Contents

The year in brief

	2012 Total £000	2011 Total £000
Revenue	**55,948**	54,202
Profit before taxation	**8,388**	6,684
Earnings per share	**34.8p**	30.6p
Dividends payable per share	**8.00p**	6.50p

Financial Calendar Key Dates

Annual Results Announced	June
Annual General Meeting	August
Final Dividend Payable	August
Half-Year Results Announced	December
Interim Dividend Payable	December

Chairman's Statement

Results and review

The Group has continued to prosper, with a 25% uplift of pre-tax profit on revenue marginally higher than the prior year.

Profit before taxation for the 12 months ended 28th April, 2012 amounted to £8.39m (2011 – £6.68m) on revenue of £55.95m (2011 – £54.20m). Earnings per share were 34.8p (2011 – 30.6p).

Net cash and short-term deposits at the year-end were £10.04m (2011 – £9.88m).

These record results are in line with our expectations, displaying a strong trading performance across all three divisions – 'Defence' 'Forgings' and 'Petrol Station Superstructures' – and maintaining our upward trend in annual results. 'Defence', understandably, was not immune to the unfavourable effects of the well-chronicled budget constraints of national governments. Conversely and most pleasingly, the 'Forgings' and the 'Petrol Station Superstructures' divisions both experienced a progressive upturn in monthly order intake during the course of the year.

'Defence' – the Group's largest division – produced another sterling performance lifting profitability handsomely on revenue lower than the prior year. Frustratingly, the time-line from customer enquiry to the placing of orders became increasingly protracted. As a consequence, the usual pattern and level of order inflow was uncomfortably interrupted, particularly in the domestic market. A positive highlight however, was that all deliveries to customers including each phase of the delivery critical and now completed US Navy contract for our 30mm naval gun systems, were completed in line with customer requirements.

'Forgings' generated a highly commendable result with a recovery in revenue, profitability and cash generation. This was a welcome and very pleasing upturn, following the recession influenced break-even performance of the prior year. We undertook further development of our manufacturing facilities across the board in the UK, Brazil and the United States. Importantly, the expansion of our non-UK facilities sealed a more emphatic 'local element' to our marketing perspective, which was instrumental in generating additional business.

'Petrol Station Superstructures' operations, based in both the UK and Poland have made laudable progress since becoming a wholly owned entity of the Group in May 2010. A more competitive, robust and proficient business approach, in a recovering market, enabled the division to gain market share, particularly in Eastern Europe. The UK operation provides structures to major international oil companies, dealer groups and supermarket chains in parts of Western Europe and as a recognised all-round high quality provider, is becoming the supplier of choice. The Polish business serves customers in its growing domestic market and that of other east European countries. To better support these markets and harness other business opportunities, we purchased a combined manufacturing and office facility on the outskirts of Krakow, in December 2011, replacing outgrown rented office space in the city.

Outlook

As always, we are looking forward with enthusiasm to the current year despite the escalating, political and macro-economic uncertainty. For the long-term, we remain optimistic, in the firm belief that by developing and investing in the individual businesses, we are driving the right strategy to sustain the Group's growth.

'Defence' – we expect very little in the way of growth this year, in what is clearly a financially constrained, revenue flat line, industry-wide defence market. Nevertheless, marketing information confirms that despite the order delays, the many constituents of our mounting prospects list remain in place, with nothing knowingly cancelled or lost to competitors. Inevitably, customer programme delays are leading to a substantial build-up of potential business still to be awarded. Yet, interestingly since the year end, we are comforted by having received the highest level of monthly order intake for some considerable time. Gratifyingly, the expanding fleet of MSI naval gun systems on ships around the world provides an increasing level of regular in-service maintenance and support work for the business. 'In house' research and development programmes continue apace in anticipation of future market requirements. Notably, major orders in hand for delivery within the current financial year will have a distinct customer specified second half year revenue bias, which will be evident in the Group's first half/second half revenue profile.

'Forgings' – is emerging from the global recession with a new degree of confidence. It is better equipped, more efficient and consequently more competitive. The customary short lead-time nature of the division's order books necessitates a sensitive and perceptive monitoring of regional global market variations. Presently, industrial engineering markets across continents are extremely uneven in activity, unpredictable and clearly susceptible to the prevailing and unsettling European economic conundrum. That said, the evolving new structure of the division's businesses should provide the flexibility to enable a pro-active response to any fluctuations in demand.

Chairman's Statement

Continued

'Petrol Station Superstructures' – the development and construction of new large multi-function service station sites and the refurbishment and upgrade of existing facilities continues. The contemporary site typically comprises undercover car and separate HGV multi-pump fuel dispensaries, car valeting facilities and the escalating development of the retail shop/mini-market. Such filling stations can be a stand-alone road-side unit or alternatively the integral part of a supermarket complex. The division has attained a highly creditable reputation in the market for the design, manufacture, erection and refurbishment of all such forecourt structures. We are committed to build on that reputation and as the market leader focus on developing innovative ideas for the efficient and aesthetically pleasing construction of these structures.

Whilst cautious about the current constrained level of defence spending, to be sure, at some stage, it is inevitable that the dam will burst on our 'Defence' prospect-list. An encouraging sign is that a string of current and proposed global naval ship building projects – all fully funded – are, at last, being taken forward after a series of delays. 'Forgings', is in dynamic form, capable of competitively accommodating any further rise in activity and 'Petrol Station Superstructures' stands before a wealth of opportunity.

The prognosis for the world economy and particularly that of Europe is of grave concern. The lack of political resolve affects much that we try to achieve and in common with so many others, we are striving against a persistent and variable headwind. We must and will, maintain our prudent approach to managing and steering the Group for the long-term interests of shareholders and not just the immediate future. Corporate focus remains on creating excellence in everything we do for there is no room for complacency in these highly competitive and tight markets that we serve.

Looking to the coming year the balance sheet is strong, the businesses are in very good shape and we expect to demonstrate further progress although as mentioned earlier, we anticipate a pronounced second half bias in revenue.

Accordingly, the Board recommends the payment of an increased final dividend of 6.5p per share (2011 – 5.5p) making a total for the year of 8.0p (2011 – 6.5p).

Michael Bell
13th June, 2012

Directors and advisers

Directors

Executive

Michael Bell ARICS (Executive Chairman)

Michael O'Connell FCA (Finance)

David Pyle (Administration and Secretary)

Non-executive

Roger Lane-Smith – Age 66

Appointed a director on 21st January, 1983. He is a non-executive director of W H Ireland Group plc, Dolphin Capital Investors Ltd, Timpson Group plc, Avia Health Informatics plc and a number of other private companies. He is also a Senior Consultant at DLA Piper UK LLP.

Registered Office

Balby Carr Bank,
Doncaster,
DN4 8DH
England

Auditors

Ernst & Young LLP,
1 Bridgewater Place,
Water Lane,
Leeds,
LS11 5QR

Registrars and Transfer Office

Capita Registrars,
The Registry,
34 Beckenham Road,
Beckenham,
Kent,
BR3 4TU

Solicitors

DLA Piper UK LLP,
3 Noble Street,
London,
EC2V 7EE

Bankers

Lloyds TSB,
First Floor,
14 Church Street,
Sheffield,
S1 1HP

Report of the directors

The directors present their report and the Group financial statements for the 52 weeks ended 28th April, 2012. The directors present their Corporate governance statement on page 44 of this report.

1 Principal activities of the Group

The Group is engaged in the design and manufacture of specialist engineering products and the provision of related services.

2 Business review

A review of the operations of the Company and subsidiaries during the period, and their position at 28th April, 2012, and indications of future developments are provided in the Chairman's Statement.

The principal risk and uncertainties facing the Group relate to levels of customer demand for the Group's products and services. Customer demand is driven mainly by general economic conditions but also by pricing, product quality and delivery performance of MS INTERNATIONAL plc and in comparison with our competitors.

Sterling exchange rates against other currencies can influence pricing. The principal financial risks and uncertainties in the business are set out in note 25 "Financial Instruments" to these Group Financial Statements.

The Group has considerable financial resources together with long-term contracts with a number of customers. As a consequence, the directors believe that the Group is well placed to manage its business risk successfully despite the current uncertain economic outlook.

After making enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3 Key performance indicators, results and dividends

The directors report that the key performance indicators of revenue and profit before taxation have increased by 3.2% and 25.5%, respectively. The profit after taxation for the period attributable to shareholders amounted to £6,310,000 (2011 – £5,505,000).The Directors recommend a final dividend of 6.50 pence per share (2011 – 5.50 pence per share), making a total of 8.00 pence per share (2011 – 6.50 pence per share).

4 Directors

The names of the directors of the Company at 28th April, 2012 are shown on page 5.

In accordance with the Articles of Association Michael O'Connell retires by rotation and, being eligible, offers himself for re-election. In addition, Roger Lane-Smith retires from the Board at the AGM and, being eligible, offers himself for re-election. The Chairman confirms that both Michael O'Connell and Roger Lane-Smith continue to be effective and to demonstrate commitment to their roles, including the commitment of their time for the board and committee meetings and their other duties.

5 Substantial interests in shares

As at 13th June, 2012, the directors had been advised of the following notifiable interests:

	% of share capital held
Michael Bell	26.3%
Cavendish Asset Management Limited	13.0%
David Pyle	10.0%
Michael O'Connell	8.2%
The Trustee of the Group's pension scheme	7.1%
Bank of New York (Nominees) Limited	6.9%
Mrs Patricia Snipe	4.4%
Gartmore Fledgling Index Tracker Fund	3.2%

Apart from these, the directors have not been formally notified of any other notifiable shareholdings in excess of 3% on 13th June, 2012.

Report of the directors

Continued

6 Employee involvement

The directors have continued their commitment to the development of employee involvement and communication throughout the Group.

Regular meetings are held with employees to provide and discuss information of concern to them as employees, including financial and economic factors affecting the performance of the Company in which they are employed.

7 Employment of disabled persons

The Company and its subsidiaries have continued the policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who may become disabled, to promote their career development within the organisation.

8 Additional information for shareholders

The following provides the additional information required for shareholders as a result of the implementation of the Takeover Directive into UK Law.

At 28th April, 2012 the Company's issued share capital comprised:

	Number	£000	% of total share capital
Ordinary shares of 10p each	18,396,073	1,840	100

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights.

Ordinary shares

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the general meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- Certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- Pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's securities.

The Company's articles of association may only be amended by a special resolution at a general meeting of the shareholders. Directors are reappointed by ordinary resolution at a general meeting of the shareholders. The Board can appoint a director but anyone so appointed must be elected by an ordinary resolution at the next general meeting.

Any director, other than the Chairman, who has held office for more than three years since their last appointment must offer themselves up for re-election at the annual general meeting.

