

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

A. Condensed Consolidated Statement of Comprehensive Income for FY2023 and FY2022

	Note	GROUP					
		For the second half year ended 31 March			For the full year ended 31 March		
		2HY2023	2HY2022	Increase/ (Decrease)	FY2023	FY2022	Increase/ (Decrease)
	RM'000	RM'000	%	RM'000	RM'000	%	
Revenue		41,775	48,803	-14.4%	81,530	78,903	3.3%
Cost of sales		(30,902)	(37,102)	-16.7%	(60,810)	(60,516)	0.5%
Gross profit		10,873	11,701	-7.1%	20,720	18,387	12.7%
Other income							
- Interest		13	10	30.0%	24	20	20.0%
- Others		2,826	762	NM	3,558	1,491	NM
Other gains and losses							
- Loss allowance on financial assets		(6,887)	(410)	NM	(6,868)	(377)	NM
- Others		2,939	(58)	NM	3,186	1,887	68.8%
Expenses							
- Selling and distribution		(2,038)	(2,031)	0.3%	(4,045)	(3,620)	11.7%
- Administrative		(7,485)	(6,147)	21.8%	(13,378)	(12,599)	6.2%
- Finance		(1,826)	(1,568)	16.5%	(3,525)	(3,239)	8.8%
		(1,585)	2,259	NM	(328)	1,950	NM
Share of profit of associated companies		492	824	-40.3%	1,059	2,084	-49.2%
(Loss)/profit before income tax	6	(1,093)	3,083	NM	731	4,034	-81.9%
Income tax expense	7	(54)	(187)	-71.1%	(99)	(265)	-62.6%
Net (loss)/profit for the financial period/year		(1,147)	2,896	NM	632	3,769	-83.2%
Other comprehensive income/(loss):							
Exchange gain/(loss) arising from translation of foreign operations		14	1	NM	(87)	26	NM
Other comprehensive income/(loss) for the financial period/year, net of tax		14	1	NM	(87)	26	NM
Total comprehensive (loss)/income		(1,133)	2,897	NM	545	3,795	-85.6%
Net (loss)/profit attributable to:							
Equity holders of the Company		(1,176)	2,734	NM	666	3,533	-81.1%
Non-controlling interests		29	162	-82.1%	(34)	236	NM
		(1,147)	2,896	NM	632	3,769	-83.2%

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	GROUP					
		For the second half year ended 31 March			For the full year ended 31 March		
		2HY2023	2HY2022	Increase/ (Decrease)	FY2023	FY2022	Increase/ (Decrease)
	RM'000	RM'000	%	RM'000	RM'000	%	
Total comprehensive (loss)/income attributable to:							
Equity holders of the Company		(1,162)	2,735	NM	579	3,559	-83.7%
Non-controlling interests		29	162	-82.1%	(34)	236	NM
		(1,133)	2,897	NM	545	3,795	-85.6%
(Loss)/ Earnings Per Share (Malaysian sen)							
- Basis	9	(1.12)	2.59		0.63	3.35	
- Diluted	9	(1.12)	2.59		0.63	3.35	

NM: Not meaningful

Note:

- On 6 October 2022, the associated company Cosmos Technology International Berhad ("COSMOS") was officially listed on the ACE Market of Bursa Securities with public issue of 64,125,300 new Shares at an issue price of RM0.35 per Share for the entire enlarged total number of 256,501,300 Shares and raise a funds of total RM22,443,855. The shareholding of the Group in COSMOS has been diluted from 36% to 27%.
- In September 2021, the Company disposed 100% of the issued share capital in Marc16 Equipment Manufacturing Sdn Bhd ("Marc16"), for a cash consideration of RM1,000,000. The disposal of Marc16 has resulted in a gain on disposal and an excess of the consideration over the book value of Marc16 of approximately RM1.8 million to the Group (classified under "Other gains and losses - Others"). Marc16 ceased to be a subsidiary of the Company. Please refer to the announcements dated 6 August 2021 and 9 September 2021 for further details.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

