

MS INTERNATIONAL plc

Unaudited Interim Condensed

Group Financial Statements

31st October, 2023

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 and Security'
'Forgings'
'Petrol Station Superstructures'
'Corporate Branding'

Chairman's Statement

Introduction

In last June's annual Statement, I highlighted that we anticipated a significant upward step change in the development of the business that would bring additional rewards and success.

I am now delighted to confirm we have been awarded the first production order contracts with the US Navy to supply our 30mm naval gun. This significant development is complemented by a further contract to maintain and support those systems.

I first reported on our efforts to break into the US Navy market in my Chairman's Statement of 25th July 1988, when I stated, "The first unit built to suit the US Navy specific requirements awaits ships trials in the United States". It has been a long haul, but vision; persistence; determination and capability has resulted in success.

We have also delivered a significant contract relating to the first sales of our 'VSHORAD' land-based mobile counter-drone weapon system. This was the contract where the customer's delay in taking delivery - because of the war in Europe - negatively impacted last year's results.

Results

For the half year ended 31st October 2023 profit before tax increased substantially to £7.72m (2022 - £3.46m) on revenue of £57.02m (2022 - £42.03m).

Basic earnings per share were 35.9p (2022 - 17.4p).

The balance sheet is again much stronger with net cash at £50.05m (2022 - £23.88m), reflecting the valuable upturn in activity in our 'Defence and Security' businesses.

Prospects

'Defence and security'

We believe that the strong start to 2023/4 looks set to continue, with deliveries gaining pace against contracts to overseas customers, for both our naval gun and land-based counter-drone defence systems.

Also, deliveries against our US Navy contracts will commence later in the new year.

Moreover, we are particularly pleased and encouraged by the level of military 'land market' interest in 'VSHORAD' and the number of enquiries we are receiving from multiple sources as to its availability and potential supply. Our existing production facilities are capable of fulfilling our current firm orders. Additionally, the refurbishment and reorganisation of parts of our, once under-utilised, production facilities in Norwich continues. This programme, when complete, will better accommodate our prospective production requirements.

'Forgings'

The Forgings division remains a very efficient business and well positioned to continue serving its broad international customer base. We remain committed to assisting our customers through our multi continent contemporary fork-arm manufacturing facilities.

'Petrol Station Superstructures'

In September the UK Government announced a revised set of green policies including delaying the ban on the sale of new petrol and diesel vehicles by five years to 2035. The news reinvigorated many of our fuel dispensing UK customers, encouraging them to consider expanding and enhancing the quality of their stations to ensure they remain competitive. In the meantime, we look forward to an improvement in our eastern Europe market which is reviving after some hesitancy caused by the region's continuing war.

'Corporate Branding'

We perceive that we remain well placed in our focused market of providing installation, repair and maintenance within the specialist area of the branding for petrol stations.

Outlook

We believe that we have continued to enhance the performance of the Group's businesses and with considerable confidence, we look forward to delivering further progress across the Group.

In the light of these positive developments and new commercial relationships, all matters considered, the Board has declared an increased interim dividend per share of 3p (2022 - 2p) payable on 19th January 2024 to those shareholders on the register at close of business on 22nd December 2023, with the ex-dividend date being 21st December 2023.

Michael Bell

11th December 2023

MS INTERNATIONAL plc

Michael Bell

Tel: 01302 322133

Shore Capital (Nominated Adviser and Broker)

Patrick Castle/Daniel Bush/Lucy Bowden

Tel: 020 7408 4090

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 MS INTERNATIONAL plc (the 'group') for the six months ended 31 October 2023 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 2023 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 group 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 such as high interest rates and the cost of living crisis, 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
11th December 2023