Company share schemes

The Employee Share Ownership Trust, holds 1.3% of the issued share capital of the Company in trust for the benefit of employees of the Group and their dependants. The voting rights in relation to these shares are exercised by the trustee.

Charge of control

The Company is not party to any agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Report of the directors

Continued

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

9 Supplier payment policy

It is the Company's policy to abide by the terms of payment agreed with suppliers of all goods and services properly supplied and invoiced to the Company. The terms may be the suppliers' standard terms or such other terms agreed with the supplier for specific transactions as appropriate. The Group's creditor days for 2012 were 52 (2011 – 41).

10 Special business at the Annual General Meeting

Resolution 7: Authority to allot shares

Generally, the directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, shares in the Company) if they have been authorised to do so by shareholders in general meeting.

Resolution 7 renews a similar authority given at last year's AGM and, if passed, will authorise the directors to allot shares in the Company (and to grant such rights) up to an aggregate nominal amount of £613,202 (which represents approximately one-third of the issued ordinary share capital of the Company as at 29th June, 2012, being the last practicable date before the publication of this document). If given, this authority will expire at the conclusion of the Company's next AGM or on 14th November, 2013 (whichever is earlier). It is the directors' intention to renew this authority each year.

As at the date of this document, no ordinary shares are held by the Company in treasury.

The directors have no current intention to exercise the authority sought under resolution 7.

Resolution 8: Disapplication of pre emption rights

Generally, if the directors wish to allot new shares or other equity securities (within the meaning of section 560 of the 2006) Act for cash then under the Act they must first offer such shares or securities to shareholders in proportion to their existing holdings. These statutory pre-emption rights may be disapplied by shareholders.

Resolution 8, which will be proposed as a special resolution, renews a similar power given at last year's AGM and, if passed, will enable the directors to allot equity securities for cash up to a maximum aggregate nominal amount of £91,980 without having to comply with statutory pre-emption rights, but this power will be limited to allotments:

(a) in connection with a rights issue, open offer or other pre emptive offer to ordinary shareholders and to holders of other equity securities (if required by the rights of those securities or the directors otherwise consider necessary), but (in accordance with normal practice) subject to such exclusions or other arrangements, such as for fractional entitlements and overseas shareholders, as the directors consider necessary;

(b) in any other case, up to an aggregate nominal amount of £91,980 (which represents approximately five per cent of the issued ordinary share capital of the Company as at 29th June, 2012, being the last practicable date before the publication of this document).

If given, this power will expire at the conclusion of the Company's next AGM or on 14th November, 2013 (whichever is the earlier). It is the directors' intention to renew this power each year.

Resolution 9: Purchase by the Company of its own shares

Resolution 9, which will be proposed as a special resolution renews a similar authority given at last year's AGM. If passed, it will allow the Company to purchase up to 1,839,607 ordinary shares in the market (which represents approximately 10% of the issued ordinary share capital of the Company as at 29th June, 2012, being the last practicable date before the publication of this document). The minimum and maximum prices for such a purchase are set out in the resolution. If given, this authority will expire at the conclusion of the Company's next AGM or on 14th November, 2013 (whichever is earlier). It is the directors' intention to renew this authority each year.

The directors have no current intention to exercise the authority sought under resolution 9 to make market purchases, but consider the authority desirable to provide maximum flexibility in the management of the Company's capital base.

The directors intend to cancel any shares purchased under this authority.

Report of the directors

Resolution 10: Notice period for general meetings

Resolution 10 will be proposed as a special resolution to allow the Company to call general meetings (other than an AGM) on 14 clear days' notice.

Changes made to the 2006 Act by the Companies (Shareholders' Rights) Regulations 2009 increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs will continue to be held on at least 21 clear days' notice.

Before the Regulations came into force, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining shareholder approval. Resolution 10 seeks such approval in order to preserve this flexibility. The shorter notice period would not however be used as a matter of routine for such meetings, but only where it is merited by the business of the meeting and is considered to be in the interests of shareholders as a whole. If given, the approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the 2006 Act mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

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11 Auditors

A resolution to reappoint the auditors, Ernst & Young LLP, will be proposed at the Annual General Meeting.

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12 Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 5. Having made enquiries of fellow directors and of the Company's auditors, each of the directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

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13 We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the business review, together with the Chairman's Statement, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board,
David Pyle
Secretary
13th June, 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare such financial statements for each financial year. Under that law, the directors are required to prepare Group and Parent Company financial statements under IFRSs as adopted by the European Union.

Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group and Parent Company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Parent Company's financial position and financial performance; and
- state whether the Group and Parent Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for preparing the Directors' Report, the Directors' Remuneration Report and the Corporate Governance Statement in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules.

Independent auditors' report to the members of MS INTERNATIONAL plc –

Registration Number 653735

We have audited the financial statements of MS INTERNATIONAL plc for the 52 weeks ended 28th April, 2012 which comprise the group income statement, the group and company statement of comprehensive income, the group and company statement of changes in equity, the group and company balance sheets, the group and company cashflow statements, and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Independent auditors' report to the members of MS INTERNATIONAL plc

Continued

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 28th April, 2012 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 44 to 45 of this report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 6, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the UK Corporate Governance Code; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Alistair Denton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

13th June, 2012

Group income statement

For the 52 weeks ended 28th April, 2012

	Notes	**2012 Total £000**	2011 Total £000
Revenue	3/4	**55,948**	54,202
Cost of sales		**(36,714)**	(37,840)
Gross profit		**19,234**	16,362
Distribution costs		**(2,500)**	(2,226)
Administrative expenses		**(8,144)**	(8,157)
		(10,644)	(10,383)
Group operating profit	4/5	**8,590**	5,979
Finance revenue	7	**28**	390
Finance costs	8	**(418)**	(57)
Other finance revenue/(costs) – pensions	23	**188**	(50)
		(202)	283
Profit before taxation and exceptional items		**8,388**	6,262
Exceptional gain	15	**–**	1,250
Exceptional write off	12(e)	**–**	(828)
		–	422
Profit before taxation		**8,388**	6,684
Taxation	9	**(2,078)**	(1,179)
Profit for the period attributable to equity holders of the parent		**6,310**	5,505
Earnings per share: basic and diluted	10	**34.8p**	30.6p

Group and company statement of comprehensive income

For the 52 weeks ended 28th April, 2012

	Group		**Company**	
	2012 Total £000	2011 Total £000	**2012 Total £000**	2011 Total £000
Actuarial (losses)/profits on defined benefit pension scheme	**(2,936)**	2,379	**(2,936)**	2,379
Deferred taxation on actuarial profits/losses on defined benefit pension scheme	**680**	(703)	**680**	(703)
Revaluation deficit on land and buildings	**–**	(334)	**–**	(334)
Deferred taxation of revaluation deficit on land and buildings	**–**	(193)	**–**	(193)
Exchange differences on retranslation of foreign operations	**(194)**	3	**–**	–
Net (expense)/income recognised directly in equity	**(2,450)**	1,152	**(2,256)**	1,149
Profit attributable to equity holders of the parent	**6,310**	5,505	**5,671**	5,187
Total recognised income and expense for the period attributable to equity holders of the parent	**3,860**	6,657	**3,415**	6,336

Group and company statement of changes in equity

	Issued capital £000	Capital redemption reserve £000	Other reserves £000	Revaluation reserve £000	Special reserve £000	Foreign exchange reserve £000	Treasury shares £000	Retained earnings £000	**Total £000**
(a) Group									
At 1st May, 2010	1,840	901	1,565	2,969	1,629	181	(391)	10,279	**18,973**
Profit for the period	–	–	–	–	–	–	–	5,505	**5,505**
Other comprehensive profit/(loss)	–	–	–	(527)	–	3	–	1,676	**1,152**
Total comprehensive income	1,840	901	1,565	2,442	1,629	184	(391)	17,460	**25,630**
Dividends paid	–	–	–	–	–	–	–	(180)	**(180)**
Transfer	–	–	1,250	–	–	–	–	(1,250)	**–**
Change in taxation rates	–	–	–	27	–	–	–	–	**27**
Exercise of share options	–	–	–	–	–	–	291	–	**291**
Share-based payments	–	–	–	–	–	–	–	6	**6**
At 30th April, 2011	1,840	901	2,815	2,469	1,629	184	(100)	16,036	**25,774**
Profit for the period	–	–	–	–	–	–	–	6,310	**6,310**
Other comprehensive profit	–	–	–	–	–	(194)	–	(2,256)	**(2,450)**
Total comprehensive income	1,840	901	2,815	2,469	1,629	(10)	(100)	20,090	**29,634**
Dividends paid	–	–	–	–	–	–	–	(1,271)	**(1,271)**
Change in taxation rates	–	–	–	42	–	–	–	–	**42**
At 28th April, 2012	**1,840**	**901**	**2,815**	**2,511**	**1,629**	**(10)**	**(100)**	**18,819**	**28,405**

	Issued capital £000	Capital redemption reserve £000	Other reserves £000	Revaluation reserve £000	Special reserve £000	Foreign exchange reserve £000	Treasury shares £000	Retained earnings £000	**Total £000**
(b) Company									
At 1st May, 2010	1,840	901	1,565	2,969	1,629	–	(391)	8,813	**17,326**
Profit for the period	–	–	–	–	–		–	5,187	**5,187**
Other comprehensive loss	–	–	–	(527)	–	–	–	1,676	**1,149**
Total comprehensive income	1,840	901	1,565	2,442	1,629	–	(391)	15,676	**23,662**
Dividends paid	–	–	–	–	–	–	–	(180)	**(180)**
Change in taxation rates	–	–	–	27	–	–	–	–	**27**
Exercise of share options	–	–	–	–	–	–	291	–	**291**
Share-based payments	–	–	–	–	–	–	–	6	**6**
At 30th April, 2011	1,840	901	1,565	2,469	1,629	–	(100)	15,502	**23,806**
Profit for the period	–	–	–	–	–	–	–	5,671	**5,671**
Other comprehensive profit	–	–	–	–	–	–	–	(2,256)	**(2,256)**
Total comprehensive income	1,840	901	1,565	2,469	1,629	–	(100)	18,917	**27,221**
Dividends paid	–	–	–	–	–	–	–	(1,271)	**(1,271)**
Change in taxation rates	–	–	–	42	–	–	–	–	**42**
At 28th April, 2012	**1,840**	**901**	**1,565**	**2,511**	**1,629**	**–**	**(100)**	**17,646**	**25,992**

