immediately preceding financial year, there are no outstanding convertibles or treasury shares.

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 December 2016	As at 31 December 2015
Total number of issued shares (excluding treasury shares)	90,000,000	90,000,000

The Company has no treasury shares or convertibles outstanding as at 31 December 2016 and 31 December 2015.

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.

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.

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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 year as those applied for the most recently audited financial statements for the financial year ended 31 December 2015.

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.

In the current financial year, the Group adopted the new/revised Financial Reporting Standards in the current financial year, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2016.

- FRS 114 *Regulatory Deferral Accounts*
- Amendments to FRS 1 *Disclosure Initiative*
- Amendments to FRS 27 *Equity Method in Separate Financial Statements*
- Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*
- Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*
- Improvements to FRSs (November 2014)
 - Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*
 - Amendments to FRS 107 *Financial Instruments: Disclosures*
 - Amendment to FRS 19 *Employee Benefits*
 - Amendment to FRS 34 *Interim Financial Reporting*

The 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 effect on the amounts reported for the current on prior financial years statements of the Group in the period of their initial adoption.

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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.

	Group	
	FY2016	FY2015
Earnings/(Loss) attributable to equity holders of the Company, after deducting any provision for preference dividends (RM'000)	146	(1,239)
Weighted average number of shares used in computation of basic earnings/(loss) per share	90,000,000	90,000,000
Basic earnings/(loss) per share attributable to equity holders of the Company (Malaysian sen)	0.16	(1.38)
Diluted earnings/(loss) per share attributable to equity holders of the Company (Malaysian sen)	0.16	(1.38)

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

Diluted earnings/(loss) per share is the same as the basic earning/(loss) 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 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 December 2016	31 December 2015	31 December 2016	31 December 2015
NAV per ordinary share (Malaysian sen)	47.44	46.76	23.31	24.41
Number of shares used in computation of NAV per share	90,000,000	90,000,000	90,000,000	90,000,000

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.**

Commentary on Financial Results

Revenue

Revenue increased by approximately RM10.5 million or 12.8% from approximately RM82.2 million in FY2015 to RM92.7 million in FY2016. The increase was mainly arising from OEM contract manufacturing segment amounting to RM7.0 million due to increase in the demand and order under the automation industries. In addition, kitchen appliances, equipment and related services segment increased by approximately RM5.0 million as more customers' outlets or chain restaurant were opened and better export sales to Southeast Asia during FY2016. The increased in revenue was offset against the decrease in oil and gas segment amounting to RM1.5 million as the demands from oil and gas customers remain slow during FY2016.

Cost of sales and gross profit

Cost of sales increased by approximately RM7.0 million or 11.5% from approximately RM60.6 million in FY2015 to approximately RM67.6 million in FY2016 corresponding with the increase in revenue. The gross profit margin remained consistent with to FY2015.

Other income

Other income decreased by approximately RM1.1 million or 51.5% in FY2016 from approximately RM2.1 million in FY2015 to approximately RM1.0 million in FY2016. This was mainly due to the absence of factory damages insurance claimed in FY2015 of approximately RM0.3 million and lower gain on disposal of property, plant and equipment of approximately RM0.7 million offset by the reduction in rental income of approximately RM0.1 million.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RM0.3 million or 5.5% from approximately RM5.8 million in FY2015 to approximately RM5.5 million in FY2016. This was mainly due to the reduction in allowance for doubtful debts expense of approximately RM0.3 million as approximately RM0.2 million of doubtful debts were recovered in FY2016.

Finance expenses

Finance expenses increased by approximately RM0.2 million or 7.5% from approximately RM2.7 million in FY2015 to approximately RM2.9 million in FY2016. This was mainly due to the increase in bank overdraft and bills payable interest payments by RM0.4 million arising from higher utilisation of these facilities for payment to suppliers and working capital purposes offset by the decrease in hire purchase interest and term loan interest by RM0.2 million.

Income tax expense

Income tax expense increased by approximately RM0.3 million or 51.9% from approximately RM0.7 million in FY2015 to approximately RM1.0 million in FY2016. The increase in income tax expense was due to the increase in profit before income tax. The Group's effective tax rate was higher than the corporate tax rate of 25% as the Group was unable to effectively utilise the losses of certain subsidiaries to offset the tax liabilities.