Interim condensed consolidated income statement

		Half-year to 31st October, 2023 unaudited £'000	Half-year to 31st October, 2022 unaudited £'000
Revenue	5/6	57,023	42,025
Cost of sales		(38,943)	(30,095)
Gross profit		18,080	11,930
Distribution costs		(2,303)	(1,815)
Administrative expenses		(7,441)	(6,522)
Derivative losses	15	(731)	-
Operating profit	6	7,605	3,593
Finance income/(costs)		204	(70)
Other finance costs - pension		(90)	(63)
Profit before taxation		7,719	3,460
Tax expense	7	(1,917)	(689)
Profit for the period attributable to equity holders of the parent		5,802	2,771
Basic earnings per share	8	35.9p	17.4p
Diluted earnings per share	8	34.3p	16.8p

Interim condensed consolidated statement of comprehensive income

		Half-year to 31st October, 2023 unaudited £'000	Half-year to 31st October, 2022 unaudited £'000
Profit for the period attributable to equity holders of the parent		5,802	2,771
Exchange differences on retranslation of foreign operations		(43)	57

Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		(43)	57
Remeasurement gains/(losses) on defined benefit pension scheme	13	54	(8)
Deferred taxation on remeasurement of defined benefit pension scheme		(14)	2
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods		40	(6)
Total comprehensive income for the period attributable to equity holders of the parent		5,799	2,822

Interim condensed consolidated statement of financial position

	Notes	31st October, 2023 unaudited £'000	31st October, 2022 unaudited £'000	30th April, 2023 audited £'000
ASSETS				
Non-current assets				
Property, plant and equipment	10	25,415	25,076	24,886
Right-of-use assets	11	968	1,328	1,162
Intangible assets		2,365	2,896	2,396
Investment in joint venture		-	35	-
Deferred income tax asset		1,716	1,373	1,677
		30,464	30,708	30,121
Current assets				
Inventories		16,940	17,003	24,764
Trade and other receivables		27,578	11,095	9,031
Contract assets		3,374	1,450	144
Cash and cash equivalents	12	42,627	23,363	12,336
Restricted cash held in Escrow	12	7,426	519	2,917
		97,945	53,430	49,192
TOTAL ASSETS		128,409	84,138	79,313
EQUITY AND LIABILITIES				
Equity				
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	9,923	9,923
Special reserve		1,629	1,629	1,629
Currency translation reserve		(363)	(360)	(320)
Treasury shares		(3,703)	(2,789)	(2,381)
Retained earnings		30,362	26,242	26,668
TOTAL EQUITY SHAREHOLDERS' FUNDS		43,404	40,201	41,075
Non-current liabilities				
Defined benefit pension liability	13	3,577	4,341	4,216
Deferred income tax liability		2,941	2,547	2,943
Contract liabilities		19,148	-	-
Derivative financial instruments	15	218	-	-
Lease liabilities		630	1,003	829
		26,514	7,891	7,988

Current liabilities				
Trade and other payables		19,291	15,070	15,286
Contract liabilities		38,303	20,610	14,585
Derivative financial instruments	15	513	-	-
Lease liabilities		384	366	379
		58,491	36,046	30,250
TOTAL EQUITY AND LIABILITIES				
		128,409	84,138	79,313

The interim condensed consolidated financial statements of the Group for the six months ended 31st October, 2023 were authorised for issue in accordance with a resolution of the directors on 11th December, 2023 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, 2022	1,784	957	2,815	9,923	1,629	(417)	(2,789)	24,673	38,575
Profit for the period	-	-	-	-	-	-	-	2,771	2,771
Other comprehensive income/(loss)	-	-	-	-	-	57	-	(6)	51
Dividend paid	-	-	-	-	-	-	-	(1,196)	(1,196)
At 31st October, 2022	1,784	957	2,815	9,923	1,629	(360)	(2,789)	26,242	40,201
Profit for the period	-	-	-	-	-	-	-	1,344	1,344
Other comprehensive income/(loss)	-	-	-	-	-	40	-	(272)	(232)
Share option expense	-	-	-	-	-	-	-	86	86
Exercise of share options	-	-	-	-	-	-	408	(408)	-
Dividend paid	-	-	-	-	-	-	-	(324)	(324)
At 30th April, 2023	1,784	957	2,815	9,923	1,629	(320)	(2,381)	26,668	41,075
Profit for the period	-	-	-	-	-	-	-	5,802	5,802
Other comprehensive (loss)/income	-	-	-	-	-	(43)	-	40	(3)
Dividend paid (note 9)	-	-	-	-	-	-	-	(2,123)	(2,123)
Share option expense	-	-	-	-	-	-	-	19	19
Purchase of own shares	-	-	-	-	-	-	(1,676)	-	(1,676)
Exercise of share options	-	-	-	-	-	-	354	(44)	310
At 31st October, 2023	1,784	957	2,815	9,923	1,629	(363)	(3,703)	30,362	43,404