Balance sheets

At 28th April, 2012

		Group		Company	
		2012	2011	**2012**	2011
	Note	**£000**	£000	**£000**	£000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**13,818**	12,514	**11,694**	12,187
Intangible assets	13	**4,798**	5,160	**69**	114
Investments in subsidiaries	14	**–**	–	**11,451**	11,451
Deferred income tax asset	16	**–**	–	**151**	–
		18,616	17,674	**23,365**	23,752
Current assets					
Inventories	17	**7,824**	7,099	**6,726**	6,351
Trade and other receivables	18	**12,208**	12,482	**13,757**	12,951
Financial assets	19	**–**	377	**–**	377
Prepayments		**604**	1,510	**527**	1,422
Cash and short-term deposits	20	**10,037**	9,877	**9,001**	9,137
		30,673	31,345	**30,011**	30,238
TOTAL ASSETS		**49,289**	49,019	**53,376**	53,990
EQUITY AND LIABILITIES					
Equity					
Equity share capital	21	**1,840**	1,840	**1,840**	1,840
Capital redemption reserve	22	**901**	901	**901**	901
Other reserve	22	**2,815**	2,815	**1,565**	1,565
Revaluation reserve	22	**2,511**	2,469	**2,511**	2,469
Special reserve	22	**1,629**	1,629	**1,629**	1,629
Currency translation reserve	22	**(10)**	184	**–**	–
Treasury shares	22	**(100)**	(100)	**(100)**	(100)
Retained earnings	22	**18,819**	16,036	**17,646**	15,502
		28,405	25,774	**25,992**	23,806
Non-current liabilities					
Defined benefit pension liability	23	**4,167**	1,819	**4,167**	1,819
Deferred income tax liability	16	**505**	1,207	**–**	444
		4,672	3,026	**4,167**	2,263
Current liabilities					
Trade and other payables	24	**14,995**	19,405	**21,932**	26,987
Income tax payable		**1,217**	814	**1,285**	934
		16,212	20,219	**23,217**	27,921
TOTAL EQUITY AND LIABILITIES		**49,289**	49,019	**53,376**	53,990

These accounts and notes on pages 16 to 42 were approved by the Board of Directors on 13th June, 2012 and signed on its behalf by:

Michael Bell, Executive Chairman

Michael O'Connell, Finance Director

Cash flow statements

For the 52 weeks ended 28th April, 2012

		Group		Company	
		2012	2011	**2012**	2011
	Note	**£000**	£000	**£000**	£000
Profit before taxation and exceptional items		**8,388**	6,262	**7,569**	6,266
Adjustments to reconcile profit before taxation to net cash in flow from operating activities					
Depreciation charge	12	**1,339**	1,571	**1,219**	1,257
Amortisation charge	13	**362**	442	**45**	58
Finance costs/(revenue)		**202**	(283)	**179**	(283)
Foreign exchange (losses)/gains		**(150)**	16	**–**	–
RSA grant release		**–**	(3)	**–**	(3)
Share based payments		**–**	6	**–**	6
Increase in inventories		**(725)**	(1,514)	**(375)**	(1,238)
Decrease/(increase) in receivables		**274**	(1,679)	**(806)**	(1,917)
Decrease in prepayments		**906**	203	**895**	210
(Decrease)/increase in payables		**(247)**	(151)	**(674)**	208
(Decrease)/increase in progress payments		**(4,163)**	1,798	**(4,381)**	1,832
Pension fund payments		**(400)**	(400)	**(400)**	(400)
Cash generated from operating activities		**5,786**	6,268	**3,271**	5,996
Interest (paid)/received		**(13)**	(44)	**10**	(44)
Taxation paid		**(1,650)**	(1,557)	**(1,420)**	(1,431)
Net cash inflow from operating activities		**4,123**	4,667	**1,861**	4,521
Investing activities					
Purchase of property , plant and equipment	12	**(2,711)**	(379)	**(744)**	(202)
Sale of property, plant and equipment	12	**19**	99	**18**	34
Purchase of shares in Global-MSI plc net of cash acquired	15	**–**	(3,532)	**–**	(4,148)
Dividends received from Global-MSI plc		**–**	–	**–**	1,000
Net cash outflow from investing activities		**(2,692)**	(3,812)	**(726)**	(3,316)
Financing activities					
Share options exercised		**–**	291	**–**	291
Dividends paid	11	**(1,271)**	(180)	**(1,271)**	(180)
Net cash (outflow)/inflow from financing activities		**(1,271)**	111	**(1,271)**	111
Increase/(decrease) in cash and cash equivalents		**160**	966	**(136)**	1,316
Opening cash and cash equivalents		**9,877**	8,911	**9,137**	7,821
Closing cash and cash equivalents	20	**10,037**	9,877	**9,001**	9,137

Notes to the financial statements

At 30th April, 2012

1 Authorisation of financial statements and statement of compliance with IFRSs

The Group's and Company's financial statements of MS INTERNATIONAL plc (the 'Company') for the year ended 28th April, 2012 were authorised for issue by the board of the directors on 13th June, 2012 and the balance sheets were signed on the Board's behalf by Michael Bell and Michael O'Connell. MS INTERNATIONAL plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU as they apply to the financial statements of the Group and Company for the year ended 28th April, 2012 applied in accordance with the provisions of the Companies Act 2006.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

2 Accounting Policies

Basis of preparation

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Defined benefit pension obligations

Measurement of defined benefits obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate (see note 23).

Contract sales

Assessment of the extent to which contract outcomes can be measured reliability.

Taxation

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Impairment of non-financial assets

The Group's impairment test for goodwill and intangible assets with indefinite useful lives is based either on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Statement of compliance

The consolidated financial statements of MS INTERNATIONAL plc have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Basis of consolidation

The consolidated financial statements comprises the financial statements of MS INTERNATIONAL plc and its subsidiaries as at the Saturday nearest to the 30th April each period. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-Group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the financial statements

Continued

2 Accounting Policies (continued)

Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below.

– IAS 24 Related Party Disclosures (Amendment)

– IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

– Improvements to International Financial Reporting Standards (Issued May 2010)

None of the above had a significant impact on the accounting policies, financial position or performance of the Group.

The Company's investments in subsidiaries

In its separate financial statements the Company's investments in subsidiaries are carried at cost less provision for impairment.

Foreign currency translation

The consolidated financial statements are presented in pounds sterling which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

The main functional currencies of the Group's overseas subsidiaries are the US$ and the Brazilian Real. As at the reporting date, the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs attributable to assets under construction are recognised as an expense as incurred.

Land and buildings are recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of the revaluation. Fair value is based on periodic valuations by an external independent valuer and is determined from market-based evidence by appraisal. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the revaluation reserve in equity except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

Additionally, accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Notes to the financial statements

Continued

2 Accounting Policies (continued)

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset evenly over its expected useful life as follows:

Property other than freehold land – over 50 years

Plant and machinery – over 3 to 8 years

Computer equipment – over 3 to 5 years

Fixtures and fittings – over 3 to 8 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The useful economic lives of each tangible asset with finite lives are as follows:

Tradename – over 20 years

Design database – over 10 years

Customer relationships – over 8 years

Software costs – over 3 to 5 years

Order backlog – over 1 year

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level and are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement.

Notes to the financial statements

Continued

2 Accounting Policies (continued)

Inventories

Inventories are valued at the lower of historic cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw Materials – purchase cost on a first-in, first-out basis.

Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Progress payments received and receivable are deducted from the value of raw materials and work in progress to which they relate. Any excess progress payments are included in trade and other payables.

Trade and other receivables

Trade receivables, which generally have 30 days' terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Provision is made when there is objective evidence that the Group may not be able to collect the debts. Bad debts are written off when identified.

Treasury shares

Own shares held by the Company and Group are classified in equity and are recognised at cost. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Pension Scheme

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense. Actuarial gains and losses are recognised in full in the statement of recognised income and expense in the period in which they occur.

Notes to the financial statements

Continued

2 Accounting Policies (continued)

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in the future contributions.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements are accounted for separately from the business combination in accordance with their nature and applicable IFRSs. Identifiable intangible assets, meeting either the contractual-legal or separability criterion are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition- date fair value can be measured reliably.

If the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (or Groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the financial statements

Continued

2 Accounting Policies (continued)

Revenue

Revenue represents the turnover, net of discounts, derived from services provided to customers and sales of products applicable to the period.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue, in respect of products, is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably, this is usually on despatch.

Revenue from the provision of engineering services is recognised as the work is performed.

Contract sales are recognised by reference to the stage of completion. Stage of completion is measured by reference to the value of cost completed as a percentage of the total estimated value of the costs of the contract. Where the contract outcome cannot be measured reliably revenue is recognised only to the extent of the costs recognised that are recoverable.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Taxes

Income tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to, respectively, other comprehensive income or equity. Otherwise income tax is recognised in the income statement.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

Continued

2 Accounting Policies (continued)

Dividends payable

Dividends are recognised when they become legally payable. In the case of interim dividends this is when paid, in the case of final dividends this is when approved by the shareholders.

Exceptional items

The Group presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and unexpected infrequency of the events giving rise to them merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield.

New standards and interpretations not applied – The IASB and IFRIC have issued the following standards, amendments and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRSs)		**Effective date**
IAS 1	Financial statement presentation (amendment)	01 July 2012
IAS 12	Income taxes (amendment)	01 January 2012
IAS 19	Employee benefits (amendment)	01 January 2013
IAS 27	Separate financial statements (as revised in 2011)	01 January 2013
IAS 28	Investments in Associates and Joint Ventures (Amendment)	01 January 2013
IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)	01 January 2013
IFRS 9	Financial instruments *	01 January 2013
IFRS 10	Consolidated financial statements	01 January 2013
IFRS 11	Joint arrangements	01 January 2013
IFRS 12	Disclosure of involvement with other entities	01 January 2013
IFRS 13	Fair value measurement	01 January 2013
IAS 32	Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)	01 January 2014

* This has not yet been EU adopted so the effective date may change.

The Group is currently assessing the impact that these standards will have on the financial position and performance.

3 Revenue

	2012	2011
	£000	£000
Sale of goods	**42,655**	34,091
Revenue under contract accounting	**12,774**	19,702
	55,429	53,793
Rendering of services	**519**	409
	55,948	54,202

No revenue was derived from exchanges of goods or services (2011 – £Nil).

Notes to the financial statements

Continued

4 Segment information

The following table presents revenue and profit and certain assets and liability information regarding the Group's divisions for the periods ended 28th April, 2012 and 30th April, 2011. The reporting format is determined by the differences in manufacture and services provided by the Group. The Defence division is engaged in the design, manufacture and service of defence equipment. The Forgings division is engaged in the manufacture of forgings. The Petrol Station Forecourt Superstructures division is engaged in the design and construction of petrol station superstructures.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and finance revenue) and income taxes are managed on a Group basis and are not allocated to operating segments.

