

Chairman's statement

Results and Review

It is pleasing to report that the year ended April 2023 was one of further, considerable progress for the Company, even if this may not yet be immediately apparent from the results.

A delay by a customer in taking delivery of a significant contract, relating to the first sales of our 'VSHORAD' counter drone land-based weapon system, because of the continuing war in Europe, meant that, although the equipment was virtually complete and ready for despatch, it could not be delivered before our year end. I am confident this will be fully resolved shortly, but the timing issue negatively impacted the year's reported figures.

Accordingly, a pre-tax profit of £5.08m (2022-£5.97m) was achieved on increased revenue of £83.96m (2022-£74.53m). Basic earnings per share amounted to 25.6p (2022-30.9p).

More significantly, the value of the Group's order book has almost doubled over the period to stand at a record £115 million at the year end (2022-£64 million) while the balance sheet remained strong with total cash of £15.52m (2022-£19.25m).

'Defence'

Another year of record revenue for this division, complemented by the successful launch of our first 'in-house', developed, land-based military product namely 'VSHORAD'. This was designed and produced by us as an effective counter to the many threats posed to strategic infrastructure by drone warfare.

Following extensive and comprehensive performance proving trials, we were delighted to have been awarded our first order for the supply of seven 'VSHORAD' systems to an overseas customer.

Meantime, our determined endeavours in the United States are being rewarded. We continue to make positive headway towards our goal to gain appropriate US military product approval for our MSI-DS 30mm naval gun system following rigorous testing trials conducted on our weapon system.

'Forgings'

This was another good business performance from our manufacturing operations based in the UK, the United States and Brazil, at a time when not only we, but also our many international customers, were focused on seeking to realign raw material and component availability to match current demand, following the disruptions inflicted by the global pandemic.

'Petrol Station Superstructures'

High levels of business activity across the markets we serve and a dynamic performance from our UK and Polish operations, resulted in both sales and profitability exceeding expectations whilst delivering strong cash positions at the year end.

With many years of experience in constructing petrol station superstructures, not only in the UK but also in mainland Europe, we are extremely well placed to address a changing marketplace that is reflecting the demands of an ever-increasing number of electric vehicles. Forecourt operators are intensifying their efforts to upgrade sites to become broader 're-fuelling - hubs' that can facilitate a wide variety of liquid fuels, under-canopy electric charging and vehicle valeting combined with increasing facilities for retail shopping and roadside convenience food.

'Corporate Branding'

Our UK operations have continued to expand and prosper, providing our petrol station forecourt customers with a quality service for both new projects and the important maintenance and repair of existing site branding.

In contrast, we experienced a much slower recovery in business activity in our Netherlands based mainland Europe operations which was disappointing and is accordingly being addressed.

Outlook

‘Defence’

I am pleased to report that we have recently received encouraging confirmation that matters have been resolved relating to the delayed significant contract caused by the continuing war in Europe. We expect to receive payment shortly and then the equipment can be delivered.

Following the successful launch of our 'VSHORAD' counter drone land-based weapon system with this first order, there continues to be considerable international market interest and excitement that, we believe, should result in a significant number of further sales opportunities. In this regard, we are pleased to report that we have received a new order to supply a number of these systems with a contract value of circa £54m.

Regarding the ongoing opportunities in the US, we cautiously believe that we are well placed to be awarded a contract to supply our MSI-DS 30mm naval weapon system to the US Navy. We have been invited to visit the US to continue commercial negotiations.

In the meantime, we continue to invest in expanding the Defence business. The ongoing refurbishment and reorganisation of our Norwich manufacturing and weapon assembly facility is central to achieving that objective.

‘Forgings’

This division already holds a strong international market presence and excellent reputation as an all-round, top-quality supplier of forged fork-arms for the global materials handling industry.

We believe that, with the continuing planned investment in upgrading facilities and manufacturing equipment across our plants, we shall continue to perform at an outstanding and acceptable level.

‘Petrol Station Superstructures’

Forecourt operators are adapting very positively to the rising number of electric vehicles by increasing the number of roof covered charging points and reorganising site layout to accommodate a complete range of motor vehicle refuelling facilities. MSI, with a wealth of experience and detailed construction records for thousands of petrol station sites, remains well placed to provide an excellent and efficient service to the market.

‘Corporate Branding’

Our UK operation will continue to consolidate and grow its current leading position in the UK market.