Interim consolidated cash flow statement

	Half-year to 31st October, 2023	Half-year to 31st October, 2022
	unaudited £'000	unaudited £'000
Profit before taxation	7,719	3,460
<i>Adjustments to reconcile profit before taxation to cash generated from operating activities:</i>		
Depreciation charge of owned and right-of-use assets	1,024	968
Amortisation charge	31	119
Profit on disposal of property, plant and equipment	(148)	(37)
Net finance (income)/costs	(114)	133
Share option expense	19	-
Foreign exchange gains/(losses)	202	(111)
Decrease/(increase) in inventories	7,853	(491)
(Increase)/decrease in receivables	(21,598)	2,219
Increase/(decrease) in payables	4,257	(606)
Increase in derivatives	731	-
Increase in contract liabilities	42,255	1,543
Pension fund deficit reduction payments	(675)	(450)
Cash generated from operating activities	41,556	6,747
Net interest received/(paid)	224	(43)
Taxation paid	(2,279)	(78)
Net cash inflow from operating activities	39,501	6,626
Investing activities		
Purchase of property, plant and equipment	(1,168)	(879)
Proceeds on disposal of property, plant and equipment	149	91
(Increase)/decrease in restricted cash held in Escrow maturing in more than 90 days	(4,509)	639
Net cash outflow from investing activities	(5,528)	(149)
Financing activities		
Buy back of own shares	(1,676)	-
Proceeds from exercise of employee share options	310	-
Lease payments	(206)	(207)
Dividend paid	(2,123)	(1,196)
Net cash outflow from financing activities	(3,695)	(1,403)
Increase in cash and cash equivalents	30,278	5,074
Opening cash and cash equivalents	12,336	18,092
Exchange differences on cash and cash equivalents	13	197
Closing cash and cash equivalents	42,627	23,363

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 and Security' - 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, 2023 and any public announcements made by MS INTERNATIONAL plc during the interim reporting period. The financial statements for the year ended 30th April, 2023 have been filed with the Registrar of Companies. The auditor's report on these financial statements was unmodified and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been reviewed but not audited by the Group's auditor, Grant Thornton UK LLP. The interim financial information does not constitute full financial information within the meaning of section 434 of the Companies Act 2006. The auditor's 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, 2023, with the exception of a new policy for Derivative Financial Instruments, as detailed below. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value including remeasurement at the reporting date. The Group has decided not to apply hedge accounting with respect to forward exchange contracts and as a result changes in the fair values are recognised immediately within the Consolidated income statement within the Derivative gains or losses line.

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, 2023, which is available from MS INTERNATIONAL plc's website: www.msiplc.com

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.

During the interim period, the risk that foreign exchange fluctuations will impact the Group's performance has increased significantly. A number of international contracts in the 'Defence and Security' division are denominated in USD, which created a large unhedged currency exposure within the Group. As a result, management have taken steps to mitigate this risk by taking out various forward contracts (note 15).

4. Going concern

The condensed interim financial statements included in this report have been prepared on a going concern basis. Forecasts have been made up to 31st December, 2024, 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.

In addition, management have carried out reverse stress tests to 31st December, 2024 under various scenarios, all of which are considered implausible by management. In all tested scenarios, the Group would continue as a going concern for at least 12 months from the date of signing.

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 to 31st December, 2024. 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:

	Half-year to 31st October, 2023 unaudited £'000	Half-year to 31st October, 2022 unaudited £'000
Revenue recognised at a point in time	55,780	40,940
Revenue recognised over time	1,243	1,085
Total revenue	57,023	42,025

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, 2023 and 31st October, 2022. The reporting format is determined by the differences in manufacture and services provided by the divisional segments within the Group.

	'Defence and Security'		'Forgings'		'Petrol Station Superstructures'		'Corporate Branding'		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	unaudited £'000	unaudited £'000
Segmental revenue										
Segment revenue	33,508	13,956	9,454	12,516	8,555	9,057	5,584	6,835	57,101	42,364
Intercompany revenue from other segments	-	-	-	-	(8)	(275)	(70)	(64)	(78)	(339)
External revenue	33,508	13,956	9,454	12,516	8,547	8,782	5,514	6,771	57,023	42,025
Segment result										
Operating profit/(loss)	5,741	(188)	681	2,759	1,285	1,339	(102)	(317)	7,605	3,593
Net finance income/(expense)									114	(133)
Profit before taxation									7,719	3,460
Tax expense									(1,917)	(689)
Profit for the period									5,802	2,771
Segmental assets										
Assets attributable to segments	79,724	33,088	7,357	8,186	12,586	11,226	5,261	7,941	104,928	60,441
Unallocated assets*									23,481	23,697
Total assets									128,409	84,138
Segmental liabilities										
Liabilities attributable to segments	68,203	24,913	2,212	2,762	4,683	4,313	2,167	3,510	77,265	35,498

Unallocated liabilities*									7,740	8,439
Total liabilities									85,005	43,937

Other segmental information

Capital expenditure	780	452	194	116	131	109	63	202	1,168	879
Depreciation	210	141	317	319	370	368	127	140	1,024	968
Amortisation	9	9	-	-	22	22	-	88	31	119

* 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:

	Half-year to 31st October, 2023 unaudited £'000	Half-year to 31st October, 2022 unaudited £'000
Current tax expense	1,979	660
Deferred tax (income)/expense	(62)	29
Total tax expense reported in the Interim condensed consolidated income statement	1,917	689

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

	Half-year to 31st October, 2023 unaudited £'000	Half-year to 31st October, 2022 unaudited £'000
Deferred tax on measurement of defined benefit pension scheme	14	(2)
Deferred tax in the Interim condensed consolidated statement of comprehensive income	14	(2)

8. Earnings per share

The calculation of basic earnings per share of 35.9p (2022 - 17.4p) is based on the profit for the period attributable to equity holders of the parent of £5,802,000 (2022 - £2,771,000) and on a weighted average number of ordinary shares in issue of 16,141,981 (2022 - 15,949,691). At 31st October, 2023 there were 1,072,693 (2022 - 1,055,000) potentially dilutive shares on option with a weighted average effect of 789,551 (2022 - 587,217) giving a diluted earnings per share of 34.3p (2022 - 16.8p).

	Half-year to 31st October, 2023 unaudited	Half-year to 31st October, 2022 unaudited
Weighted average number of shares in issue	17,841,073	17,841,073
Less weighted average number of shares held in the ESOT	(231,387)	(245,048)
Less weighted average number of shares purchased by the Company	(1,467,705)	(1,646,334)
Weighted average number of shares to be used in basic EPS calculation	16,141,981	15,949,691
Weighted average number of the 1,072,693 (2022 - 1,055,000) potentially dilutive shares	789,551	587,217

Weighted average diluted shares	16,931,532	16,536,908
Profit for the period attributable to equity holders to the parent in £	5,802,000	2,771,000
Basic earnings per share	35.9p	17.4p
Diluted earnings per share	34.3p	16.8p

9. Dividends paid and proposed

	Half-year to 31st October, 2022 unaudited £'000	Half-year to 31st October, 2021 unaudited £'000
<i>Declared and paid during the six month period</i>		
Final dividend on ordinary shares for 2023 - 15p (2022 - 7.5p)	2,123	1,196
<i>Proposed for approval</i>		
Interim dividend on ordinary shares for 2024 - 3p (2023 - 2p)	487	319

The interim dividend will be payable on 19th January, 2024 to those shareholders on the register at the close of business on 22nd December, 2023, with the ex-dividend date being 21st December, 2023.

10. Property, plant and equipment

At 31st October, 2023	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 30th April, 2023	21,930	17,298	39,228
Additions	517	651	1,168
Disposals	-	(316)	(316)
Exchange differences	194	63	257
At 31st October, 2023	22,641	17,696	40,337
Accumulated depreciation			
At 30th April, 2023	395	13,947	14,342
Depreciation charge for the period	202	636	838
Disposals	-	(315)	(315)
Exchange differences	7	50	57
At 31st October, 2023	604	14,318	14,922
Net book value at 31st October, 2023	22,037	3,378	25,415
Analysis of cost or valuation			
At professional valuation	21,681	-	21,681
At cost	960	17,696	18,656
At 31st October, 2023	22,641	17,696	40,337

At 31st October, 2022

Freehold property	Plant and equipment	Total
----------------------	------------------------	--------------

	£'000	£'000	£'000
Cost or valuation			
At 30th April, 2022	21,368	16,106	37,474
Additions	185	694	879
Disposals	-	(182)	(182)
Exchange differences	419	147	566
At 31st October, 2022	21,972	16,765	38,737

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
At 31st October, 2022	200	13,461	13,661
Net book value at 31st October, 2022	21,772	3,304	25,076

Analysis of cost or valuation			
At professional valuation	21,787	-	21,787
At cost	185	16,765	16,950
At 31st October, 2022	21,972	16,765	38,737

At 30th April, 2023

	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 30th April, 2022	21,368	16,106	37,474
Additions	421	1,550	1,971
Disposals	-	(488)	(488)
Exchange differences	141	130	271
At 30th April, 2023	21,930	17,298	39,228

Accumulated depreciation			
At 30th April, 2022	-	12,937	12,937
Depreciation charge for the year	400	1,268	1,668
Disposals	-	(358)	(358)
Exchange differences	(5)	100	95
At 30th April, 2023	395	13,947	14,342
Net book value at 30th April, 2023	21,535	3,351	24,886

Analysis of cost or valuation			
At professional valuation	21,930	-	21,930

At cost	-	17,298	17,298
At 30th April, 2023	21,930	17,298	39,228

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 Polish property was valued based on the income approach, converting anticipated future benefits in the form of rental income into present value. The US property 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, 2023	Property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 30th April, 2023	2,312	-	2,312
Exchange differences	(12)	-	(12)
At 31st October, 2023	2,300	-	2,300
Accumulated depreciation			
At 30th April, 2023	1,150	-	1,150
Depreciation charge for the period	186	-	186
Exchange differences	(4)	-	(4)
At 31st October, 2023	1,332	-	1,332
Net book value at 31st October, 2023	968	-	968
At 31st October, 2022			
Cost or valuation			
At 30th April, 2022	2,218	10	2,228
Exchange differences	56	-	56
At 31st October, 2022	2,274	10	2,284
Accumulated depreciation			
At 30th April, 2022	741	8	749
Depreciation charge for the period	186	2	188
Exchange differences	19	-	19
At 31st October, 2022	946	10	956
Net book value at 31st October, 2022	1,328	-	1,328
At 30th April, 2023			
	Property	Plant and equipment	Total

	£'000	£'000	£'000
Cost or valuation			
At 30th April, 2022	2,218	10	2,228
Disposals	-	(10)	(10)
Exchange differences	94	-	94
At 30th April, 2023	2,312	-	2,312
Accumulated depreciation			
At 30th April, 2022	741	8	749
Depreciation charge for the year	374	2	376
Disposals	-	(10)	(10)
Exchange differences	35	-	35
At 30th April, 2023	1,150	-	1,150
Net book value at 30th April, 2023	1,162	-	1,162

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, 2023 unaudited £'000	31st October, 2022 unaudited £'000	30th April, 2023 audited £'000
Cash and cash equivalents	42,627	23,363	12,336
Restricted cash held in Escrow - maturing in more than 90 days	7,426	519	2,917
Total cash	50,053	23,882	15,253