B. Condensed Statements of Financial Position

	Note	Group		Company	
		As at 31/3/23 (Unaudited)	As at 31/3/22 (Audited)	As at 31/3/23 (Unaudited)	As at 31/3/22 (Audited)
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Current assets					
Cash and bank balances		9,234	11,323	409	8
Trade and other receivables		25,172	35,417	13,366	18,154
Inventories		10,042	9,723	-	-
Other current assets		5,183	5,045	-	-
Income tax recoverable		1,190	1,188	-	-
		50,821	62,696	13,775	18,162
Non-current assets					
Property, plant and equipment	11	42,839	41,988	-	-
Investment properties		3,504	3,563	-	-
Investments in subsidiary corporations		-	-	19,654	19,654
Investments in associated companies		13,822	9,905	5,056	5,056
		60,165	55,456	24,710	24,710
Total assets		110,986	118,152	38,485	42,872
LIABILITIES					
Current liabilities					
Trade and other payables		16,759	16,628	5,302	5,716
Borrowings	12	29,647	34,766	-	-
Lease liabilities	13	2,829	3,531	-	-
		49,235	54,925	5,302	5,716
Non-current liabilities					
Borrowings	12	23,578	26,024	-	-
Lease liabilities	13	5,311	4,933	-	-
Deferred income tax liabilities		143	96	-	-
		29,032	31,053	-	-
Total liabilities		78,267	85,978	5,302	5,716
NET ASSETS		32,719	32,174	33,183	37,156
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		(122)	(35)	-	-
Retained earnings		1,708	1,042	3,025	6,998
		31,744	31,165	33,183	37,156
Non-controlling interests		975	1,009	-	-
Total equity		32,719	32,174	33,183	37,156

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

C. Condensed Consolidated Statements of Changes in Equity

Group	Share capital	Currency translation reserve	Retained earnings/ (accumulated losses)	Equity attributable to equity holders of the Company	Non-controlling Interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2022	30,158	(35)	1,042	31,165	1,009	32,174
Net profit/(loss) for the financial year	-	-	666	666	(34)	632
Other comprehensive loss for the financial year		(87)	-	(87)	-	(87)
Balance as at 31 March 2023	30,158	(122)	1,708	31,744	975	32,719
Balance as at 1 April 2021	30,158	(61)	(2,491)	27,606	822	28,428
Net profit for the financial year	-	-	3,533	3,533	236	3,769
Other comprehensive income for the financial year	-	26	-	26	-	26
Dividend paid to non-controlling interests	-	-	-	-	(49)	(49)
Balance as at 31 March 2022	30,158	(35)	1,042	31,165	1,009	32,174

Company	Share capital	Currency translation reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling Interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2022	30,158	-	6,998	37,156	-	37,156
Total comprehensive loss for the financial year	-	-	(3,973)	(3,973)	-	(3,973)
Balance as at 31 March 2023	30,158	-	3,025	33,183	-	33,183
Balance as at 1 April 2021	30,158	-	9,668	39,826	-	39,826
Total comprehensive loss for the financial year	-	-	(2,670)	(2,670)	-	(2,670)
Balance as at 31 March 2022	30,158	-	6,998	37,156	-	37,156

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

D. Condensed Consolidated Statement of Cash Flows

	Group	
	RM'000	
	FY2023 (Unaudited)	FY2022 (Audited)
Cash flows from operating activities		
Net profit	632	3,769
Adjustments for:		
- Income tax expense	99	265
- Depreciation of property, plant and equipment	3,283	3,404
- Depreciation of investment properties	59	59
- Depreciation of right-of-use assets	777	949
- Gain on disposal of property, plant and equipment	(54)	(50)
- Gain on disposal of a subsidiary corporation	-	(1,838)
- Gain on lease modification	-	(32)
- Gain on dilution of interest in associated companies	(3,204)	-
- Rent concessions	-	(69)
- Share of profit of associated companies	(1,059)	(2,084)
- Interest income	(24)	(20)
- Interest expense	3,525	3,239
- Unrealised currency translation (gain)/loss	(87)	26
	3,947	7,618
Change in working capital		
- Trade and other receivables	10,245	(6,806)
- Inventories	(319)	457
- Other current assets	(138)	(1,148)
- Trade and other payables	382	10,676
- Bills payable	(2,866)	(2,287)
Cash generated from operations	11,251	8,510
Interest paid	(1,643)	(1,428)
Interest received	24	20
Income tax paid	(54)	(399)
Net cash provided by operating activities	9,578	6,703
Cash flow from investing activities		
Additions to property, plant and equipment	(3,154)	(420)
Proceeds from disposals of property, plant and equipment	2,070	170
Disposal of a subsidiary corporation, net of cash disposed of	-	138
Dividends received from associated companies	346	-
Net cash used in investing activities	(738)	(112)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Group	
	RM'000	
	FY2023 (Unaudited)	FY2022 (Audited)
Cash flow from financing activities		
Increase in short-term bank deposits pledged	(24)	(20)
Dividends paid to non-controlling interests	-	(49)
Repayment of bank borrowings	(2,037)	(471)
Repayment of lease liabilities	(4,348)	(4,153)
Interest paid	(1,882)	(1,811)
Net cash used in financing activities	(8,291)	(6,504)
Net increase in cash and cash equivalents	549	87
Cash and cash equivalents at beginning of financial year	(857)	(944)
Cash and cash equivalents at end of financial year	(308)	(857)