Summary

We perceive that we are achieving a significant, upward step change in the further development of the Company that will again bring additional rewards and success for the business. I look to the future with confidence.

All matters considered the Board recommends the payment of a final dividend of 13p per share (2022-7.5p) making a total for the year of 15p (2022-9.25p).

The dividend is expected to be paid on the 18th of August 2023 to those shareholders on the register at the close of business on the 6th July 2023.

Michael Bell
21st June 2023

MS INTERNATIONAL plc
Michael Bell

Tel: 01302 322133

Shore Capital (Nominated Adviser and Broker)
Patrick Castle
Daniel Bush

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Copies of this announcement are available from the Company's registered office at MS INTERNATIONAL plc, Balby Carr Bank, Doncaster, DN4 8DH, England. The Notice of AGM will be posted to shareholders on or before 17th July, 2023. The full Annual Report and Accounts will be posted to shareholders in the week commencing 17th July, 2023 at the latest. They will be made available on the Company's website at www.msipc.com and will be delivered to the Registrar of Companies after it has been laid before the Company's members at the Annual General Meeting to be held on 9th August, 2023 at The Holiday Inn, Warmsworth, Doncaster.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

Consolidated income statement

For the year ended 30th April, 2023

| | 2023 | 2022 |
|-------------------------------------------------------------------------|-----------------|----------|
| | Total | Total |
| | £'000 | £'000 |
| Continuing operations | | |
| Revenue | 83,956 | 74,524 |
| Cost of sales | (60,556) | (54,121) |
| Gross profit | 23,400 | 20,403 |
| Distribution costs | (3,402) | (3,304) |
| Administrative expenses | (14,748) | (12,097) |
| Other operating income | - | 1,185 |
| Group operating profit | 5,250 | 6,187 |
| Share of net loss of joint venture | (36) | - |
| Interest received | 134 | 1 |
| Interest paid | (134) | (95) |
| Other finance costs - pensions | (136) | (126) |
| | (136) | (220) |
| Profit before taxation | 5,078 | 5,967 |
| Taxation | (963) | (1,035) |
| Profit for the year attributable to equity holders of the parent | 4,115 | 4,932 |
| Basic earnings per share | 25.6p | 30.9p |
| Diluted earnings per share | 24.2p | 29.6p |

Consolidated statement of comprehensive income

For the year ended 30th April, 2023

| | 2023 | 2022 |
|-----------------------------------------------------------------------------------------------------|--------------|-------|
| | Total | Total |
| | £'000 | £'000 |
| Profit for the year attributable to equity holders of the parent | 4,115 | 4,932 |
| Exchange differences on retranslation of foreign operations | 97 | (603) |
| Net other comprehensive gain/(loss) to be reclassified to profit or loss in subsequent years | 97 | (603) |
| Remeasurement (losses)/gains on defined benefit pension scheme | (35) | 1,601 |

| | | |
|-----------------------------------------------------------------------------------------------------------|--------------|--------------|
| Deferred tax on remeasurement on defined benefit pension scheme | 9 | (145) |
| Revaluation of land and buildings | - | 3,868 |
| Deferred tax on revaluation surplus on land and buildings | (252) | (798) |
| Net other comprehensive (loss)/income not being reclassified to profit or loss in subsequent years | (278) | 4,526 |
| Total comprehensive income for the year attributable to equity holders of the parent | 3,934 | 8,885 |

Consolidated and company statement of changes in equity

For the year ended 30th April, 2023

| | Share capital | Capital redemption reserve | Other reserves | Revaluation reserve | Special reserve | Currency translation reserve | Treasury shares | Retained earnings | Total shareholders' funds |
|-----------------------------------|---------------|----------------------------|----------------|---------------------|-----------------|------------------------------|-----------------|-------------------|---------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| (a) Group | | | | | | | | | |
| At 30th April, 2021 | 1,784 | 957 | 2,815 | 6,055 | 1,629 | 186 | (2,789) | 20,399 | 31,036 |
| Profit for the year | - | - | - | - | - | - | - | 4,932 | 4,932 |
| Other comprehensive income/(loss) | - | - | - | 3,868 | - | (603) | - | 658 | 3,923 |
| Total comprehensive income/(loss) | - | - | - | 3,868 | - | (603) | - | 5,590 | 8,855 |
| Dividends paid | - | - | - | - | - | - | - | (1,316) | (1,316) |
| At 30th April, 2022 | 1,784 | 957 | 2,815 | 9,923 | 1,629 | (417) | (2,789) | 24,673 | 38,575 |
| Profit for the year | - | - | - | - | - | - | - | 4,115 | 4,115 |
| Other comprehensive income/(loss) | - | - | - | - | - | 97 | - | (278) | (181) |
| Total comprehensive income/(loss) | - | - | - | - | - | 97 | - | 3,837 | 3,934 |
| Share option expense | - | - | - | - | - | - | - | 86 | 86 |
| Exercise of share options | - | - | - | - | - | - | 408 | (408) | - |
| Dividends paid | - | - | - | - | - | - | - | (1,520) | (1,520) |
| At 30th April, 2023 | 1,784 | 957 | 2,815 | 9,923 | 1,629 | (320) | (2,381) | 26,668 | 41,075 |