	Defence		Forgings		Petrol Station Superstructures		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Revenue								
External	**29,856**	32,568	**15,524**	12,627	**10,568**	9,007	**55,948**	54,202
Total revenue	**29,856**	32,568	**15,524**	12,627	**10,568**	9,007	**55,948**	54,202
Segment result	**6,623**	5,354	**896**	37	**1,071**	588	**8,590**	5,979
Net finance costs							**(202)**	283
Net exceptional gain							**–**	422
Profit before taxation							**8,388**	6,684
Taxation							**(2,078)**	(1,179)
Profit for the period							**6,310**	5,505
Segmental assets	**25,764**	32,762	**6,973**	6,183	**5,536**	2,956	**38,273**	41,901
Unallocated assets							**11,016**	7,118
Total assets							**49,289**	49,019
Segmental liabilities	**9,932**	16,135	**3,636**	2,996	**4,262**	1,179	**17,830**	20,310
Unallocated liabilities							**3,054**	2,935
Total liabilities							**20,884**	23,245
Capital expenditure	**97**	6	**562**	4	**1,896**	164		
Depreciation	**346**	357	**477**	774	**290**	249		

Geographical analysis

The following table presents revenue and expenditure and certain assets and liabilities information by geographical segment for the periods ended 28th April, 2012 and 30th April, 2011. The Group's geographical segments are based on the location of the Group's assets. Revenue from external customers is based on the geographical location of its customers.

	Europe		North America		Rest of the World		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Revenue								
External	**25,741**	33,635	**20,218**	11,405	**9,989**	9,162	**55,948**	54,202
Non-current assets	**18,198**	17,464	**128**	68	**290**	142	**18,616**	17,674
Current assets	**28,813**	29,870	**879**	729	**981**	746	**30,673**	31,345
Liabilities	**20,665**	23,078	**205**	131	**14**	36	**20,884**	23,245
Capital expenditure	**2,401**	366	**93**	7	**217**	6	**2,711**	379

Notes to the financial statements

Continued

4 Segment information (continued)

Information about major customers

	2012	2011
	£000	£000
Revenue from major customers arising from sales reported in the Defence Segment:		
Customer 1	16,898	–
Customer 1	–	9,846
Customer 2	–	9,196

5 Group operating profit

	2012	2011
This is stated after charging/(crediting):	£000	£000
Audit of the financial statements	78	79
Other fees for auditors		
Other assurance services	15	11
Taxation service	19	37
Depreciation	1,339	1,571
Amortisation of intangible assets	362	442
Foreign exchange (profits)/losses	(267)	416
Hire of plant and machinery	673	531
Other operating leases – minimum lease payments	91	112
Cost of inventories recognised as an expense	26,494	28,693
Research and development costs	950	900
RSA grant release	–	(3)
Redundancy and terminations costs	25	275

6 Employee Information

	2012	2011
	Number	Number
The average number of employees, including executive directors, during the period was:		
Production	219	210
Technical	64	58
Distribution	23	21
Administration	53	55
	359	344

(a) Staff costs

	2012	2011
Their, including executive directors, employment costs were as follows:	£000	£000
Wages and salaries	12,310	11,286
Social Security costs	1,440	1,250
Other pension costs	851	717
Share option costs (note 31)	–	6
	14,601	13,259

(b) Directors' emoluments

	2012	2011
	£000	£000
Aggregate directors' emoluments (note 30)	1,688	1,366

Notes to the financial statements

Continued

7 Finance revenue

	2012	2011
	£000	£000
Bank interest	**28**	12
Financial instrument fair value	**–**	377
Other	**–**	1
	28	390

8 Finance costs

	2012	2011
	£000	£000
Bank interest	**40**	49
Financial instrument fair value	**377**	-
Interest on taxation	**1**	8
	418	57

9 (a) Taxation

	2012	2011
	£000	£000
The charge for taxation comprises:		
Current tax		
United Kingdom corporation tax	**1,870**	1,948
Tax (over)/under provided in previous years	**–**	(283)
Foreign corporation tax	**292**	117
Group current tax	**2,162**	1,782
Deferred tax		
Origination and reversal of temporary differences (note 16)	**102**	(525)
Adjustments in respect of prior years	**(104)**	13
Impact of reduction in deferred tax rate (26% to 24%)	**(82)**	(91)
Group deferred tax	**(84)**	(603)
Tax on profit	**2,078**	1,179
Tax relating to items charged or credited to other comprehensive income		
Deferred tax		
Actuarial gains on pension scheme current year (credit)/charge	**(763)**	662
Impact of reduction in deferred tax rate (26% to 24%)	**83**	41
Income tax (credit)/charge in the statement of comprehensive income	**(680)**	703

Notes to the financial statements

Continued

9 (b) Factors affecting the tax charge for the year

The tax assessed for the period differs to the standard rate of corporation tax in the UK (26%). The differences are explained below:

	2012 £000	2011 £000
Profit before tax	**8,388**	6,684
Profit multiplied by standard rate of corporation tax of 26% (2011 – 28%)	**2,181**	1,872
Effects of:		
Expenses not deductible for tax purposes	**83**	18
Adjustment in respect of prior periods	**(104)**	(270)
Impact of reduction in deferred tax rate (26% to 24%)	**(82)**	(91)
Non-taxable exceptional gain	**–**	(350)
Total tax charge for the period	**2,078**	1,179

10 Earnings per share

The calculation of basic and diluted earnings per share is based on:

(a) Profit for the period attributable to equity holders of the parent of £6,310,000 (2011 – £5,505,000);

(b) 18,151,025(2011 – 18,003,085) Ordinary shares, being the diluted weighted average number of Ordinary shares in issue.

This represents 18,396,073 (2011 – 18,396,073) being the weighted average number of Ordinary shares in issue less 245,048 (2011 – less 392,988) being the diluted weighted average number of shares held within the ESOT.

11 Dividends paid and proposed

		2012 £000	2011 £000
Declared and paid during the year			
On Ordinary shares			
Final dividend for 2011:	5.50p (2010 – 3.80p)	**998**	–
Interim dividend for 2012:	1.50p (2011 – 1.00p)	**273**	180
		1,271	180
Proposed for approval by shareholders at the AGM			
Final dividend for 2012: 6.50p (2011 – 5.50p)		**1,180**	998

Notes to the financial statements

Continued

12 Property, plant and equipment

	Freehold property £000	Plant and equipment £000	**Total £000**
(a) Group			
Cost or valuation			
At 1st May, 2010	10,204	14,173	**24,377**
Additions	–	379	**379**
Disposals	–	(649)	**(649)**
Acquisition of Global-MSI plc	–	343	**343**
Impairment write off (see (e) below)	–	(2,418)	**(2,418)**
Revaluation	(954)	–	**(954)**
Exchange differences	–	(26)	**(26)**
At 30th April, 2011	9,250	11,802	**21,052**
Additions	1,585	1,126	**2,711**
Disposals	–	(265)	**(265)**
Exchange differences	–	(104)	**(104)**
At 28th April, 2012	**10,835**	**12,559**	**23,394**
Accumulated depreciation			
At 1st May, 2010	487	9,256	**9,743**
Depreciation charge for the period	133	1,438	**1,571**
Disposals	–	(550)	**(550)**
Impairment write off (see (e) below)	–	(1,590)	**(1,590)**
Revaluation	(620)	–	**(620)**
Exchange differences	–	(16)	**(16)**
At 30th April, 2011	–	8,538	**8,538**
Depreciation charge for the period	137	1,202	**1,339**
Disposals	–	(246)	**(246)**
Exchange differences	–	(55)	**(55)**
At 28th April, 2012	**137**	**9,439**	**9,576**
Net book value at 28th April, 2012	**10,698**	**3,120**	**13,818**
Net book value at 30th April, 2011	9,250	3,264	**12,514**
Analysis of cost or valuation			
At professional valuation 2012	9,250	–	**9,250**
At cost	1,585	12,559	**14,144**
	10,835	**12,559**	**23,394**

Notes to the financial statements

Continued

12 Property, plant and equipment (continued)

(b) Company

	Freehold property £000	Plant and equipment £000	**Total £000**
Cost or valuation			
At 1st May, 2010	10,204	12,186	**22,390**
Additions	–	202	**202**
Disposals	–	(288)	**(288)**
Transfer from group company	–	1,963	**1,963**
Impairment write off (see (e) below)	–	(2,418)	**(2,418)**
Revaluation	(954)	–	**(954)**
At 30th April, 2011	9,250	11,645	**20,895**
Additions	–	744	**744**
Disposals	–	(355)	**(355)**
At 28th April, 2012	**9,250**	**12,034**	**21,284**
Accumulated depreciation			
At 1st May, 2010	487	7,960	**8,447**
Depreciation charge for the period	133	1,124	**1,257**
Disposals	–	(254)	**(254)**
Transfer from group company	–	1,468	**1,468**
Impairment write off (see (e) below)	–	(1,590)	**(1,590)**
Revaluation	(620)	–	**(620)**
At 30th April, 2011	–	8,708	**8,708**
Depreciation charge for the period	125	1,094	**1,219**
Disposals	–	(337)	**(337)**
At 28th April, 2012	**125**	**9,465**	**9,590**
Net book value at 28th April, 2012	**9,125**	**2,569**	**11,694**
Net book value at 30th April, 2011	9,250	2,937	**12,187**
Analysis of cost or valuation			
At professional valuation 2012	9,250	–	**9,250**
At cost	–	12,034	**12,034**
	9,250	**12,034**	**21,284**

(c) Depreciation has not been charged on freehold land which is included at a book value of £3,245,000 (2011 – £3,245,000) Company £3,245,000 (2011 – £3,245,000) at 28th April, 2012.

(d) The Group's land and buildings were independently valued by Dove Haigh Phillips as at 30th April, 2011, 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.

This has given rise to a revaluation surplus of £3,062,000. Had the land and buildings not been revalued the carrying value would be £6,188,000.

(e) A review of plant and equipment in the forgings division resulted in a impairment write off of unused assets of £828,000 (cost £2,418,000 less depreciation to date £1,590,000).

Notes to the financial statements

Continued

13 Intangible assets

Group	Goodwill £000	Trade name £000	Design database £000	Customer relationship £000	Order backlog £000	Development costs £000	Software costs £000	**Group £000**
Cost								
At 1st May, 2010	–	–	–	–	–	279	330	**609**
Acquisition of Global-MSI plc	2,064	865	1,370	1,020	111	–	–	**5,430**
At 30th April, 2011	2,064	865	1,370	1,020	111	279	330	**6,039**
Additions	–	–	–	–	–	–	–	**–**
At 28th April, 2012	**2,064**	**865**	**1,370**	**1,020**	**111**	**279**	**330**	**6,039**
Amortisation								
At 1st May, 2010	–	–	–	–	–	279	158	**437**
Amortisation during the year	–	40	125	117	102	–	58	**442**
At 30th April, 2011	–	40	125	117	102	279	216	**879**
Amortisation during the year	–	43	138	127	9	–	45	**362**
At 28th April, 2012	**–**	**83**	**263**	**244**	**111**	**279**	**261**	**1,241**
Net book value at 28th April, 2012	**2,064**	**782**	**1,107**	**776**	**–**	**–**	**69**	**4,798**
Net book value at 30th April, 2011	2,064	825	1,245	903	9	–	114	5,160

Company	Development costs £000	Software costs £000	**Company £000**
Cost			
At 1st May, 2010	279	330	**609**
Additions	–	–	**–**
At 30th April, 2011	279	330	**609**
Additions	–	–	**–**
At 28th April, 2012	**279**	**330**	**609**
Amortisation			
At 1st May, 2010	279	158	**437**
Amortisation during the year	–	58	**58**
At 30th April, 2011	279	216	**495**
Amortisation during the year	–	45	**45**
At 28th April, 2012	**279**	**261**	**540**
Net book value at 28th April, 2012	**–**	**69**	**69**
Net book value at 30th April, 2011	–	114	114

Goodwill acquired through business combinations and licences has been allocated for impairment testing purposes to the petrol station superstructures division which is an operating segment.

Notes to the financial statements

Continued

13 Intangible assets (continued)

Impairment testing

Goodwill considered significant in comparison to the group's total carrying amount of such assets has been allocated to cash-generating units or groups of cash-generating units as follows:

	Goodwill 2012 £000	Goodwill 2011 £000
Petrol stations superstructure division	**2,064**	2,064

Group

The performance of the petrol station superstructure division is the lowest level at which goodwill is monitored for internal management purposes.

At the year end, value in use was determined by discounting the future cash flows generated from the continuing operations of the company over the next five years and was based on the following key assumptions:

- Detailed five year management forecast.
- A growth in cashflows estimated for five years, and a growth rate of 2% assumed thereafter.
- Cash flows were discounted at a rate of 17.97%. This is the discount rate as calculated using the Weighted Average Cost of Capital.

Based on the above assumptions, the value in use calculated for Global-MSI did not indicate the need for impairment. The growth rates used in the value in use calculation reflect management's expectations for the business based upon previous experience and taking into consideration recent sales wins.

No likely changes in the assumptions used would give rise to an impairment.

14 Investment in subsidiary undertakings

Principal subsidiary undertakings are set out on page 49.

Company	**2012 £000 Cost**	**2012 £000 Impairment**	**2012 £000 Net book value**	2011 £000 Cost	2011 £000 Impairment	2011 £000 Net book value
Investment in subsidiary undertakings	**13,457**	**(2,006)**	**11,451**	13,457	(2,006)	11,451

15 Aquisitions

Group

On 28th May, 2010 the Group acquired for a consideration of £4,500,000 a further 50% of the shares of Global-MSI plc (GMSI), not previously owned by the Group, to give a total shareholding of 100% of the shares of GMSI.

GMSI is involved in the design, manufacture and construction of petrol station superstructures and associate infrastructure products. Until the 28th May, 2010, GMSI was included in the Group accounts as a joint venture using proportionate consolidation.

As a result of this acquisition, the Group's previously held investment under proportionate consolidation has been provisionally remeasured, in accordance with IFRS3 "Business Combinations" (revised), as detailed in the table below to represent 100% of it's fair value on the date of acquisition resulting in a gain of £1,250,000 recognised in the Group income statement.

Notes to the financial statements

Continued

15 Aquisitions (continued)

Book and fair values of the net assets acquired at the date of acquisition are as follows:

	Book value £000	Fair value to Group £000
Plant and equipment	686	686
Inventories	164	164
Receivables	1,338	1,338
Prepayments	76	76
Cash	1,936	1,936
Payables	(1,588)	(1,588)
Deferred tax liability	(10)	(953)
Corporation tax liability	(76)	(76)
Trade name	–	865
Design database	–	1,370
Customer relationships	–	1,020
Order backlog	–	111
Intangible assets	–	3,366
Net Assets	2,526	4,949
Goodwill arising on acquisition		2,064
Fair value of consideration		7,013

Allocated as follows:	£000
Net assets acquired (50% x £2,526,000)	1,263
Consideration	4,500
Exceptional gain	1,250
	7,013

16 Deferred income tax

The deferred income tax included in the Group income statement is as follows:

	2012 £000	2011 £000
Taxation deferred by capital allowances	**(16)**	(339)
Other temporary differences	**69**	(172)
Taxation on defined benefits pension	**49**	(14)
Adjustments in respect of prior periods	**(104)**	13
Impact of reduction in deferred tax rate (26% to 24%)	**(82)**	(91)
	(84)	(603

The deferred income tax included in the balance sheet is as follows:

	2012 £000	2011 £000
Group		
Taxation deferred by capital allowances	**(529)**	(588)
Other temporary differences	**(473)**	(547)
Taxation on pension liability	**1,000**	473
Taxation on buildings revaluation	**(503)**	(545)
Deferred income tax liability	**(505)**	(1,207)

Notes to the financial statements

Continued

16 Deferred income tax (continued)

	2012 £000	2011 £000
Company		
Taxation deferred by capital allowances	**(500)**	(587)
Other temporary differences	**154**	215
Taxation on pension liability	**1,000**	473
Taxation on buildings revaluation	**(503)**	(545)
Deferred income tax asset/(liability)	**151**	(444)

Following the budget on 21st March, 2012 a resolution under the provisional collection of taxes act resulted in the corporation tax rate reducing to 24% with effect from 1st April, 2012. Deferred tax has, therefore, been provided at 24%.

The budget on 21st March, 2012 also announced a further reduction of 1% per annum in the main rate of corporation tax down to 22% by 1st April, 2014. This change had not been substantatively enacted by the balance sheet date.

If these changes had been substantially enacted at the balance sheet date, the deferred tax liability at 28th April, 2012 would have reduced by £41,000.

The Group and Company also has capital losses of £4,350,000 (2011 – £4,350,000).

17 Inventories

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Raw materials	**2,963**	2,458	**2,588**	2,157
Work in progress	**4,326**	4,158	**4,007**	4,064
Finished goods	**535**	483	**131**	130
	7,824	7,099	**6,726**	6,351

18 Trade and other receivables

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Trade receivables	**7,749**	8,087	**6,534**	7,352
Retentions on contracts	**4,456**	4,384	**4,456**	4,384
Amounts owed by subsidiary undertakings	**–**	–	**2,764**	1,207
Other receivables	**3**	11	**3**	8
	12,208	12,482	**13,757**	12,951
Gross amounts due from customers for contract work – included above	**5,204**	4,675	**4,659**	4,675

The aggregate amount of costs incurred and recognised profits to date on contracts is £12,774,000 (2011 – £19,702,000).

Notes to the financial statements

Continued

18 Trade and other receivables (continued)

(a) Trade receivables are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Sterling	**4,600**	6,158	**4,600**	6,158
Euro	**598**	359	**325**	328
US dollar	**2,007**	1,116	**1,609**	824
Other currencies	**544**	454	**–**	42
	7,749	8,087	**6,534**	7,352

Trade receivables are non-interest bearing and are generally on 30 days' terms and are shown net of provision for impairment. The aged analysis of trade receivables not impaired is as follows:

	Total	Not past due	< 30 days	30-60 days	60-90 days	> 90 days
Group	£000	£000	£000	£000	£000	£000
2012	**7,749**	**5,453**	**2,138**	**89**	**–**	**69**
2011	8,087	4,254	1,684	1,624	144	381

As at 28th April, 2012 trade receivables at a nominal value of £355,000 (2011 – £58,000) were impaired and fully provided for. Bad debts of £nil (2011 – £5,000) were incurred.

	Total	Not past due	< 30 days	30-60 days	60-90 days	> 90 days
Company						
2012	**6,534**	**4,564**	**1,863**	**61**	**–**	**46**
2011	7,352	3,866	1,403	1,575	136	372

(b) Retentions on contracts are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Sterling	**1,912**	4,369	**1,912**	4,369
Euro	**2,544**	15	**2,544**	15
US dollar	**–**	–	**–**	–
Other currencies	**–**	–	**–**	–
	4,456	4,384	**4,456**	4,384

Retentions on contracts are non interest bearing and represent amounts contractually retained by customers on completion of contracts for specific time periods as follows:

	Total	Up to 6 months	6-12 months	12-18 months	18-24 months
Group	£000	£000	£000	£000	£000
2012	**4,456**	**4,456**	**–**	**–**	**–**
2011	4,384	4,384	–	–	–
Company					
2012	**4,456**	**4,456**	**–**	**–**	**–**
2011	4,384	4,384	–	–	–

Notes to the financial statements

Continued

19 Financial assets

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Forward currency hedging contracts	**–**	377	**–**	377

20 Cash

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Cash at bank and in hand	**10,032**	9,872	**8,996**	9,132
Short term deposits	**5**	5	**5**	5
	10,037	9,877	**9,001**	9,137

21 Issued capital

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Ordinary shares at 10p each				
Authorised – 35,000,000 (2011 – 35,000,000)	**3,500**	3,500	**3,500**	3,500
Allotted, issued and fully paid – 18,396,073 (2011 – 18,396,073)	**1,840**	1,840	**1,840**	1,840

22 Reserves

Share Capital

The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising 10p Ordinary shares.

Capital redemption reserve

The balance classified as capital redemption reserve represents the nominal value of issued share capital of the Company, repurchased.

Other reserve

This is the revaluation reserve previously arising under UK GAAP which is now part of non-distributable retained reserves.

Revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same assets previously recognised in equity. This also includes the impact of the change in related deferred tax due to the change in corporation tax (26% to 24%).

Special reserve

The balance classified as special reserve represents the share premium on the issue of the Company's equity share capital.

Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Treasury Shares

During 1991 the Company established an Employee Share Ownership Trust ("ESOT"). The trustee of the ESOT is Appleby Trust (Jersey) Ltd, an independent company registered in Jersey. The ESOT provides for the issue of options over Ordinary shares in the Company to Group employees, including executive directors, at the discretion of the Remuneration Committee.

Notes to the financial statements

Continued

22 Reserves (continued)

The trust has purchased an aggregate 245,048 (2011- 245,048) Ordinary shares, which represents 1.3% (2011 – 1.3%) of the issued share capital of the Company at an aggregate cost of £100,006. The market value of the shares at 28th April, 2012 was £722,892. The Company has made payments of £Nil (2011 – £Nil) into the ESOT bank accounts during the period. No options over shares (2011 – Nil) have been granted during the period. Details of the outstanding share options, for Directors are included in the Directors' remuneration report.

The assets, liabilities, income and costs of the ESOT have been incorporated into the Company's financial statements. Total ESOT costs charged to the income statement in the period amounts to £3,000 (2011 – £6,000). During the period no options on shares were exercised (2011 – 150,000) and no shares were purchased (2011 – Nil).

23 Pension liability

The Company operates an employee defined benefit scheme called the MS INTERNATIONAL plc Retirement and Death Benefits Scheme ("'the Scheme'"). IAS19 requires disclosure of certain information about the Scheme as follows:

- The employer operates a defined contribution pension scheme. 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 the Scheme provides future service benefits on a defined contribution basis.
- The last formal valuation of the Scheme was performed at 5th April, 2011 by a professionally qualified actuary.
- Members have paid contributions at a rate in line with the Scheme's documentation over the accounting period.
- The employer has paid members contributions to the defined contributions section of the Scheme, life assurance premiums and other Scheme expenses. In addition, from April 2009, the employer has paid £100,000 per annum to the defined benefit section of the scheme.

The Company's policy for recognising actuarial gains and losses is to recognise them immediately through the statement of comprehensive income.

Assumptions

	2012	2011
Discount rate at year-end	**4.70%**	5.35%
Expected return on plan assets at year-end	**6.70%**	7.26%
Future salary increases	**3.75%**	4.10%
Pension increases – RPI inflation	**3.25%**	3.60%
Pension increases – CPI inflation	**2.35%**	2.70%
Life expectancy of current pensioners (from age 65)	**20.10yrs**	19.80 yrs
Life expectancy of future pensioners (from age 65)	**21.10yrs**	21.60 yrs

Balance sheet

	2012	2011
	£000	£000
Present value of obligations	**27,357**	25,350
Fair value of plan assets	**23,190**	23,531
	4,167	1,819
Unrecognised actuarial gains/(losses)	**–**	–
Net liability	**4,167**	1,819

Notes to the financial statements

Continued

23 Pension liability (continued)

Profit & loss

	2012 £000	2011 £000
Current service cost	**–**	–
Interest on obligation	**1,308**	1,430
Expected return on plan assets	**(1,496)**	(1,380)
Total profit and loss (income)/cost	**(188)**	50

Change in defined benefit obligation

	2012 £000	2011 £000
Opening defined benefit obligation	**25,350**	26,866
Service cost	**–**	–
Interest cost	**1,308**	1,430
Actuarial losses/(gains)	**2,182**	(1,113)
Benefits paid	**(1,483)**	(1,833)
Defined benefit obligation	**27,357**	25,350

Change in fair value of plan assets

	2012 £000	2011 £000
Opening fair value of plan assets	**23,531**	22,318
Expected return	**1,496**	1,380
Actuarial (losses)/gains	**(754)**	1,266
Contributions by employer	**400**	400
Contributions by employee	**–**	–
Benefits paid	**(1,483)**	(1,833)
Fair value of plan assets	**23,190**	23,531

Statement of comprehensive income

	2012 £000	2011 £000
Actual return less expected return on assets	**(754)**	1,266
Experience (losses)/gains arising on scheme liabilities	**(834)**	712
Changes in assumptions underlying the present value of scheme liabilities	**(1,348)**	401
	(2,936)	2,379

	2012 £000	2011 £000
Expected Group contribution to plan during next accounting year	**100**	100

Notes to the financial statements

Continued

23 Pension liability (continued)

	Long-term expected return	Plan assets	Asset allocation
Breakdown of assets at 28th April, 2012			
Equities	**8.00%**	**17,210**	**74%**
Alternative assets	**8.00%**	**84**	**0%**
Corporate Bonds	**5.00%**	**2,825**	**12%**
Gilts	**3.00%**	**2,505**	**11%**
Cash/other	**1.00%**	**566**	**3%**
	7.00%	**23,190**	**100%**

	Long-term expected return	Plan assets assets	Asset allocation
Breakdown of assets at 30th April, 2011			
Equities	8.20%	17,251	73%
Alternative assets	8.20%	320	2%
Corporate Bonds	5.35%	3,034	13%
Gilts	4.20%	2,379	10%
Cash/other	0.50%	547	2%
	7.26%	23,531	100%

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Fair value of scheme assets	**23,190**	23,531	22,318	18,808	25,420
Present value of defined benefit obligation	**(27,357)**	(25,350)	(26,866)	(21,613)	(23,564)
(Deficit)/surplus in the scheme	**(4,167)**	(1,819)	(4,548)	(2,805)	1,856
Experience adjustments arising on plan liabilities	**(834)**	712	(1,336)	598	523
Experience adjustments arising on plan assets	**(754)**	1,266	3,334	(7,259)	(1,068)

24 Trade and other payables

	Group		**Company**	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Trade payables	**4,697**	3,514	**4,252**	3,479
Amounts owed to subsidiary undertakings	**–**	–	**8,102**	8,064
Other payables	**1,227**	2,775	**1,036**	2,620
Accruals	**2,782**	2,664	**2,609**	2,510
Progress payments	**6,289**	10,452	**5,933**	10,314
	14,995	19,405	**21,932**	26,987
Gross amounts due to customers for contract work – included above	**6,289**	10,452	**5,933**	10,314

Notes to the financial statements

Continued

25 Financial instruments

Management of financial risks

The major financial risks faced by the Group and Company are funding risks, interest rate risks and currency risks.

Funding risk

At the year end the Group had net cash of £10.04m – Company £9.00m (2011 Group – £9.88m – Company £9.14m). The Group and Company has available a bank multicurrency overdraft facility of £4.8m which is renewable on 31st October, 2012.

Interest rate risk

The bank multicurrency overdraft facility is at a floating rate of interest, based on the base rate of each respective currency. This position is monitored constantly by the Board to ensure any risk is minimised. The Board believe that the main interest rate risk relates to maximising interest income on cash balances.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant of the Group's profit before tax. There is no impact on the Group's equity.

	Increase/decrease in basis points	Effect on profit before tax
2012	**+50**	**50**
Sterling	**–50**	**(50)**
2011	+50	50
Sterling	–50	(50)

The interest rate profile of the financial assets of the Group and Company as at 28th April, 2012 was as follows:

	Group		Company	
	Floating rate financial assets/ (liabilities) £000	Total £000	Floating rate financial assets/ (liabilities) £000	Total £000
2012				
Sterling	**10,592**	**10,592**	**10,590**	**10,590**
US Dollar	**(578)**	**(578)**	**(681)**	**(681)**
Euro	**921**	**921**	**325**	**325**
Other	**(898)**	**(898)**	**(1,233)**	**(1,233)**
Total	**10,037**	**10,037**	**9,001**	**9,001**
2011				
Sterling	7,696	7,696	7,480	7,480
US Dollar	1,281	1,281	1,223	1,223
Euro	900	900	434	434
Total	9,877	9,877	9,137	9,137

Notes to the financial statements

Continued

25 Financial instruments (continued)

Foreign currency risk

Exposure to risk is incurred by the Group and Company through overseas sales.

This exposure is minimised by the following:

(1) invoicing in sterling where practicable.

(2) using foreign currency received for purchases where appropriate.

Currency exposures

The table below shows the Group's currency exposures; i.e., those transactional exposures that give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or "functional") currency of the operating unit involved.

As at 28th April, 2012 these currency exposures are as follows:

	Net foreign currency monetary assets/(liabilities)			
Functional currency of Group operations	Sterling	US Dollar	Euro	Total
	£000	£000	£000	£000
2012				
Sterling	**(1,407)**	**1,127**	**1,113**	**833**
Total	**(1,407)**	**1,127**	**1,113**	**833**
2011				
Sterling	263	1,131	694	2,088
Total	263	1,131	694	2,088

	Net foreign currency monetary assets/(liabilities)			
Functional currency of Company operations	Sterling	US Dollar	Euro	Total
	£000	£000	£000	£000
2012				
Sterling	**(694)**	**1,127**	**244**	**677**
Total	**(694)**	**1,127**	**244**	**677**
2011				
Sterling	–	1,131	694	1,825
Total	–	1,131	694	1,825

No significant differences exist between the book value and the fair value of the financial assets and liabilities as at 28th April, 2012 and 30th April, 2011.

Fair values

No significant differences exist between the book value and the fair value of the financial assets and liabilities as at 28th April, 2012 and 30th April, 2011.

Credit risk

There are no significant concentrations of credit risk within the Group or Company. The maximum credit risk exposure relating to financial assets is represented by carrying values at the balance sheet date.

The Group and Company have established procedures to minimise the risk of default by trade debtors including credit checks undertaken before a customer is accepted and credit insurance where available and appropriate. Historically these procedures have proved effective in minimising the level of impaired and past due receivables.

Notes to the financial statements

Continued

25 Financial instruments (continued)

Derivative financial instruments

The fair value of forward currency hedging contracts are based on quotes from the issuing bank. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Group

	Carrying Amount 2012 £000	**Fair value 2012 £000**	Carrying Amount 2011 £000	Fair value 2011 £000
Financial assets designated as fair value through profit or loss (note 19)	**–**	**–**	377	377
Total financial assets at fair value through profit or loss	**–**	**–**	377	377
Total financial instruments	**–**	**–**	377	377

Company

	Carrying Amount 2012 £000	**Fair value 2012 £000**	Carrying Amount 2011 £000	Fair value 2011 £000
Financial assets designated as fair value through profit or loss (note 19)	**–**	**–**	377	377
Total financial assets at fair value through profit or loss	**–**	**–**	377	377
Total financial instruments	**–**	**–**	377	377

26 Income statement

The profit for the financial period dealt with in the financial statements of the Company was £5,671,000 (2011 – £5,187,000).

27 Capital committments

	Group		**Company**	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Contracted but not provided in the financial statements	**18**	340	**18**	256
	18	340	**18**	256

28 Obligations under leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Group		**Company**	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Amounts payable				
Within one year	**195**	156	**45**	61
In two to five years	**25**	49	**25**	49
	220	205	**70**	110

The Group has entered into commercial leases on certain plant and equipment. These leases have an average duration of between one and two years.

Notes to the financial statements

Continued

29 Contingent liabilities

The Company is contingently liable in respect of guarantees, indemnities and performance bonds given in the ordinary course of business amounting to £6,124,028 at 28th April, 2012 (2011 – £8,186,032).

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

30 Related party transactions

The following transactions took place, during the year, between the Company and other subsidiaries in the Group.

Purchases of goods and services £29,672 (2011 – £106,369)

Sales of goods and services £3,112,717(2011 – £3,133,588)

The following balances between the Company and other subsidiaries in the Group are included in the Company balance sheet as at 28th April, 2012.

Amounts owed by the Company £8,102,000 (2011 – £8,064,000)

Amounts owed to the Company £2,764,000 (2011 – £1,207,000)

Sales and purchases between related parties are made at normal market prices. Terms and conditions for transactions with subsidiaries and the joint venture are unsecured and interest free. Balances are placed on inter-company accounts with no specified credit period.