Note:

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

	Group	
	RM'000	
	FY2023 (Unaudited)	FY2022 (Audited)
Cash and bank balances	9,234	11,323
Less: Short-term bank deposits pledged	(1,131)	(1,107)
Less: Bank overdraft	(8,411)	(11,073)
Cash and cash equivalents at end of financial year per Statement of Cash Flows	(308)	(857)

E. Notes to the Condensed Consolidated Financial Statements

1. General information

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

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

The principal activities of the subsidiary corporations are as follows:

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

The principal activities of the associated companies are as follows:

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

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Basis of preparation

These condensed interim financial statements for the six months ended 31 March 2023 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 since the last condensed interim financial statements for the period ended 30 September 2022.

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

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

2.1 New and amended standards adopted by the Group

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

2.2 Critical judgements, assumptions and estimation uncertainties

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

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

3. Seasonal operations

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

4. Segment and revenue information

4.1 Reportable segments

For the second half year ended 31 March (2HY2023)

	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	16,065	4,201	21,509	41,775
Adjusted EBITDA	3,932	(660)	(473)	2,799
Depreciation of property, plant and equipment and right-of-use assets	1,416	35	598	2,049
Finance expense	1,309	65	452	1,826

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

	OEM contract manufacturing RM'000	Cleanroom & laboratories RM'000	Kitchen appliances, equipment and related services RM'000	Total RM'000
Revenue				
- Sales to external parties	21,538	7,127	20,138	48,803
Adjusted EBITDA	3531	480	2,755	6,766
Depreciation of property, plant and equipment and right-of-use assets	1,261	42	792	2,095
Finance expense	1,083	94	391	1,568

For the financial year ended 31 March 2023

	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	32,431	9,154	39,945	81,530
Adjusted EBITDA	7,245	(338)	1,444	8,351
Depreciation of property, plant and equipment and right-of-use assets	2,735	70	1,255	4,060
Finance expense	2,522	151	852	3,525

For the financial year ended 31 March 2022

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

4.2 Geographical information

Breakdown of Group Revenue by Geographical Regions

	FY2023		FY2022	
	RM'000	%	RM'000	%
Malaysia	76,209	93.5	72,032	91.3
Vietnam	101	0.1	718	0.9
Indonesia	1,673	2.1	2,229	2.8
Singapore	2,371	2.9	3,514	4.5
Others	1,176	1.4	410	0.5
Total	81,530	100.0	78,903	100.0

5. Financial assets and financial liabilities

	Group RM'000		Company RM'000	
	As at 31/3/23 (Unaudited)	As at 31/3/22 (Audited)	As at 31/3/23 (Unaudited)	As at 31/3/22 (Audited)
Financial assets				
Cash and bank balances	9,234	11,323	409	8
Trade and other receivables	24,012	33,233	13,366	18,154
Other current assets	2,024	1,999	-	-
	35,270	46,555	13,775	18,162
Financial liabilities				
Trade and other payables	16,042	15,178	5,302	5,716
Borrowings	53,225	60,790	-	-
Lease liabilities	8,140	8,464	-	-
	77,407	84,432	5,302	5,716

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

6. Profit/(loss) before income tax

6.1 Significant items

	2HY2023	2HY2022	FY2023	FY2022
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	565	104	565	117
Depreciation of property, plant and equipment	1,743	1,622	3,283	3,404
Depreciation of investment properties	30	30	59	59
Depreciation of right-of-use asset	306	473	777	949
Director remunerations	916	803	1,586	1,437
Interest expenses	1,826	1,568	3,525	3,239
Realised foreign exchange loss	145	85	159	76
Unrealised currency translation (gain)/loss	14	1	(87)	26
Allowances for doubtful debts - net	6,303	293	6,303	260
Gain on disposal of a subsidiary	-	-	-	(1,838)
Gain on disposal of property, plant and equipment	(106)	(20)	(54)	(50)
Gain on dilution of interest in associated companies	(3,204)	-	(3,204)	-
Interest income	(13)	(10)	(24)	(20)
Insurance claim	(2,489)	(409)	(2,777)	(516)
Staff costs	6,932	6,037	13,002	11,659