(b) Company

| | | | | | | | | | |
|----------------------------|-------|-----|-------|---|-------|---|---------|---------|---------|
| At 30th April, 2021 | 1,784 | 957 | 7,620 | - | 1,629 | - | (2,789) | 16,581 | 25,782 |
| Profit for the year | - | - | - | - | - | - | - | 3,362 | 3,362 |
| Other comprehensive income | - | - | - | - | - | - | - | 1,232 | 1,232 |
| Total comprehensive income | - | - | - | - | - | - | - | 4,594 | 4,594 |
| Dividends paid | - | - | - | - | - | - | - | (1,316) | (1,316) |
| At 30th April, 2022 | 1,784 | 957 | 7,620 | - | 1,629 | - | (2,789) | 19,859 | 29,060 |
| Profit for the year | - | - | - | - | - | - | - | 305 | 305 |
| Other comprehensive loss | - | - | - | - | - | - | - | (1) | (1) |
| Total comprehensive income | - | - | - | - | - | - | - | 304 | 304 |
| Share option expense | - | - | - | - | - | - | - | 86 | 86 |
| Exercise of share options | - | - | - | - | - | - | 408 | (408) | - |
| Dividends paid | - | - | - | - | - | - | - | (1,520) | (1,520) |
| At 30th April, 2023 | 1,784 | 957 | 7,620 | - | 1,629 | - | (2,381) | 18,321 | 27,930 |

Consolidated and company statements of financial position

At 30th April, 2023

| | Group | | Company | |
|-----------------------------------------|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 24,886 | 24,537 | 1,161 | 1,017 |
| Right-of-use assets | 1,162 | 1,479 | 4,571 | 5,029 |
| Intangible assets | 2,396 | 3,002 | - | - |
| Investments in subsidiaries | - | - | 15,669 | 18,126 |
| Investment in joint venture | - | 34 | - | - |
| Deferred income tax asset | 1,677 | 1,435 | 1,216 | 1,374 |
| | 30,121 | 30,487 | 22,617 | 25,546 |
| Current assets | | | | |
| Inventories | 24,764 | 16,327 | 2,765 | 2,592 |
| Trade and other receivables | 9,031 | 12,754 | 14,344 | 15,612 |
| Contract assets | 144 | 1,773 | - | - |
| Cash and cash equivalents | 12,336 | 18,092 | 8,016 | 3,258 |
| Restricted cash held in Escrow | 2,917 | 1,158 | - | - |
| | 49,192 | 50,104 | 25,125 | 21,462 |
| TOTAL ASSETS | 79,313 | 80,591 | 47,742 | 47,008 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 1,784 | 1,784 | 1,784 | 1,784 |
| Capital redemption reserve | 957 | 957 | 957 | 957 |
| Other reserves | 2,815 | 2,815 | 7,620 | 7,620 |
| Revaluation reserve | 9,923 | 9,923 | - | - |
| Special reserve | 1,629 | 1,629 | 1,629 | 1,629 |
| Currency translation reserve | (320) | (417) | - | - |
| Treasury shares | (2,381) | (2,789) | (2,381) | (2,789) |
| Retained earnings | 26,668 | 24,673 | 18,321 | 19,859 |
| TOTAL EQUITY SHAREHOLDERS' FUNDS | 41,075 | 38,575 | 27,930 | 29,060 |
| Non-current liabilities | | | | |
| Defined benefit pension liability | 4,216 | 4,720 | 4,216 | 4,720 |
| Deferred income tax liability | 2,943 | 2,578 | - | - |
| Lease liabilities | 829 | 1,158 | 4,388 | 4,807 |
| | 7,988 | 8,456 | 8,604 | 9,527 |
| Current liabilities | | | | |
| Trade and other payables | 15,286 | 14,878 | 9,933 | 7,392 |
| Contract liabilities | 14,585 | 18,329 | 856 | 622 |
| Lease liabilities | 379 | 353 | 419 | 407 |
| | 30,250 | 33,560 | 11,208 | 8,421 |
| TOTAL EQUITY AND LIABILITIES | 79,313 | 80,591 | 47,742 | 47,008 |

Consolidated and company cash flow statements

For the year ended 30th April, 2023

| | Group | | Company | |
|------------------------------------------------------------------------------------------------------------|----------------|--------------|----------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Profit/(loss) before taxation | 5,078 | 5,967 | (1,233) | 2,509 |
| <i>Adjustments to reconcile profit/(loss) before taxation to cash generated from operating activities:</i> | | | | |
| Depreciation charge of owned assets and right-of-use assets | 2,044 | 1,746 | 965 | 931 |
| Amortisation charge | 239 | 227 | - | - |
| Impairment of goodwill | 390 | 349 | - | - |
| Impairment of investment | - | - | 2,457 | - |
| Profit on disposal of property, plant and equipment | (107) | (169) | (66) | (163) |
| Share option expense | 86 | - | 86 | - |
| Share of net loss of joint venture | 36 | - | - | - |
| Finance costs | 136 | 220 | 246 | 292 |
| Foreign exchange losses | (369) | (142) | - | - |
| Increase in inventories | (8,326) | (3,657) | (173) | (1,094) |
| Decrease/(increase) in receivables | 5,510 | (930) | 1,268 | 344 |
| (Decrease)/increase in payables | (5) | 1,340 | 2,194 | 1,518 |
| (Decrease)/increase in progress payments | (3,726) | (3,660) | 234 | (252) |
| Pension fund deficit reduction payments | (675) | (900) | (675) | (900) |
| Cash generated from operating activities | 311 | 391 | 5,303 | 3,185 |
| Net interest (received)/paid | 50 | (43) | 44 | (1) |
| Taxation (paid)/received | (758) | (447) | (363) | 151 |
| Net cash (outflow)/inflow from operating activities | (397) | (99) | 4,984 | 3,335 |
| Investing activities | | | | |
| Dividends received from subsidiaries | - | - | 2,439 | 1,249 |
| Purchase of property, plant and equipment | (1,971) | (2,703) | (705) | (578) |
| Purchase of intangible assets | - | (54) | - | - |
| Proceeds on disposal of property, plant and equipment | 237 | 227 | 120 | 185 |
| (Increase)/decrease in cash held in the Escrow account maturing in more than 90 days | (1,759) | 5,007 | - | - |
| Net cash (outflow)/inflow from investing activities | (3,493) | 2,477 | 1,854 | 856 |
| Financing activities | | | | |
| Lease payments | (415) | (405) | (560) | (560) |
| Dividends paid | (1,520) | (1,316) | (1,520) | (1,316) |
| Net cash outflow from financing activities | (1,935) | (1,721) | (2,080) | (1,876) |
| (Decrease)/increase in cash and cash equivalents | (5,825) | 657 | 4,758 | 2,315 |
| Opening cash and cash equivalents | 18,092 | 17,390 | 3,258 | 943 |
| Exchange differences on cash and cash equivalents | 69 | 45 | - | - |
| Closing cash and cash equivalents | 12,336 | 18,092 | 8,016 | 3,258 |

The financial information set out above does not constitute the Company's statutory accounts for the periods ended 30th April, 2023 or 30th April, 2022 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

1. Segment information

The following table presents revenue and profit and certain assets and liability information regarding the Group's divisions for the years ended 30th April, 2023 and 30th April, 2022. 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 Superstructures' division is engaged in the design, manufacture, construction, branding, maintenance, and restyling of petrol station superstructures. The 'Corporate Branding' division is engaged in the design, manufacture, installation, and service of corporate brandings.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are therefore not allocated to operating segments.

| | 'Defence' | | 'Forgings' | | 'Petrol Station Superstructures' | | 'Corporate Branding' | | Total | |
|--------------------------------------|---------------|---------------|---------------|---------------|----------------------------------|---------------|----------------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Segmental revenue | | | | | | | | | | |
| Total revenue | 32,433 | 30,219 | 23,266 | 16,482 | 16,336 | 15,143 | 12,412 | 13,009 | 84,447 | 74,853 |
| Revenue from other segments | - | - | - | - | (316) | (245) | (175) | (84) | (491) | (329) |
| Revenue from external customers | 32,433 | 30,219 | 23,266 | 16,482 | 16,020 | 14,898 | 12,237 | 12,925 | 83,956 | 74,524 |
| Segment result | | | | | | | | | | |
| Operating profit/(loss) | 2,023 | 4,123 | 3,864 | 2,245 | 2,053 | 1,074 | (2,690) | (1,255) | 5,250 | 6,187 |
| Share of net loss of joint venture | | | | | | | | | (36) | - |
| Net finance costs | | | | | | | | | (136) | (220) |
| Profit before taxation | | | | | | | | | 5,078 | 5,967 |
| Taxation | | | | | | | | | (963) | (1,035) |
| Profit for the year | | | | | | | | | 4,115 | 4,932 |
| Segmental assets | | | | | | | | | | |
| Assets attributable to segments | 28,145 | 33,393 | 9,394 | 7,883 | 10,732 | 9,380 | 6,744 | 8,050 | 55,015 | 58,706 |
| Unallocated assets* | | | | | | | | | 24,298 | 21,885 |
| Total assets | | | | | | | | | 79,313 | 80,591 |
| Segmental liabilities | | | | | | | | | | |
| Liabilities attributable to segments | 19,012 | 23,643 | 3,942 | 3,547 | 3,402 | 3,109 | 3,391 | 3,591 | 29,747 | 33,890 |
| Unallocated liabilities* | | | | | | | | | 8,491 | 8,126 |
| Total liabilities | | | | | | | | | 38,238 | 42,016 |
| Other segmental information | | | | | | | | | | |
| Capital expenditure | 1,065 | 1,933 | 213 | 389 | 353 | 195 | 340 | 186 | 1,971 | 2,703 |
| Depreciation | 322 | 210 | 644 | 561 | 728 | 714 | 350 | 261 | 2,044 | 1,746 |
| Amortisation | 18 | 10 | - | - | 43 | 43 | 178 | 174 | 239 | 227 |
| Impairment | - | - | - | - | - | - | 390 | 349 | 390 | 349 |

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

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

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

Geographical analysis

The following table presents revenue and expenditure and certain assets and liabilities information by geographical segment for the years ended 30th April, 2023 and 30th April, 2022. The Group's geographical segments are based on the location of the Group's assets.

| | United Kingdom | | Europe | | USA | | South America | | Total | |
|----------------------------|----------------|--------|--------|--------|--------|--------|---------------|-------|--------|--------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| External revenue by origin | 51,424 | 41,665 | 12,333 | 11,599 | 17,270 | 18,917 | 2,929 | 2,343 | 83,956 | 74,524 |
| Non-current assets | 20,529 | 20,160 | 3,365 | 4,327 | 6,107 | 5,913 | 120 | 87 | 30,121 | 30,487 |
| Current assets | 40,269 | 37,235 | 5,158 | 6,147 | 2,844 | 6,024 | 921 | 698 | 49,192 | 50,104 |
| Liabilities | 23,281 | 28,380 | 3,345 | 4,112 | 11,380 | 9,223 | 232 | 301 | 38,238 | 42,016 |
| Capital expenditure | 1,569 | 2,377 | 162 | 133 | 240 | 193 | - | - | 1,971 | 2,703 |

Revenue disaggregated by destination is shown as follows:

| | 2023 | | 2022 | |
|----------------------|---------------|-------------|---------------|-------------|
| | £'000 | % | £'000 | % |
| United Kingdom | 28,354 | 34% | 31,287 | 42% |
| Europe | 21,158 | 25% | 17,103 | 23% |
| USA | 17,270 | 21% | 19,406 | 26% |
| South America | 3,036 | 3% | 2,421 | 3% |
| Rest of World | 14,138 | 17% | 4,307 | 6% |
| Total revenue | 83,956 | 100% | 74,524 | 100% |

The Group's largest customer, which is reported in the 'Defence' division, contributed 12.6% to the Group's revenue (2022 - 14.2% in the 'Defence' division from a different customer). There are no other customers which contributed more than 10% to the Group's revenue (2022 - 11.4% in the 'Defence' division).

During the year, the Group recognised £2.2m of profit in relation to a contract in the 'Defence' division that was terminated in April 2023.

2. Other operating income

| | 2023 | 2022 |
|-----------------------------------|-------|-------|
| | £'000 | £'000 |
| