

# **MS INTERNATIONAL plc**

**Unaudited Interim Condensed**

**Group Financial Statements**

**31st October, 2022**

**EXECUTIVE DIRECTORS**

Michael Bell  
Michael O'Connell  
Nicholas Bell

**NON-EXECUTIVE DIRECTORS**

Roger Lane-Smith  
David Hansell

**COMPANY SECRETARY**

Shelley Ashcroft

**REGISTERED OFFICE**

Balby Carr Bank  
Doncaster  
DN4 8DH  
England

**PRINCIPAL OPERATING DIVISIONS**

'Defence'  
'Forgings'  
'Petrol Station Superstructures'  
'Corporate Branding'

# Chairman's statement

## Results

It is pleasing to report that the Group has continued to perform strongly, growing our international businesses profitably in the face of these extremely challenging times.

For the half year ended 31st October 2022, profit before tax increased to £3.46m (2021 -£0.77m) on revenue of £42.03m (2021 - £33.16m).

Basic earnings per share were 17.4p (2021 - 3.4p).

The balance sheet is also significantly stronger with cash at £23.88m (2021 - £15.54m).

Orders received in the period, when added to those already in hand, maintains the Group in a strong position for the future.

## Prospects

### *'Defence'*

We continue to market our expanding product portfolio around the world to what can only be described as a somewhat 'more attentive audience'. There must be little doubt this reflects the uneasy political state of the world, notwithstanding the fact that many countries' defence budgets remain under severe fiscal pressure.

Our continued investment to support the development and long-term growth of the defence business including relocating our production operations into our upgraded facilities in Norwich, did however, mean that we carried substantial costs in the period.

Pleasingly, our participation in the United States Navy's multi-phased programme of 'weapon approval procedures' with respect to our 30mm Naval Gun System, continues to progress through their comprehensive testing procedures. We are encouraged with their observations to date. A great prize, still for us to win! Our existing land and building facilities in South Carolina can be further developed, to meet any resulting defence opportunities.

We continue to develop new military products and during the period launched our first land based mobile gun system incorporating our unique 'counter-drone' capability. I am very encouraged to report that this new gun system has already attracted considerable attention in the international market.

### *'Forgings'*

All three of our superb manufacturing facilities in the UK, the United States and Brazil continue to operate at a high level of activity, servicing their national and international customers. Managing the negative effects of rising energy costs for these steel forging businesses is an undoubted challenge, but one that is being successfully managed, in step with local availability of supply.

### *'Petrol Station Superstructures'*

This division has experienced a high level of quality activity in the period, resulting in a strong business recovery from the pandemic disruption. Both our UK and Poland based operations remain well placed and committed to serve our highly respected UK and European customer base.

### *'Corporate Branding'*

We are making good progress with our Netherlands and German operations as the businesses recover from the depressed level of activity within the sign installation and maintenance sector by the many cross-border restrictions imposed on mainland travel during Covid. Meantime, our fledgeling UK sign operation is benefitting from our commitment and investment in personnel, contemporary manufacturing equipment and other facilities.

## **Outlook**

We believe that we have progressed strongly and created considerable opportunities through our commitment to being bold whilst building a substantial war chest to support our continuing investment, particularly in defence. Notwithstanding, we remain vigilant, in order to react to any changing circumstances.

I look forward with some confidence despite the difficult economic background.

All such matters considered, the Board has declared an increased interim dividend per share of 2p (2021 1.75p), payable to shareholders on 13th January 2023.

**Michael Bell**  
**6th December 2022**

# **Independent auditor's review report on Interim Financial Information to MS INTERNATIONAL Plc**

## **Conclusion**

We have reviewed the condensed set of financial statements in the half-yearly financial report of MS INTERNATIONAL Plc (the 'company') for the six months ended 31 October 2022 which comprises of Interim condensed consolidated income statement, Interim condensed consolidated statement of comprehensive income statement, Interim condensed consolidated statement of financial position, Interim consolidated statement of changes in equity, Interim consolidated cash flow statement and notes to the interim consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting'.