6.2 Related party transactions

Key management personnel compensation is as follows:

	2HY2023	2HY2022	FY2023	FY2022
	RM'000	RM'000	RM'000	RM'000
Salaries, bonuses and allowances	1,083	1,041	1,942	1,913
Directors' fees	114	83	212	167
Employer's contribution to defined contribution plans	93	86	173	164
Other short-term benefits	241	201	464	276
	1,531	1,411	2,791	2,520

7. Taxation

Included in income tax expense were:

	2HY2023	2HY2022	FY2023	FY2022
	RM'000	RM'000	RM'000	RM'000
Tax expense attributable to profit/(loss) is made up of:				
Profit/(loss) for the financial period/year:				
- Current income tax - Malaysia	99	187	144	268
- Deferred income tax	47	-	47	-
	146	187	191	268
Overprovision in prior financial years:				
- Current income tax	(92)	-	(92)	(3)
	54	187	99	265

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

8. Dividend

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

9. Earnings per share

	Group		Group	
	2HY2023	2HY2022	FY2023	FY2022
(Loss)/earnings attributable to equity holders of the Company (RM'000)	(1,176)	2,734	666	3,533
Weighted average number of shares used in computation of basic EPS	105,391,186	105,391,186	105,391,186	105,391,186
Basic (loss)/earnings attributable to equity holders of the Company (Malaysian sen)	(1.12)	2.59	0.63	3.35
Diluted (loss)/earnings attributable to equity holders of the Company (Malaysian sen)	(1.12)	2.59	0.63	3.35

For the purpose of calculating diluted (loss)/earnings per shares, the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares during the current and prior periods.

10. Net asset value

	Group		Company	
	As at 31/3/2023	As at 31/3/2022	As at 31/3/2023	As at 31/3/2022
Net asset value (RM'000)	32,719	32,174	33,183	37,156
Number of ordinary shares	105,391,186	105,391,186	105,391,186	105,391,186
NAV per ordinary share (Malaysian sen)	31.05	30.53	31.49	35.26

11. Property, plant and equipment

During the financial year ended 31 March 2023, the Group acquired assets amounting to RM6,927,000 (31 March 2022: RM2,602,000) and disposed of assets with net book value amounting to RM2,016,000 (31 March 2022: RM120,000).

12. Borrowings

Amount repayable in one year or less, or on demand

	Group	
	As at 31/3/23 (Unaudited) RM'000	As at 31/3/22 (Audited) RM'000
Bank overdrafts	8,411	11,073
Bank borrowings	2,645	2,236
Bills payables	18,591	21,457
	<u>29,647</u>	<u>34,766</u>

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Amount repayable after one year

	Group	
	As at 31/3/23 (Unaudited) RM'000	As at 31/3/22 (Audited) RM'000
Bank borrowings		
- due between one to five years	10,212	11,013
- due after five years	13,366	15,011
	23,578	26,024

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 2023, a subsidiary corporation of the Company had outstanding bills payables and bank overdrafts amounting to a total of RM2.4 million owing to a bank. However, the subsidiary corporation had, amongst others, not met the financial covenants to maintain a gearing ratio of not more than 2.4 times and a tangible net worth of not less than RM13 million as at 31 March 2023. Meanwhile, the bank has reviewed the management accounts and agreed to continue extending the banking facilities of the subsidiary corporation until the next review.

13. Lease liabilities

	Group	
	As at 31/3/23 (Unaudited) RM'000	As at 31/3/22 (Audited) RM'000
Current	2,829	3,531
Non-current	5,311	4,933
	8,140	8,464

Lease liabilities of the Group as at 31 March 2023 amounting to RM7,850,000 (31 March 2022: RM7,504,000) are effectively secured over the leased plant and machinery, motor vehicles and computer and office equipment, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

14. Share capital

	The Group and The Company			
	As at 31/3/23		As at 31/3/22	
	Number of shares	RM'000	Number of shares	RM'000
At beginning and end of financial year	105,391,186	30,158	105,391,186	30,158

There were no changes in the Company's share capital since 30 September 2022 to 31 March 2023.

The Company did not have any outstanding convertibles, subsidiary holdings or treasury shares as at 31 March 2023 and 31 March 2022.

The Company's subsidiary corporations do not hold any shares in the Company as at 31 March 2023 and 31 March 2022.