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Commentary on Financial Position

Cash and cash equivalents

Cash and cash equivalents decreased by approximately RM0.1 million as compared to 31 December 2015 and below is the breakdown of the cash and cash equivalents. The decrease was mainly due to net cash used for working capital purposes.

	Group	
	RM'000	
	31 December 2016 (Unaudited)	31 December 2015 (Audited)
Cash and bank balances	10,032	7,574
Short-term bank deposits pledged	(1,309)	(1,267)
Bank overdrafts	(11,068)	(8,561)
Cash and cash equivalents	(2,345)	(2,254)

Trade and other receivables

Trade and other receivables increased by approximately RM2.9 million from RM22.6 million as at 31 December 2015 to approximately RM25.5 million as at 31 December 2016. Below is the breakdown of the trade and other receivables.

	Group	
	RM'000	
	31 December 2016 (Unaudited)	31 December 2015 (Audited)
Trade receivables	24,065	21,363
Other receivables	1,398	1,222
	25,463	22,585

Trade receivables increased by approximately RM2.7 million from RM21.4 million as at 31 December 2015 to approximately RM24.1 million as at 31 December 2016 in line with the increase in revenue.

Income tax recoverable

Income tax recoverable increased by approximately RM0.9 million from RM0.2 million as at 31 December 2015 to approximately RM1.1 million as at 31 December 2016. This was mainly due to an overpayment in tax in prior years and yet to be refunded from local tax authorities.

Inventories

Inventories increased by approximately RM1.5 million from approximately RM27.0 million as at 31 December 2015 to approximately RM28.5 million as at 31 December 2016. This was mainly due to rising demand of customers from oil and gas segment to serve the delivery in January 2017.

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Other current assets

Other current assets decreased by approximately RM2.2 million from approximately RM5.1 million as at 31 December 2015 to RM2.9 million as at 31 December 2016. This was mainly due to the deposit of approximately RM1.5 million for the acquisition of property, plant and equipment, upon its completion during the year, was subsequently capitalised under property, plant and equipment.

Property, plant and equipment

Property, plant and equipment increased by approximately RM1.5 million from approximately RM43.4 million as at 31 December 2015 to approximately RM44.9 million as at 31 December 2016. This was mainly due to purchase of property, plant and equipment of approximately RM7.7 million, where RM2.1 million was to purchase a piece of land at Batu Kawan, RM0.8 million was capitalized as construction work in progress for a small factory at Batu Kawan and RM4.8 million was to purchase plant and equipment, to increase production capacity for goods owing to customers. The increase in property, plant and equipment was offset by the depreciation of property, plant and equipment of approximately RM4.2 million and disposal of property, plant and equipment of approximately RM2.0 million.

Trade and other payables

Trade and other payables increased by approximately RM1.8 million from approximately RM15.9 million as at 31 December 2015 to approximately RM17.7 million as at 31 December 2016. Trade payables increased by approximately RM1.6 million mainly due to increase in trade purchase and in line with the increase in revenue and trade receivables.

Borrowings

Borrowings increased by approximately RM2.1 million from approximately RM42.9 million as at 31 December 2015 to approximately RM45.0 million as at 31 December 2016. Below is the breakdown of the borrowings:

	Group RM'000	
	31 December 2016 (Unaudited)	31 December 2015 (Audited)
Bills payables	18,301	16,931
Finance lease liabilities	9,883	8,579
Bank borrowings	16,849	17,395
	45,033	42,905
Bank overdrafts (refer to cash and cash equivalents)	11,068	8,561
	56,101	51,466

Bills payable increased by approximately RM1.4 million mainly due to increase in utilisation of bills payable for payment to suppliers. Finance lease liabilities increased by approximately RM1.3 million mainly due to finance the newly purchase of plant and equipment. The increase in bills payable and finance lease liabilities was offset by the net repayment of bank borrowings of approximately RM0.5 million.

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Commentary on Financial Cash Flow

The Group's cash and cash equivalents position reduced by approximately RM0.1 million in FY2016 as compared to FY2015.