## **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) (ISRE (UK)) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with UK adopted IFRSs. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

We have read the other information contained in the half-yearly financial report which comprises only the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## **Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE UK, however future events or conditions may cause the entity to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's business model including effects arising from macro-economic uncertainties, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's financial resources or ability to continue operations over the going concern period.

## **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the review of the financial information**

Our responsibility is to express a conclusion to the company on the condensed set of financial statements in the half-yearly financial report based on our review.

Our conclusion, including our Conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

## **Use of our report**

This report is made solely to the company, as a body, in accordance with ISRE (UK) 2410. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our review work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**Sheffield**  
6th December 2022

## Interim condensed consolidated income statement

	Notes	Half-year to 31st October, 2022 unaudited £'000	Half-year to 31st October, 2021 unaudited £'000
Revenue	5/6	42,025	33,155
Cost of sales		(30,095)	(24,646)
<b>Gross profit</b>		<b>11,930</b>	8,509
Distribution costs		(1,815)	(1,768)
Administrative expenses		(6,522)	(5,865)
<b>Operating profit</b>	6	<b>3,593</b>	876
Finance costs		(70)	(40)
Other finance costs - pension		(63)	(63)
<b>Profit before taxation</b>		<b>3,460</b>	773
Tax expense	7	(689)	(236)
<b>Profit for the period attributable to equity holders of the parent</b>		<b>2,771</b>	537
Basic earnings per share	8	17.4p	3.4p
Diluted earnings per share	8	16.8p	3.3p

## Interim condensed consolidated statement of comprehensive income

	Notes	Half-year to 31st October, 2022 unaudited £'000	Half-year to 31st October, 2021 unaudited £'000
<b>Profit for the period attributable to equity holders of the parent</b>		<b>2,771</b>	537
Exchange differences on retranslation of foreign operations		57	(242)
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>		<b>57</b>	(242)
Remeasurement (losses)/gains on defined benefit pension scheme	13	(8)	217
Deferred taxation on remeasurement of defined benefit pension scheme		2	258
Deferred taxation on revaluation surplus on land and buildings		-	(331)
<b>Net other comprehensive (loss)/income not being reclassified to profit or loss in subsequent periods</b>		<b>(6)</b>	144
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>		<b>2,822</b>	439

# Interim condensed consolidated statement of financial position

	Notes	31st October, 2022 unaudited £'000	31st October, 2021 unaudited £'000	30th April, 2022 audited £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	25,076	20,015	24,537
Right-of-use assets	11	1,328	1,235	1,479
Intangible assets		2,896	3,122	3,002
Investment in joint venture		35	34	34
Deferred income tax asset		1,373	1,861	1,435
		<b>30,708</b>	<b>26,267</b>	<b>30,487</b>
<b>Current assets</b>				
Inventories		17,003	17,446	16,327
Trade and other receivables		9,422	11,075	11,396
Contract assets		1,450	1,747	1,773
Income tax receivable		-	52	6
Prepayments		1,673	2,127	1,352
Cash and cash equivalents	12	23,363	14,067	18,092
Restricted cash held in Escrow	12	519	1,470	1,158
		<b>53,430</b>	<b>47,984</b>	<b>50,104</b>
<b>TOTAL ASSETS</b>		<b>84,138</b>	<b>74,251</b>	<b>80,591</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		1,784	1,784	1,784
Capital redemption reserve		957	957	957
Other reserve		2,815	2,815	2,815
Revaluation reserve		9,923	6,055	9,923
Special reserve		1,629	1,629	1,629
Currency translation reserve		(360)	(56)	(417)
Treasury shares		(2,789)	(2,789)	(2,789)
Retained earnings		26,242	20,044	24,673
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<b>40,201</b>	<b>30,439</b>	<b>38,575</b>
<b>Non-current liabilities</b>				
Defined benefit pension liability	13	4,341	6,491	4,720
Deferred income tax liability		2,547	1,938	2,578
Lease liabilities		1,003	975	1,158
		<b>7,891</b>	<b>9,404</b>	<b>8,456</b>
<b>Current liabilities</b>				
Trade and other payables		13,798	12,623	14,176
Contract liabilities		20,610	20,928	18,329
Income tax payable		1,272	574	702
Lease liabilities		366	283	353
		<b>36,046</b>	<b>34,408</b>	<b>33,560</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>84,138</b>	<b>74,251</b>	<b>80,591</b>