15. Events subsequent to period end

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Other information required by Listing Rule Appendix 7C

1. Review

The condensed consolidated statement of financial position of MSM International Limited and its subsidiaries as at 31 March 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial year then ended and certain explanatory notes have not been audited or reviewed.

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

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

Not applicable

2. Review of performance of the Group

Commentary on Financial Results

Revenue

Segments	2HY2023 RM'000	2HY2022 RM'000	FY2023 RM'000	FY2022 RM'000
Original Equipment Manufacturer ("OEM") Kitchen appliances, equipment and related services ("F&B")	16,065	21,538	32,431	37,241
Cleanroom and laboratories	21,509	20,138	39,945	30,959
	4,201	7,127	9,154	10,703
Total	41,775	48,803	81,530	78,903

Revenue in FY2023 increased by approximately RM2.6 million or 3.3% from approximately RM78.9 million in FY2022 to RM81.5 million in FY2023. This was mainly due to the increase in revenue from the F&B segments by RM9.0 million, netted off against decrease in revenue from OEM segment and cleanroom and laboratories segment by RM4.8 million and RM1.6 million respectively.

The increase in the FY2023 revenue was because of higher demand from F&B customers due to relaxation of COVID-19 operating procedure by government. However, the demand in OEM segment has decreased due to slowdown of semiconductor industry and revenue of cleanroom and laboratories segment is decreased due to government projects has been postponed to FY2024.

Revenue in 2HY2023 has decreased by approximately RM7.0 million or 14.4% from approximately RM48.8 million in 2HY2022 to RM41.8 million in 2HY2023 due to the decrease in OEM and cleanroom and laboratories segments by approximately RM5.5 million and RM2.9 million respectively, netted off against increase in revenue from F&B segment by RM1.4 million.

Cost of sales and gross profit

Cost of sales remain consistent with prior year.

The gross profit increased by RM2.3 million or 12.7% whereas gross profit margin increased by 2.1 percentage point from 23.3% in FY2022 to 25.4% in FY2023 mainly due to better cost control and better overhead costs absorption due to increase in revenue.

Simultaneously, the gross profit for 2HY2023 had decreased by RM0.8 million from approximately RM11.7 million in 2HY2022 to approximately RM10.9 million in 2HY2023 in line with the reduction of revenue. The gross profit margin for 2HY2023 increased by 2.0 percentage point from 24.0% in 2HY2022 to 26.0% in 2HY2023.

Other income

Other income increased by approximately RM2.1 million in FY2023 from approximately RM1.5 million in FY2022 to approximately RM3.6 million in FY2023 mainly due to increase in insurance claimed of approximately RM2.2 million for the fire incident happened on 2 May 2022.

Other gains and losses

Other gains and losses decreased by approximately RM5.2 million in FY2023 from gain of approximately RM1.5 million in FY2022 to loss of approximately RM3.7 million in FY2023. The higher losses in FY2023 was due to increase in net allowance of doubtful debts amounting to RM6.6 million and there is a gain on disposal of subsidiary of RM1.8 million recorded in prior financial year, netted off against gain from dilution of interest in associated company, Cosmos Technology International Berhad of approximately RM3.2 million upon issuance of IPO placement shares for its listing in ACE market on 6 October 2022.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RM0.4 million from approximately RM3.6 million in FY2022 to approximately RM4.0 million in FY2023. This was mainly due to increase in upkeep of motor vehicles and travelling costs by approximately RM0.2 million and RM0.2 million respectively.

Administrative expenses

Administrative expenses increased by approximately RM0.8 million from approximately RM12.6 million in FY2022 to approximately RM13.4 million in FY2023. This was mainly due to the increase in rental expenses by approximately RM0.4 million and increased in staff cost by approximately RM0.4 million due to increase in headcount.

Finance expenses

Finance expenses increased by approximately RM0.3 million from approximately RM3.2 million in FY2022 to approximately RM3.5 million in FY2023. This was mainly due to the increase in bills payable interests and term loans interests by approximately RM0.2 million and RM0.2 million respectively netted off against decrease in lease liabilities interest by approximately RM0.1 million.

Income tax expenses

Income tax expenses decreased by approximately RM0.2 million from approximately RM0.3 million in FY2022 to approximately RM0.1 million in FY2023 due to the utilisation of unrecognised tax losses in prior year.