The Group generated a net cash inflow from operating activities of approximately RM5.7 million. This was derived from operating profit before working capital changes of approximately RM9.0 million, adjusted by net working capital outflow of approximately RM0.6 million, net interest paid of approximately RM0.8 million and income tax paid of approximately RM1.9 million. The net working capital inflow was mainly due to:

- (a) Decrease in other current assets of approximately RM0.7 million was mainly due to approximately RM1.5 million being capitalized into the property, plant and equipment.
- (b) Increase in trade and other payables of approximately RM1.8 million corresponding to the increase in purchases.
- (c) Increase in bills payables of approximately RM1.4 million for the payment to suppliers for purchase of materials and bank guarantee for trade deposit received from customers.

Partially off-set by:

- (d) Increase in trade and other receivables of approximately RM2.9 million was mainly due to increase in revenue and retention sum from customers.
- (e) Increase in inventories of approximately RM1.5 million mainly due to the customers' orders for oil and gas segments to be delivered and invoiced in January 2017.

Net cash used in investing activities amounting to approximately RM0.03 million was mainly due to proceeds from sale of property, plant and equipment of approximately RM1.89 million offset by the purchase of property, plant and equipment of approximately RM1.92 million.

Net cash used in financing activities amounting to approximately RM5.8 million was mainly due to net repayment of term loans and finance lease liabilities as well as interest payment.

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.

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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.

It has been a challenging year for the Group during FY2016, as the oil and gas segment was significantly affected. However, the OEM contract manufacturing and kitchen appliances, equipment and related services segments continue to perform well. The Board believes that the outlook will continue to be challenging for the next 12 months and the Group will continue to expand its sales and marketing efforts both locally and abroad. In addition, the Group will also explore new product developments for all four segments and viable strategic investments and acquisitions to enhance the Group's revenue stream.

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 year ended 31 December 2016.

13. Interested person transaction voluntary disclosure

The Group does not have a general mandate from shareholders for interested person transactions. By way of disclosure, the Company wishes to inform that there have been transactions with Welch (M) Sdn Bhd, Globalink Metal Sdn Bhd, Eminent Food Industries Sdn Bhd, Chan Strategy Sdn Bhd, Mr Chan Kee Sieng, and Mr Chan Kit Moi during FY2016.

Mr Chan Kee Sieng (Controlling Shareholder and Executive Chairman), Mr Chan Kit Moi (Controlling Shareholder and Executive Director), and Mr Chan Wen Chau (Executive Director and Chief Executive Officer) are each regarded as an "interested person" under the provisions of Chapter 9 of the SGX-ST Listing Manual Section B: Catalyst Rules (the "Catalist Rules")

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Welch (M) Sdn Bhd is regarded as an “interested person” under the provisions of Chapter 9 of the Catalyst Rules because it is associated to Mr Chan Kee Sieng and Mr Chan Wen Chau.

Globalink Metal Sdn Bhd is regarded as an “interested person” under the Catalyst Rules because it is associated to Mr Chan Kee Sieng, Mr Chan Kit Moi and Mr Chan Wen Chau.

Globalink Metal Stamping Sdn Bhd is regarded as an “interested person” under the Catalyst Rules because it is associated to Mr Chan Kee Sieng, Mr Chan Kit Moi and Mr Chan Wen Chau.

Eminent Food Industries Sdn Bhd is regarded as an “interested person” under Catalyst Rules because it is associated to Mr Chan Kee Sieng, Mr Chan Kit Moi.

Chan Strategy Sdn Bhd is regarded as an “interested person” under the Catalyst Rules because it is associated to Mr Chan Kee Sieng and Mr Chan Kit Moi.