The interim condensed consolidated financial statements of the Group for the six months ended 31st October, 2022 were authorised for issue in accordance with a resolution of the directors on 6th December, 2022 and signed on their behalf by:

Michael O'Connell  
Finance Director



## Interim consolidated statement of changes in equity

	Share capital	Capital redemption reserve	Other reserve	Revaluation reserve	Special reserve	Currency translation reserve	Treasury shares	Retained earnings	Total unaudited/audited
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 30th April, 2021	1,784	957	2,815	6,055	1,629	186	(2,789)	20,399	<b>31,036</b>
Profit for the period	-	-	-	-	-	-	-	537	<b>537</b>
Other comprehensive (loss)/income	-	-	-	-	-	(242)	-	144	<b>(98)</b>
Dividend paid	-	-	-	-	-	-	-	(1,036)	<b>(1,036)</b>
<b>At 31st October, 2021</b>	<b>1,784</b>	<b>957</b>	<b>2,815</b>	<b>6,055</b>	<b>1,629</b>	<b>(56)</b>	<b>(2,789)</b>	<b>20,044</b>	<b>30,439</b>
Profit for the period	-	-	-	-	-	-	-	4,395	<b>4,395</b>
Other comprehensive income/(loss)	-	-	-	3,868	-	(361)	-	514	<b>4,021</b>
Dividend paid	-	-	-	-	-	-	-	(280)	<b>(280)</b>
<b>At 30th April, 2022</b>	<b>1,784</b>	<b>957</b>	<b>2,815</b>	<b>9,923</b>	<b>1,629</b>	<b>(417)</b>	<b>(2,789)</b>	<b>24,673</b>	<b>38,575</b>
Profit for the period	-	-	-	-	-	-	-	2,771	<b>2,771</b>
Other comprehensive income/(loss)	-	-	-	-	-	57	-	(6)	<b>51</b>
Dividend paid (note 9)	-	-	-	-	-	-	-	(1,196)	<b>(1,196)</b>
<b>At 31st October, 2022</b>	<b>1,784</b>	<b>957</b>	<b>2,815</b>	<b>9,923</b>	<b>1,629</b>	<b>(360)</b>	<b>(2,789)</b>	<b>26,242</b>	<b>40,201</b>

# Interim consolidated cash flow statement

	Half-year to 31st October, 2022 unaudited £'000	Half-year to 31st October, 2021 unaudited £'000
Profit before taxation	3,460	773
<i>Adjustments to reconcile profit before taxation to cash generated from/(invested in) operating activities:</i>		
Depreciation charge of owned and right-of-use assets	968	868
Amortisation charge	119	111
Impairment of goodwill	-	349
Profit on disposal of property, plant and equipment	(37)	(59)
Net finance costs	133	103
Foreign exchange losses	(111)	(44)
Increase in inventories	(491)	(5,119)
Decrease/(increase) in receivables	2,521	(1,433)
Increase in prepayments	(302)	(119)
(Decrease)/increase in payables	(606)	246
Increase/(decrease) in contract liabilities	1,543	(310)
Pension fund deficit reduction payments	(450)	(450)
<b>Cash generated from/(invested in) operating activities</b>	<b>6,747</b>	<b>(5,084)</b>
Net interest paid	(43)	(15)
Taxation paid	(78)	(20)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>6,626</b>	<b>(5,119)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(879)	(1,618)
Purchase of intangible assets	-	(54)
Proceeds on disposal of property, plant and equipment	91	79
Decrease in restricted cash held in Escrow maturing in more than 90 days	639	4,695
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(149)</b>	<b>3,102</b>
<b>Financing activities</b>		
Lease payments	(207)	(204)
Dividend paid	(1,196)	(1,036)
<b>Net cash outflow from financing activities</b>	<b>(1,403)</b>	<b>(1,240)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>5,074</b>	<b>(3,257)</b>
Opening cash and cash equivalents	18,092	17,390
Exchange differences on cash and cash equivalents	197	(66)
<b>Closing cash and cash equivalents</b>	<b>23,363</b>	<b>14,067</b>

# Notes to the interim consolidated financial statements

## 1. Corporate information

MS INTERNATIONAL plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the Alternative Investment Market (AIM) market of the London Stock Exchange. The principal activities of the Company and its subsidiaries ("the Group") are the design, manufacture, construction, and servicing of a range of engineering products and structures. These activities are grouped into the following divisions:

'Defence' - design, manufacture, and service of defence equipment.