Key management personnel (main board directors) compensation.

	Group		**Company**	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Share option cost	**–**	–	**–**	–
Short-term employee benefits	**1,688**	1,366	**1,688**	1,366
Post-employment benefits	**669**	542	**669**	542
	2,357	1,908	**2,357**	1,908

31 Share-based payments

Share options are granted to senior executives in two schemes; the Employee Share Option Scheme and the Enterprise Management Incentive Scheme. The exercise price of the option is no less than the market price of the shares on the date of the grant. The options vest after the executives have been in service for specified times of not less than one year from the date of grant. The contractual life of the options vary up to 10 years. There are no cash settlement alternatives.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in, share options during the year:

	2012	**2012**	2011	2011
Enterprise management incentive scheme				
Outstanding as at 30th April, 2011	**214,000**	**194.0p**	364,000	194.0p
Options exercised	**–**	**–**	(150,000)	–
Options lapsed	**–**	**–**	–	–
Outstanding as at 28th April, 2012	**214,000**	**194.0p**	214,000	194.0p

The expense recognised for share options during the year is £nil (2011 – £6,000).

Notes to the financial statements

Continued

32 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 28th April, 2012 and 30th April, 2011.

Capital comprises equity attributable to the equity holders of the parent company £28,405,000 (2011 – £25,774,000).

Summary of group results 2008 – 2012

GROUP INCOME STATEMENT

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Group revenue	**55,948**	54,202	41,039	51,559	53,861
Group operating profit	**8,590**	6,401	3,412	4,313	4,503
Finance	**(202)**	283	(71)	606	785
Profit before taxation	**8,388**	6,684	3,341	4,919	5,288
Taxation	**(2,078)**	(1,179)	(952)	(1,401)	(1,355)
Profit for the period	**6,310**	5,505	2,389	3,518	3,933
BALANCE SHEETS					
Assets employed					
Intangible assets	**4,798**	5,160	172	106	138
Tangible fixed assets	**13,818**	12,514	14,634	15,810	16,101
Other net current assets/(liabilities)	**4,424**	1,249	(314)	(1,232)	(5,596)
Bank balances	**10,037**	9,877	8,911	8,234	10,071
	33,077	28,800	23,403	22,918	20,714
Financed by					
Ordinary share capital	**1,840**	1,840	1,840	1,840	1,845
Reserves	**26,565**	23,934	17,133	17,660	18,768
Shareholders' funds	**28,405**	25,774	18,973	19,500	20,613
Net non-current liabilities	**4,672**	3,026	4,430	3,418	101
	33,077	28,800	23,403	22,918	20,714

Corporate governance statement

The Group is committed to high standards of corporate governance appropriate to its size and structure. The Board is accountable to the Company's shareholders for good corporate governance and accordingly has given careful consideration to the principles of the UK Corporate Governance Code.

The Board consists of three executive directors, one of whom, Michael Bell, is the Executive Chairman and one non-executive director, Roger Lane-Smith. The Chairman has no other significant commitments. Day-to-day control of subsidiary and joint venture operations is vested in individual company managing directors, supported by their respective financial managers.

The Board meets at least quarterly throughout the year to direct and control the overall strategy and operating performance of the Group. To enable them to carry out these responsibilities all directors have full and timely access to all relevant information. Executive directors, except for Company business trips and holidays, meet daily and the Chairman periodically meets with the non-executive director. Additionally subsidiary operations have monthly Board meetings which the main Board chairman chairs and the main Board financial director attends.

Procedures are in place for directors to seek independent advice at the expense of the Company. The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with and for advising the Board on all governance matters.

Details of the number of meetings of, and members attendance at the Board, Audit and Remuneration Committees are set out in the table below.

	Board	Audit Committee	Remuneration Committee
Number of meetings	6	2	1
Michael Bell	6	–	–
Roger Lane-Smith	4	2	1
Michael O'Connell	6	–	–
David Pyle	6	–	–

The Audit Committee consists of the non-executive director, Roger Lane-Smith. In the opinion of the Board, the non-executive director has recent and relevant financial experience through his other directorships, and extensive experience in dealing with the City. All Board members attend all meetings as appropriate. The external auditors have direct access to the Committee without the executive directors being present.

The Audit Committee evaluates the Group's risk profile and reviews the Group's half and full year financial statements. The Audit Committee is responsible for recommendations for appointment, reappointment or removal of the external auditors. The auditors provide taxation services to the Group. This arrangement has been reviewed by the Board and the audit committee and is not considered to affect the auditors objectivity and independence.

The committee recommended that the board present a resolution to the shareholders at the 2012 AGM for the reappointment of the external auditors. This followed the assessment of the quality of the service provided, the expertise and resources made available to the Group, auditor independence and effectiveness of the audit process.

Arrangements by which staff can, in confidence, raise concerns about possible improprieties in financial and other matters – 'whistleblowing' procedures, with any of the Board of directors are in place.

The Audit Committee and the Board have considered whether there is a need for an internal audit function and believes that the circumstances and size of the Group make such a function unnecessary.

The role and membership of the Remuneration Committee is set out in the Directors' Remuneration Report.

The Board is responsible for establishing and maintaining the Group's system of internal control. Internal control systems are designed to meet the particular needs of the Company concerned bearing in mind the resources available and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the directors have established with a view to providing effective internal control are as follows:

The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board which covers the key areas of the Group's affairs including acquisitions and divestment policy, approval of budgets, capital expenditure, major buying and selling contracts and general treasury and risk management policies. There is a clearly decentralised structure which delegates authority, responsibility and accountability, including responsibility for internal financial control, to management of the operating companies.

Responsibility levels and delegation of authority and authorisation levels throughout the Group are set out in the corporate accounting and procedures manual.

Corporate governance statement

Continued

There is a comprehensive system for reporting financial results. Monthly accounts are prepared on a timely basis. They include income statement, balance sheet, cash flow and capital expenditure reporting with comparisons to budget and forecast. The budget is prepared annually and revised forecasts are produced monthly.

There is an investment evaluation process to ensure Board approval for all major capital expenditure commitments.

There is a contract evaluation process to ensure executive director approval for all major sales contracts.

The Board has reviewed the effectiveness of the system of internal controls and together with operational management, has identified and evaluated the critical business and financial risks of the Group. These risks are reviewed continually. Where appropriate, action is taken to manage the risks.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The Board recognises the importance of communication with all shareholders and is ready, where practicable, to discuss relevant matters with all shareholders. *Inter alia*, the Board uses the Annual General Meeting to communicate with shareholders and welcomes their constructive participation. Details of the Annual General Meeting to be held on 14th August, 2012 can be found in the Notice of Meeting on page 50.

The directors consider that the Group has not, during the year ended 28th April, 2012, complied with the requirements of the UK Corporate Governance Code as follows:

(1) UK Corporate Governance Code provisions A.2.1 and A.3.1; as the roles of Chairman and Chief Executive have been exercised by the Executive Chairman.

(2) UK Corporate Governance Code provision A.4 and B.1.1; as there are no independent non-executive directors.

(3) UK Corporate Governance Code provision B.2; as there is no separate nomination committee as nomination committee matters are dealt with by the Board as a whole.

(4) UK Corporate Governance Code provision B.6.1; as there is no formal annual evaluation of the performance of the Board and its committees and individual directors. The evaluation is made by the Board on a continuous basis.

(5) UK Corporate Governance Code provision B.7.1; as the Executive Chairman is not subject to re-election. This is in accordance with the articles of association.

(6) UK Corporate Governance Code provision B.6.2; as executive directors have contract periods of more than one year.

(7) UK Corporate Governance Code provision D.2.1; as the Remuneration Committee does not consist of at least two members.

(8) UK Corporate Governance Code provision C.3.1; as the Audit Committee does not consist of at least two members.

The Board consider that although the UK Corporate Governance Code is not complied with in its entirety, as shown above, the individual circumstances, size and simplicity of the Group does not warrant absolute compliance and that the current structure provides the appropriate level of corporate governance.

The Company has provided the information required under DTR 7.2.6 within the section headed “Additional information for shareholders” in the Directors’ Report on page 6.

The terms of reference of the audit and remuneration committees explaining their role and the authority delegated to them by the Board are available from the Company Secretary, on request.

On behalf of the Board
David Pyle
Secretary
13th June, 2012

Directors' remuneration report

Information not subject to audit

Policy on remuneration of executive directors

The Remuneration Committee which, currently, comprises the non-executive director, Roger Lane-Smith, aims to ensure that remuneration packages and service contracts are competitive and designed to retain, attract and motivate executive directors of the right calibre.

The salary for each director is determined by the Remuneration Committee by reference to a range of factors including experience appropriate to the Group, length of service and salary rates for similar jobs in comparative companies. In view of the size and nature of the Group and the continuing need to optimise subordinate management structures particular emphasis is given to the advantages which flow from the long term continuity of the executive directors. All aspects of the executive directors' current remuneration packages were established in June 1996 when revised contracts of service, embracing reduced notice periods, were agreed. The contracts of service are reviewed from time to time and consideration given to whether any amendment is appropriate. The Remuneration Committee has not sought any external advice during the year.

The main components of the remuneration package for the executive directors are as follows:

1. Basic Salary

   Salaries for executive directors are reviewed annually by the Remuneration Committee.

2. Performance related annual bonus

   An annual bonus is paid depending on achievement of profitability targets. Bonus payments achieved for 2011/2012 amounted in total to 132.3% (2011 – 102.2%) of total executive basic salaries.

3. Share Options

   Directors are eligible to participate in the Employee and the Enterprise Management Incentive share option schemes. The Remuneration Committee is responsible for granting options. Options have only been granted at an exercise price of not less than the price paid by the scheme to acquire the shares. Share options are issued without performance criteria and have no vesting period.

4. Pension contributions, usually calculated as a percentage of total emoluments, are paid for executive directors to personal retirement benefit schemes.

5. Other benefits are provided in the form of company cars, death in service benefit cover and medical and disability insurance.

Service Contracts

Prior to June 1996, each of the three executive directors had four-year rolling contracts. These notice periods were reduced without compensation in June 1996. In recognition of this Michael Bell has a three-year rolling contract. Michael O'Connell and David Pyle each have two-year rolling contracts. The contracts are terminable by the directors, in the case of Michael Bell at three years' notice and in the case of Michael O'Connell and David Pyle at two years' notice and by the Company with three years' notice in the case of Michael Bell and two years' notice in the case of Michael O'Connell and David Pyle. Directors are entitled to termination payments equivalent to the unexpired portion of the contract based on basic salary and benefits including bonus payments.

The dates of appointments are shown below:

Michael Bell – 9th July, 1980

Michael O'Connell – 4th February, 1985

David Pyle – 9th July, 1980

Non-executive director

The level of the non-executive director's remuneration has been determined by the Board as an annual fee and is paid monthly. There is no formal service contract between the Company and the non-executive director.

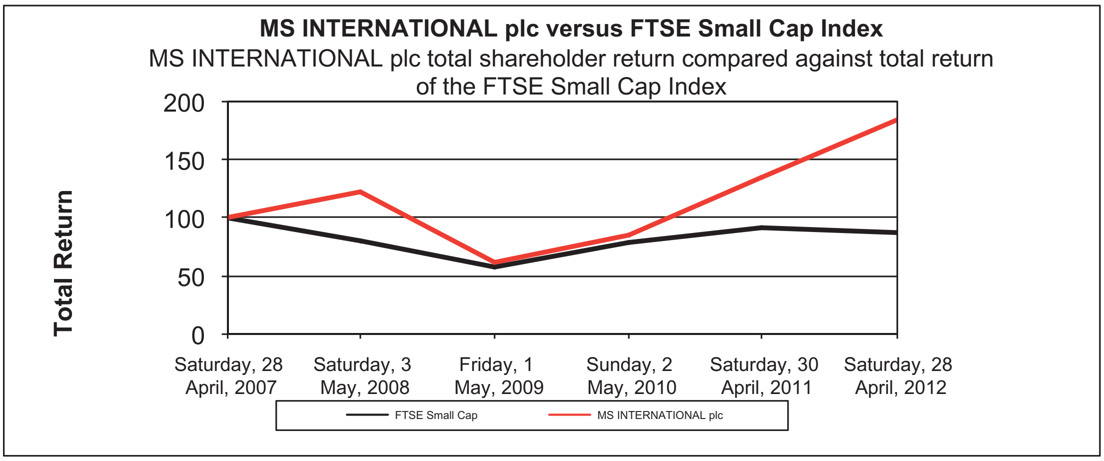
Directors' remuneration report

Continued

Information not subject to audit

Performance Graph

The performance graph shows the accumulated value, by 28th April, 2012, of £100 invested in MS INTERNATIONAL plc on 28th April, 2007 compared to the accumulated value of £100 invested in the FTSE Small Cap Index, over the same period. The other points plotted are the accumulated values at intervening year ends. The FTSE Small Cap Index is considered by the Board to be the most relevant index for comparison.



Information subject to audit

Emoluments of directors

Directors' remuneration in respect of the period to 28th April, 2012:

	2012 Basic salary and fees £	2011 Basic salary and fees £	**2012 Other benefits £**	2011 Other benefits £	**2012 Bonus £**	2011 Bonus £	**2012 Total £**	2011 Total £
Michael Bell	**317,500**	285,000	**63,957**	53,130	**438,168**	309,070	**819,625**	647,200
Michael O'Connell	**172,000**	160,000	**35,414**	33,987	**219,084**	154,535	**426,998**	348,522
David Pyle	**172,500**	160,000	**10,111**	25,583	**219,084**	154,535	**401,695**	340,118
Roger Lane-Smith	**40,000**	30,000	**–**	–	**–**	–	**40,000**	30,000

Other benefits represent the provision of company cars, death in service benefit and medical and disability insurance.

Pension contributions

	2012 Total £	2011 Pension contributions £
Michael Bell	**327,850**	256,880
Michael O'Connell	**180,799**	149,409
David Pyle	**160,678**	136,047
Roger Lane-Smith	**–**	–

The pension contributions are paid to personal retirement benefit schemes.

Directors' remuneration report

Continued
Information not subject to audit

Directors' share options

Details of directors' options at 28th April, 2012 and 30th April, 2011 granted under the Enterprise Management Incentive scheme are set out below. The directors' options were all granted at market price. The market price of the Company's shares at 28th April, 2012 was 295.0p and the range during the period was 195.5p to 312.5p

	Date Issued	Exercise price	Michael O'Connell	David Pyle	Total
Share options at 28th April, 2012 and 30th April, 2011 exercisable between: 1st October, 2008 to 30th September, 2017	1st October, 2007	194.0p	75,000	75,000	150,000

On behalf of the Board

David Pyle
Secretary

13th June, 2012

Principal operating subsidiaries

MSI-Defence Systems Ltd.	Salhouse Road, Norwich, NR7 9AY England	Design, manufacture and service of defence equipment.
MSI-Forks Ltd.	Balby Carr Bank, Doncaster, DN4 8DH England	Manufacture of fork-arms for the fork lift truck, construction, agricultural and quarrying equipment industries.
MSI-Forks Inc.	280 Mount Gallant Road, Rock Hill SC 29730 USA	Manufacture of fork-arms for the fork lift truck, construction, agricultural and quarrying equipment industries.
MSI-Forks Garfos Industriais Ltda.	Rua Professor Campos de Oliveira, 310 São Paulo Brazil	Manufacture of fork-arms for the fork lift truck, construction, agricultural and quarrying equipment industries.
MSI-Quality Forgings Ltd.	Balby Carr Bank, Doncaster, DN4 8DH England	Manufacture of open die forgings.
Global-MSI plc	Balby Carr Bank, Doncaster, DN4 8DH England	Design, manufacture and construction of petrol station superstructures.
Global-MSI Sp. z o.o.	Ul. Działowskiego 13, 30-339 Krakow Poland	Design, manufacture and construction of petrol station superstructures.

NOTES

1. 100% of the equity is held in all cases.

2. All companies are registered in England and Wales with the exception of MSI-Forks Inc. which is registered in America, MSI-Forks Garfos Industriais Ltda which is registered in Brazil and Global-MSI Sp. z o.o. which is registered in Poland. All companies operate principally in the United Kingdom except for MSI-Forks Inc., MSI-Forks Garfos Industriais Ltda (which operate principally in the Americas) and Global-MSI Sp. z o.o. (which operates in Poland and Eastern Europe).

   All companies have been included in the Group consolidated accounts.

Notice of Annual General Meeting

Notice is given that the fifty second annual general meeting of MS INTERNATIONAL plc ("Company") will be held at The Holiday Inn, Warmsworth, Doncaster on 14th August, 2012 at 12 noon to consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 to 10 will be proposed as special resolutions:

As ordinary business:

1. To receive the Company's annual accounts and directors' and auditors' reports for the year ended 28th April, 2012.

2. To approve the directors' remuneration report for the year ended 28th April, 2012.

3. To declare a final dividend.

4. To re-elect as a director of the Company, Michael O'Connell, a director retiring by rotation. Michael O'Connell is aged 62 years old and joined the Company in 1980, becoming a director in 1985.

5. To reappoint as a non-executive director of the Company Roger Lane-Smith. Appointed as a director on 21st January, 1983, he is a non-executive director of W H Ireland Group plc, Dolphin Capital Investors Ltd, Timpson Group plc, Avia Health Informatics plc and a number of other private companies. He is also a Senior Consultant at DLA Piper UK LLP.

6. To reappoint Ernst & Young LLP as auditors of the Company and to authorise the directors to determine their remuneration.

As special business:

7. That, pursuant to section 551 of the Companies Act 2006 ("2006 Act"), the directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £613,202 provided that (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 14th November, 2013 (whichever is the earlier), save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after this authority expires and the directors may allot shares or grant such rights pursuant to any such offer or agreement as if this authority had not expired. This authority is in substitution for all existing authorities under section 80 of the Companies Act 1985 (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

8. That, subject to the passing of resolution 7 and pursuant to sections 570 and 573 of the Companies Act 2006 ("2006 Act"), the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority granted by resolution 7 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

    8.1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):

        8.1.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

        8.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary.

    but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

    8.2 otherwise than pursuant to paragraph 8.1 of this resolution, up to an aggregate nominal amount of £91,980;

    and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 14th November, 2013 (whichever is the earlier), save that the Company may make an offer or

Notice of Annual General Meeting

Continued

agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired. This power is in substitution for all existing powers under section 95 of the Companies Act 1985 (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

9. That, pursuant to section 701 of the Companies Act 2006 ("2006 Act"), the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of £0.10 each in the capital of the Company ("Shares"), provided that:

(a) the maximum aggregate number of Shares which may be purchased is 1,839,607;

(b) the minimum price (excluding expenses) which may be paid for a Share is £0.10;

(c) the maximum price (excluding expenses) which may be paid for a Share is the higher of:

(i) an amount equal to 105 per cent of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made; and

(ii) an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share on the trading venue where the purchase is carried out,

and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 14th November, 2013 (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Shares pursuant to any such contract as if this authority had not expired.

10. That a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice.

By Order of the Board

....

David Pyle

Secretary

29th June, 2012

Registered office
Balby Carr Bank
Balby
Doncaster
DN4 8DH

Registered in England and Wales No. 653735

Notice of Annual General Meeting

Continued

Notes

Entitlement to attend and vote

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 12 noon on 12th August, 2012 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

Proxies

2. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a member of the Company.

   A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

   A proxy may only be appointed in accordance with the procedures set out in notes 3 to 4 and the notes to the proxy form.

   The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

3. A form of proxy is enclosed. When appointing more than one proxy, the proxy form may be photocopied. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

   To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's registrar, Capita Registrars, PXS, 34 Beckenham Road, Kent, BR3 4TU, no later than 12 noon on 12th August 2012 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

4. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA10) no later than 12 noon on 12th August, 2012 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Notice of Annual General Meeting

Continued

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

5. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

Total voting rights

6. As at 29th June, 2012 (being the last practicable date before the publication of this notice), the Company's issued share capital consists of 18,396,073 ordinary shares of £0.10 each, carrying one vote each. The Company does not hold any ordinary shares in treasury. Therefore, the total voting rights in the Company as at 29th June, 2012 are 18,396,073.

Nominated Persons

7. Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under section 146 of the Companies Act 2006 ("2006 Act") ("Nominated Person"):

(a) the Nominated Person may have a right under an agreement between him/her and the shareholder by whom he/she was nominated, to be appointed, or to have someone else appointed, as a proxy for the meeting; or

(b) if the Nominated Person has no such right or does not wish to exercise such right, he/she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in notes 2 to 4 does not apply to a Nominated Person. The rights described in such notes can only be exercised by shareholders of the Company.

Questions at the meeting

8. Shareholders have the right to ask questions at the meeting relating to the business being dealt with at the meeting in accordance with section 319A of the 2006 Act. The Company must answer any such question unless:

(a) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information; or

(b) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Documents available for inspection

9. The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends:

(a) Copies of the service contracts of the executive directors; and

(b) Particulars of transactions of directors in the shares of the Company.

Biographical details of directors

10. Biographical details of all those directors who are offering themselves for reappointment at the meeting are set out in the Notice.

11. **Dividend Warrants**

Dividend warrants will be posted on 16th August, 2012 to those members registered on the books of the Company on 20th July, 2012.