None of these transactions (i) (individually) were of a value that exceeded S\$100,000; and (ii) may be regarded as a part of a series of transactions. Set out below is information concerning these transactions in FY2016.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (including transactions less than S\$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (including transactions less than S\$100,000)
	RM'000	RM'000
Sales of goods to:		
Globalink Metal Sdn Bhd	1	-
Globalink Metal Stamping Sdn Bhd	11	-
Welch (M) Sdn Bhd	132	-
Purchase of material from:		
Globalink Metal Sdn Bhd	7	-
Service charges charged to:		
Eminent Food Industries Sdn Bhd	13	-
Rental expenses paid to:		
Mr Chan Kee Sieng and Mr Chan Kit Moi in respect of the premises No. 3 Taman Kencana, Selangor, Malaysia.	84	-
Chan Strategy Sdn Bhd in respect of the premises No. 11, Taman Taming Jaya, Selangor, Malaysia.	17	-
Subcontract charges from:		
Globalink Metal Sdn Bhd	64	-

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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 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	<u>32,772</u>	<u>8,753</u>	<u>8,783</u>	<u>42,432</u>	<u>92,740</u>
Adjusted EBITDA	1,848	2,279	141	4,518	8,786
Depreciation of property, plant and equipment	2,265	953	102	859	4,179
Finance expense	<u>1,683</u>	<u>766</u>	<u>37</u>	<u>462</u>	<u>2,948</u>

For the financial year ended 31 December 2015

	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	<u>25,755</u>	<u>10,294</u>	<u>8,753</u>	<u>37,379</u>	<u>82,181</u>
Adjusted EBITDA	822	1,986	1,207	2,265	6,280
Depreciation of property, plant and equipment	2,053	954	99	774	3,880
Goodwill impairment	201	-	-	-	201
Finance expense	<u>1,496</u>	<u>864</u>	<u>44</u>	<u>338</u>	<u>2,742</u>

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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	
	FY2016 RM'000	FY2015 RM'000
Adjusted EBITDA for reportable segments	8,786	6,280
Depreciation of property, plant and equipment	(4,179)	(3,880)
Depreciation and amortisation of investment properties	(59)	(32)
Impairment loss of goodwill	-	(201)
Finance expense	(2,948)	(2,742)
Interest income	42	74
Profit/(loss) before income tax	1,642	(501)

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:

	FY2016		FY2015	
	RM'000	%	RM'000	%
OEM contract manufacturing	32,772	35.3	25,755	31.3
Oil & gas	8,753	9.4	10,294	12.5
Cleanroom and laboratories	8,783	9.5	8,753	10.7
Kitchen appliances, equipment and related services	42,432	45.8	37,379	45.5
Total	92,740	100.0	82,181	100.0

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BREAKDOWN OF GROUP REVENUE BY GEOGRAPHICAL REGIONS

	FY2016		FY2015	
	RM'000	%	RM'000	%
Malaysia	78,109	84.2	76,161	92.7
United States of America	6,244	6.7	2,277	2.8
Singapore	1,525	1.7	1,000	1.2
Indonesia	3,144	3.4	492	0.6
Others	3,718	4.0	2,251	2.7
Total	92,740	100.0	82,181	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, India, Australia, New Zealand, Myanmar, Philippines, Thailand and Cambodia, and the sale of cleanroom and laboratories in Philippines.

Revenues of approximately RM8.5 million and RM10.3 million in FY2016 and FY2015 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 YEAR ENDED 31 DECEMBER 2016

16. A breakdown of sales.

	FY2016	FY2015	Change
	RM'000	RM'000	%
(a) Sales reported for first six months to 30 June	41,172	39,781	3.5
(b) Net profit after tax before deducting minority interests for first six months to 30 June	546	1,135	(51.9)
(c) Sales reported for the period from 1 July to 31 December (six months)	51,568	42,400	21.6
(d) Net profit/(loss) after tax before deducting minority interests for the period from 1 July to 31 December (six months)	63	(2,316)	NM
Total sales for the year	92,740	82,181	12.8
Total net profit/(loss) for the year	609	(1,181)	NM

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.

	FY2016	FY2015
	(RM'000)	(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 Catalyst 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 YEAR ENDED 31 DECEMBER 2016

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	64	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	63	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	42	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	33	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.

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ENDED 31 DECEMBER 2016**

Chan Siew Ling	32	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.
Lim Mee Kee	39	Sister in law of Chan Wen Chau (Chief Executive Officer)	Project & Industrial Division Manager (since 1st July 2010) Duties: Responsible for sales, marketing and business development for the Group.	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
Chairman
20 February 2017