'Forging' - manufacture of fork-arms and open die forgings.

'Petrol Station Superstructures' - design, manufacture, construction, and maintenance of petrol station superstructures.

'Corporate Branding' - design, manufacture, installation, and service of corporate brandings, including media facades, way-finding signage, public illumination, creative lighting solutions, and the complete appearance of petrol station superstructures and forecourts.

## 2. Basis of preparation and accounting policies

The consolidated condensed interim financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" in conformity with the requirements of the Companies Act 2006. They do not include all the information and disclosures required in annual financial statements in accordance with UK adopted International Accounting Standards, and should therefore be read in conjunction with the Group's Annual Report for the year ended 30th April, 2022 and any public announcements made by MS INTERNATIONAL plc during the interim reporting period.

The interim financial information has been reviewed but not audited by the Group's auditor, Grant Thornton UK LLP. Their report is included on page 4.

The accounting policies are consistent with those applied in the financial statements of the Annual Report for year ended 30th April, 2022. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

The assets and liabilities of the overseas subsidiaries are translated into the presentational currency of the Group at the rate of exchange ruling at the statement of financial position date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

## 3. Principal risks and uncertainties

The principal risks and uncertainties facing the Group for the remaining six months of the financial year are discussed below. Further details of the Group's risks and uncertainties can be found on page 8 of the Annual Report for the year ended 30th April, 2022, which is available from MS INTERNATIONAL plc's website:

One of the Group's principal risks and uncertainties continues to be the impact of inflationary pressures upon both trading and profitability. Rising raw material and energy prices have increased the cost base of all divisions. Where possible cost increases are passed to the customer, however, in doing so there is uncertainty with regards to any potential impact on the level of customer demand.

In addition, despite the successful role out of global vaccination programmes, there remains uncertainty around the potential emergence of Covid-19 variants that could lead to the imposition of further lockdowns and/or travel restrictions. Given that the Group has plans in place to manage foreseeable challenges of the Covid crisis, healthy financial resources, and a number of long-term contracts with certain customers, the directors believe the Group is well placed to manage its business risk successfully despite these challenges. Accordingly, the directors continue to conclude that the adoption of the going concern basis of accounting remains appropriate when preparing these interim financial statements.

#### 4. Going concern

The condensed interim financial statements included in this report have been prepared on a going concern basis. Forecasts have been made for the 18 months following the reporting date, which the Directors believe to be a reasonable expectation based on the information available at the time of signing these accounts. The forecasts have been assessed for the impact of potential sensitivities, including a 10% fall in the forecasted Group revenue and a 10% increase in materials prices. In all scenarios, the Group has sufficient headroom to meet its liabilities as they fall due.

As a result, in making the going concern assessment the Directors believe there to be no material uncertainties that could cast significant doubt on the Group's ability to continue operating as a going concern. The Group has sufficient financial resources with a healthy orderbook to continue operating for the foreseeable future, being at least 18 months from the reporting date. As a result, the Directors continue to adopt the going concern basis of accounting in preparation of this report.

#### 5. Revenue

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	<b>Half-year to 31st October, 2022 unaudited £'000</b>	Half-year to 31st October, 2021 unaudited £'000
Revenue recognised at a point in time	<b>40,940</b>	33,155
Revenue recognised over time	<b>1,085</b>	-
<b>Total revenue</b>	<b>42,025</b>	33,155

## 6. Segment information

The following table presents segmental revenue and operating profit/(loss) as well as segmental assets and liabilities of the Group's divisions for the half-year periods ended 31st October, 2022 and 31st October, 2021. The reporting format is determined by the differences in manufacture and services provided by the divisional segments within the Group.