Commentary on Financial Position

Trade and other receivables

	Group RM'000	
	As at 31/3/23 (Unaudited)	As at 31/3/22 (Audited)
Trade receivables	20,368	23,975
Other receivables	3,644	9,258
Contract assets	1,160	2,184
	25,172	35,417

Trade receivables decreased by approximately RM3.6 million from approximately RM24.0 million as at 31 March 2022 to approximately RM20.4 million as at 31 March 2023 mainly due to the improvement in collection.

Other receivables decreased by approximately RM5.6 million from approximately RM9.2 million as at 31 March 2022 to approximately RM3.6 million as at 31 March 2023 mainly due to an amount of approximately RM6.0 million owing from former subsidiary company, Marc16 Equipment Manufacturing Sdn. Bhd. has been provided for doubtful debts in FY2023.

Investments in associated companies

The investment in associated companies increased by approximately RM3.9 million from approximately RM9.9 million as at 31 March 2022 to RM13.8 million as at 31 March 2023 mainly due to the gain on dilution of interest in associated companies and share of profit in FY2023 of approximately RM3.2 million and RM1.0 million respectively netted off against dividend income received of approximately RM0.3 million.

Borrowings

	Group RM'000	
	As at 31/3/23 (Unaudited)	As at 31/3/22 (Audited)
Bills payables	18,591	21,457
Bank loans	26,223	28,260
Bank overdrafts	8,411	11,073
Total borrowings	53,225	60,790

Total borrowings decreased by approximately RM7.6 million from approximately RM60.8 million as at 31 March 2022 to approximately RM53.2 million as at 31 March 2023. This was mainly due to decrease in bills payables, bank loans and bank overdraft of approximately RM2.9 million, RM2.0 million and RM2.7 million respectively, net impact of repayment.

Commentary on Cash Flow

The Group generated a net cash from operating activities of approximately RM9.5 million for FY2023. This was derived from operating profit before working capital changes of approximately RM3.9 million, adjusted net working capital inflow of approximately RM7.3 million, net interest paid of approximately RM1.6 million and net income tax paid of approximately RM0.1 million.

Net cash used in investing activities amounted to approximately RM0.7 million mainly due to purchase of plant and equipment and offset against proceeds from disposal of plant and equipment.

Net cash used in financing activities amounted to approximately RM8.3 million mainly due to net repayment of bank loans, lease liabilities and interest paid.

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

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

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

The Directors are of the view that the outlook for the Group's businesses for the next 12 months remain challenging due to competitive pressures within the industry and an uncertain economic outlook. 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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 financial year ended 31 March 2023 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 there was no disclosable interested person transactions for the period under review.

8. 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.

9. Changes in the composition in the Group

There is no changes in the composition of the Group since FY2022 up to date except as below.

The associated company, Cosmos Technology International Berhad (“COSMOS”) has been listed on ACE Market of Bursa Malaysia at 6 October 2022 with initial public offering (“IPO”) of 64,125,300 new ordinary shares for the entire enlarged total number of 256,501,300 shares. The shareholding of the Group in the COSMOS has been diluted from 36% to 27% after IPO.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

10. A breakdown of sales as follows:

	FY2023	FY2022	Change
	RM'000	RM'000	%
(a) Sales reported for the period from 1 April to 30 September	39,755	30,100	32.1
(b) Net profit after tax before deducting non-controlling interests for the period from 1 April to 30 September	1,779	873	NM
(c) Sales reported for the period from 1 October to 31 March	41,775	48,803	-14.4
(d) Net (loss)/profit after tax before deducting non-controlling interests for the period from 1 October to 31 March	(1,147)	2,896	NM
Total sales for the year	81,530	78,903	3.3
Total net profit for the year	632	3,769	-83.2

NM: Not meaningful

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

	FY2023	FY2022
	(RM'000)	(RM'000)
Ordinary	-	-

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

12. 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 wishes to provide the following information on persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a Director, Chief Executive Officer or Substantial Shareholder of the Company:

Name	Age	Family Relationship with any Director, Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Chan Kee Sieng	71	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	70	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	48	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	39	Son of Chan Kit Moi (Director and substantial shareholder) Nephew of Chan Kee Sieng (Executive Chairman and controlling shareholder) Cousin of Chan Wen Chau (Chief Executive Officer)	General Manager (since 1st May 2010) Duties: Responsible for sales, marketing and business development for Toyomi Engineering Sdn Bhd.	N.A.

On behalf of the Board of Directors

Chan Kee Sieng
Executive Chairman

Chan Kit Moi
Executive Director

29 May 2023

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

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

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