The restricted cash balance held in Escrow provides security to Lloyds Bank plc in respect of certain 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 £221,000 (2022: £137,000).
- 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 £675,000 (2022 - £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.
- At 30th April, 2023 the present value of the contracted future deficit reduction contributions was £3,577,000 (2022 - £4,341,000), which was greater than the net scheme asset of £48,000 (2022 - £2,337,000 liability). As the Company does not have an

unconditional right to the economic benefits arising from this surplus, an additional liability of £3,625,000 (2022 - £2,004,000) has been recognised in the financial statements in accordance with IFRIC 14.

- The pension scheme liability has reduced by £639,000 from £4,216,000 at 30th April, 2023 to £3,577,000 at 31st October, 2023. A total actuarial gain of £54,000 (2022 - £8,000 loss) has been recognised through other comprehensive income. It comprises of a £671,000 remeasurement loss (2022 - £3,493,000) compared to the interest income on the plan assets, a £1,413,000 actuarial gain (2022 - £4,346,000 gain) due to changes in financial assumptions and a loss relating to IFRIC 14 of £688,000 (2022 - £861,000). The interest cost on the net defined benefit liability of £90,000 (2022 - £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 £675,000 (2022 - £450,000).

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 £7,416,000 at 31st October, 2023 (2022 - £1,566,000).

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.

15. Derivative financial instruments

During the period, the Group has entered into a number of forward currency contracts in respect of USD denominated cash inflows in the 'Defence and Security' division.

The Group has chosen not to adopt hedge accounting with respect to forward exchange contracts and as a result the loss of £731,000 arising from the change in the fair value during the period has been included within operating profit.

	US Dollar \$'000	Sterling £'000	Average forward rate	Change in Fair Value £'000
Current derivative liability	41,500	33,615	1.2346	513
Non-current derivative liability	57,500	46,680	1.2318	218
Total	99,000	80,295	1.2330	731

16. Share-based payments

During the period, a total of 122,700 share options have been granted to executive directors, non-executive directors, and employees under the MS INTERNATIONAL plc Company Share Option Plan. These options are exercisable in three equal amounts at three, four and five years after the date of grant and are not subject to any share price performance conditions. Of the options, 4,800 have been granted at an exercise price of £6.24 and the remaining 117,900 have been granted at an exercise price of £7.20 per share.

Share options totalling 320,007 have been exercised during the period. This includes 100,000 options exercised under the MS INTERNATIONAL plc Long Term Incentive Plan at an exercise price of £0 per share, and a further 220,007 options exercised under the MS INTERNATIONAL Plc Company Share Option Scheme at an exercise price of £1.41 per share.

170,007 of the options were satisfied by transferring shares from treasury and the remaining 150,000 options were satisfied by transferring shares from The Employee Share Ownership Trust ("ESOT").

The following tables illustrate the number and weighted average exercise prices (WAEP) of share options during the year:

	Long-term Incentive Plan		Company Share Option Plan		Total	
	Number	WAEP	Number	WAEP	Number	WAEP
Outstanding at 30th April, 2022	500,000	-	1,000,000	£1.41	1,500,000	£0.94
Granted in year	-	-	20,000	£3.00	20,000	£3.00
Exercised in year	(250,000)	-	-	-	(250,000)	-
Outstanding at 30th April, 2023	250,000	-	1,020,000	£1.44	1,270,000	£1.16

Granted in year	-	-	122,700	£7.16	122,700	£7.16
Exercised in year	(100,000)	-	(220,007)	£1.41	(320,007)	£0.97
Outstanding at 31st October, 2023	150,000	-	922,693	£2.21	1,072,693	£1.90

The Group recognised a total charge during the period of £19,000 (2022 - £15,000) in relation to equity-settled share-based payment transactions. At 31st October, 2023 there were 150,000 (2022 - nil) and 113,337 (2022 - nil) share options exercisable in the LTIP and CSOP share option schemes respectively.