	'Defence'		'Forgings'		'Petrol Station Superstructures'		'Corporate Branding'		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	unaudited £'000	unaudited £'000
<b>Segmental revenue</b>										
From external customers	13,956	10,947	12,516	7,418	8,782	7,942	6,771	6,848	42,025	33,155
From other segments	-	-	-	-	275	140	64	50	339	190
<b>Segment revenue</b>	<b>13,956</b>	<b>10,947</b>	<b>12,516</b>	<b>7,418</b>	<b>9,057</b>	<b>8,082</b>	<b>6,835</b>	<b>6,898</b>	<b>42,364</b>	<b>33,345</b>
<b>Segment result</b>										
Operating (loss)/profit	(188)	(155)	2,759	784	1,339	725	(317)	(478)	3,593	876
Net finance expense									(133)	(103)
Profit before taxation									3,460	773
Tax expense									(689)	(236)
Profit for the period									2,771	537
<b>Segmental assets</b>										
Assets attributable to segments	33,088	33,622	8,186	5,732	11,226	10,195	7,941	8,124	60,441	57,673
Unallocated assets*									23,697	16,578
Total assets									84,138	74,251
<b>Segmental liabilities</b>										
Liabilities attributable to segments	24,913	23,888	2,762	2,704	4,313	4,227	3,510	3,684	35,498	34,503
Unallocated liabilities*									8,439	9,309
Total liabilities									43,937	43,812
<b>Other segmental information</b>										
Capital expenditure	452	1,198	116	172	109	131	202	117	879	1,618
Depreciation	141	101	319	276	368	358	140	133	968	868
Amortisation	9	-	-	-	22	23	88	88	119	111
Impairment of goodwill	-	-	-	-	-	-	-	349	-	349

\* Unallocated assets include certain fixed assets (including all UK properties), current assets, and deferred income tax assets. Unallocated liabilities include the defined benefit pension scheme liability, the deferred income tax liability, and certain current liabilities.

Assets and liabilities attributable to segments comprise the assets and liabilities of each segment adjusted to reflect the elimination of the cost of investment in subsidiaries and the provision of financing loans provided by MS INTERNATIONAL plc.

Revenue between segments is determined on an arm's length basis. Segment results, assets, and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

## 7. Tax expense

The major components of the tax expense in the consolidated income statement are:

	<b>Half-year to 31st October, 2022 unaudited £'000</b>	Half-year to 31st October, 2021 unaudited £'000
Current tax expense	660	175
Deferred tax expense	29	61
<b>Total tax expense reported in the Interim condensed consolidated income statement</b>	<b>689</b>	<b>236</b>

Tax relating to items (charged)/credited to other comprehensive income:

	<b>Half-year to 31st October, 2022 unaudited £'000</b>	Half-year to 31st October, 2021 unaudited £'000
Deferred tax on measurement of defined benefit pension scheme	2	258
Deferred tax on revaluation surplus on land and buildings	-	(331)
<b>Deferred tax in the Interim condensed consolidated statement of comprehensive income</b>	<b>2</b>	<b>(73)</b>

Legislation has been enacted to increase the rate of UK corporation tax from 19% to 25% with effect from 1st April, 2023. UK corporation taxation has been provided at 19.5%, which is the effective rate of UK corporation tax for the Group's financial year ending 30 April, 2023. UK deferred tax has been provided at 25% or a blended rate depending on when the underlying temporary timing difference are expected to unwind. Deferred income tax in relation to intangibles recognised on the acquisition of 'MSI-Sign Group B.V.' has been provided at 25.8%, being the main corporation tax rate in The Netherlands.

## 8. Earnings per share

The calculation of basic earnings per share of 17.4p (2021 - 3.4p) is based on the profit for the period attributable to equity holders of the parent of £2,771,000 (2021 - £537,000) and on a weighted average number of ordinary shares in issue of 15,949,691 (2021 - 15,949,691). At 31st October, 2022 there were 1,055,000 (2021 - 1,055,000) potentially dilutive shares on option with a weighted average effect of 587,217 (2021 - 391,005) giving a diluted earnings per share of 16.8p (2021 - 3.3p).

	<b>Half-year to 31st October, 2022 unaudited</b>	Half-year to 31st October, 2021 unaudited
Weighted average number of shares in issue	17,841,073	17,841,073
Less weighted average number of shares held in the ESOT	(245,048)	(245,048)
Less weighted average number of shares purchased by the Company	(1,646,334)	(1,646,334)
Weighted average number of shares to be used in basic EPS calculation	15,949,691	15,949,691
Weighted average number of the 1,055,000 (2021 - 1,055,000) potentially dilutive shares	587,217	391,005
<b>Weighted average diluted shares</b>	<b>16,536,908</b>	<b>16,340,696</b>
Profit for the period attributable to equity holders to the parent in £	2,771,000	537,000
Basic earnings per share	17.4p	3.4p
Diluted earnings per share	16.8p	3.3p

## 9. Dividends paid and proposed

	<b>Half-year to 31st October, 2022 unaudited £'000</b>	Half-year to 31st October, 2021 unaudited £'000
<i>Declared and paid during the six month period</i>		
Final dividend on ordinary shares for 2022 - 7.5p (2021 - 6.5p)	1,196	1,036
<i>Proposed for approval</i>		
Interim dividend on ordinary shares for 2023 - 2p (2022 - 1.75p)	319	279

The interim dividend will be payable on 13th January, 2023 to those members registered on the books of the Company on 16th December, 2022.

## 10. Property, plant and equipment

### At 31st October, 2022

	Freehold property £'000	Plant and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 30th April, 2022	21,368	16,106	37,474
Additions	185	694	879
Disposals	-	(182)	(182)
Exchange differences	419	147	566
<b>At 31st October, 2022</b>	<b>21,972</b>	<b>16,765</b>	<b>38,737</b>

### Accumulated depreciation

At 30th April, 2022	-	12,937	12,937
Depreciation charge for the period	198	582	780
Disposals	-	(128)	(128)
Exchange differences	2	70	72
<b>At 31st October, 2022</b>	<b>200</b>	<b>13,461</b>	<b>13,661</b>

### Net book value at 31st October, 2022

	<b>21,772</b>	<b>3,304</b>	<b>25,076</b>
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### Analysis of cost or valuation

At professional valuation	21,787	-	21,787
At cost	185	16,765	16,950
<b>At 31st October, 2022</b>	<b>21,972</b>	<b>16,765</b>	<b>38,737</b>

### At 31st October, 2021

	Freehold property £'000	Plant and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 30th April, 2021	17,591	15,506	33,097
Additions	1,041	577	1,618
Disposals	-	(563)	(563)
Exchange differences	(7)	(67)	(74)
<b>At 31st October, 2021</b>	<b>18,625</b>	<b>15,453</b>	<b>34,078</b>

### Accumulated depreciation

At 30th April, 2021	1,242	12,742	13,984
Depreciation charge for the period	153	527	680
Disposals	-	(542)	(542)
Exchange differences	(8)	(51)	(59)
<b>At 31st October, 2021</b>	<b>1,387</b>	<b>12,676</b>	<b>14,063</b>

### Net book value at 31st October, 2021

	<b>17,238</b>	<b>2,777</b>	<b>20,015</b>
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### Analysis of cost or valuation

At professional valuation	12,300	-	12,300
At cost	6,325	15,453	21,778
<b>At 31st October, 2021</b>	<b>18,625</b>	<b>15,453</b>	<b>34,078</b>

**At 30th April, 2022**

	Freehold property £'000	Plant and equipment £'000	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 30th April, 2021	17,591	15,506	<b>33,097</b>
Additions	1,205	1,498	<b>2,703</b>
Disposals	-	(978)	<b>(978)</b>
Revaluation	2,296	-	<b>2,296</b>
Exchange differences	276	80	<b>356</b>
<b>At 30th April, 2022</b>	<b>21,368</b>	<b>16,106</b>	<b>37,474</b>
<b>Accumulated depreciation</b>			
At 30th April, 2021	1,242	12,742	<b>13,984</b>
Depreciation charge for the year	303	1,072	<b>1,375</b>
Disposals	-	(920)	<b>(920)</b>
Revaluation	(1,572)	-	<b>(1,572)</b>
Exchange differences	27	43	<b>70</b>
<b>At 30th April, 2022</b>	<b>-</b>	<b>12,937</b>	<b>12,937</b>
<b>Net book value at 30th April, 2022</b>	<b>21,368</b>	<b>3,169</b>	<b>24,537</b>
<b>Analysis of cost or valuation</b>			
At professional valuation	21,368	-	<b>21,368</b>
At cost	-	16,106	<b>16,106</b>
<b>At 30th April, 2022</b>	<b>21,368</b>	<b>16,106</b>	<b>37,474</b>

At 30th April, 2022 the Group's land and buildings, which consist of manufacturing and office facilities in the USA, Poland, and UK were valued by Real Estate & Appraisal Services Inc (USA), KonSolid-Nieruchomosci (Poland) and Dove Haigh Phillips (UK). Management determined that these constitute one class of asset under IFRS 13 (designated as level 3 fair value assets), based on the nature, characteristics and risks of the properties.

The properties in the UK were valued on the basis of an existing use value in accordance with the Appraisal and Valuation Standards (5th Edition) published by the Royal Institution of Chartered Surveyors. The property in Poland was valued based on the income approach, converting anticipated future benefits in the form of rental income into present value. The property in the US was valued on an income and market value basis. For all properties, there is no difference between current use and highest and best use.



## 11. Right-of-use assets

### At 31st October, 2022

	Property £'000	Plant and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 30th April, 2022	2,218	10	2,228
Exchange differences	56	-	56
<b>At 31st October, 2022</b>	<b>2,274</b>	<b>10</b>	<b>2,284</b>
<b>Accumulated depreciation</b>			
At 30th April, 2022	741	8	749
Depreciation charge for the period	186	2	188
Exchange differences	19	-	19
<b>At 31st October, 2022</b>	<b>946</b>	<b>10</b>	<b>956</b>
<b>Net book value at 31st October, 2022</b>	<b>1,328</b>	<b>-</b>	<b>1,328</b>

### At 31st October, 2021

	Property £'000	Plant and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 30th April, 2021	895	21	916
Additions	765	-	765
Lease amendment	160	-	160
Exchange differences	(46)	-	(46)
<b>At 31st October, 2021</b>	<b>1,774</b>	<b>21</b>	<b>1,795</b>
<b>Accumulated depreciation</b>			
At 30th April, 2021	373	13	386
Depreciation charge for the period	184	4	188
Exchange differences	(14)	-	(14)
<b>At 31st October, 2021</b>	<b>543</b>	<b>17</b>	<b>560</b>
<b>Net book value at 31st October, 2021</b>	<b>1,231</b>	<b>4</b>	<b>1,235</b>

### At 30th April, 2022

	Property £'000	Plant and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 30th April, 2021	895	21	916
Additions	1,327	-	1,327
Disposals	-	(11)	(11)
Exchange differences	(4)	-	(4)
<b>At 30th April, 2022</b>	<b>2,218</b>	<b>10</b>	<b>2,228</b>
<b>Accumulated depreciation</b>			
At 30th April, 2021	373	13	386
Depreciation charge for the year	365	6	371
Disposals	-	(11)	(11)
Exchange differences	3	-	3
<b>At 30th April, 2022</b>	<b>741</b>	<b>8</b>	<b>749</b>
<b>Net book value at 30th April, 2022</b>	<b>1,477</b>	<b>2</b>	<b>1,479</b>

## 12. Cash and cash equivalents

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	31st October, 2022 unaudited £'000	31st October, 2021 unaudited £'000	30th April, 2022 audited £'000
Cash and cash equivalents	23,363	14,067	18,092
Restricted cash held in Escrow - maturing in more than 90 days	519	1,470	1,158
<b>Total cash</b>	<b>23,882</b>	<b>15,537</b>	<b>19,250</b>

The restricted cash balance held in Escrow provides security to Lloyds Bank plc in respect of any guarantees, indemnities, and performance bonds given by the Group in the ordinary course of business.

## 13. Pension liability

The Company operates an employee pension scheme called the MS INTERNATIONAL plc Retirement and Death Benefits Scheme ("the Scheme"). IAS 19 requires disclosure of certain information about the Scheme as follows:

- Until 5th April, 1997, the Scheme provided defined benefits and these liabilities remain in respect of service prior to 6th April, 1997. From 6th April, 1997 until 31st May, 2007 the Scheme provided future service benefits on a defined contribution basis.
- The last formal valuation of the Scheme was performed at 7th May, 2021 by a professionally qualified actuary.
- From 6th April, 2016 the Company directly pays the expenses of the Scheme. The total pension scheme expenses incurred by the Company during the period were £137,000 (2021: £105,000).
- Deficit reduction contributions paid into the Scheme by the Company are £900,000 per annum. The deficit reduction contributions are paid on a quarterly basis with the first having been paid on or after 1st July, 2021 and the last being due for payment on or before 1st April, 2028. The total deficit reduction payments made in the period were £450,000 (2021 - £450,000).
- From 1st June, 2007 the Company has operated a defined contribution scheme for its UK employees which is administered by a UK pension provider. Member contributions are paid in line with this Scheme's documentation over the accounting period and the Company has no further obligations once the contributions have been made.
- The IAS 19 scheme deficit has reduced by £1,257,000 from £3,594,000 at 30th April, 2022 to £2,337,000 at 31st October, 2022. A total actuarial gain of £853,000 (2021 - £217,000 gain) has been recognised through other comprehensive income. It comprises of a £3,493,000 remeasurement loss (2021 - £848,000 gain) compared to the interest income on the plan assets and a £4,346,000 actuarial gain (2021 - £631,000 loss) due to changes in financial assumptions. The actuarial gain of £4,346,000 is primarily due to the increase in the discount rate assumptions, as well as the decrease in the RPI inflation and related inflation-linked measures, all of which decreased the Scheme's liabilities at 31st October, 2022. The interest cost on the net defined benefit liability of £63,000 (2021 - £63,000) has been recognised through the income statement. The Scheme's liabilities have been reduced by pension fund deficit payments in the period of £450,000 (2021 - £450,000).
- The Company is committed to paying deficit reduction contributions to the Scheme of £900,000 per annum until April 2028 under the current Pension Scheme Recovery Plan. According to the Scheme rules, the Company does not have an unconditional right to the economic benefits arising from any surplus of funds paid into the Scheme in excess of its liabilities. Consequently, the provisions of IFRIC 14 apply and the liability recognised in the statement of financial position is the higher of the present value of the future contracted deficit reduction contributions and the deficit estimated under the provisions of IAS 19.

At 31st October, 2022 the present value of the future contracted deficit reduction contributions was £4,341,000 and higher than the estimated deficit of £2,337,000 calculated under the provisions of IAS 19. Therefore, in accordance with IFRIC 14 the liability recognised in the statement of financial position at 31st October 2022 is £4,341,000. A loss of £861,000 (2021 - £0) has been recognised through other comprehensive income in relation to IFRIC 14.

- A £1,198,000 liability for unrecognised past service cost relating to GMP equalisation was recognised in the Consolidated income statement for the 52 weeks ended 27th April, 2019. A further £205,000 of previously unrecognised past service costs were recognised in the Consolidated income statement for the year ended 30th April, 2021. This liability has been remeasured and is included in the Scheme's liabilities at 31st October, 2022.

#### **14. Commitments and contingencies**

The Company is contingently liable in respect of guarantees, indemnities and performance bonds given in the ordinary course of business amounting to £1,556,000 at 31st October, 2021 (2020 - £6,977,000).

In the opinion of the Directors, no material loss will arise in connection with the above matters.

The Group and certain of its subsidiary undertakings are parties to legal actions and claims which have arisen in the normal course of business. The results of actions and claims cannot be forecast with certainty, but the directors believe that they will be concluded without any material effect on the net assets of the Group.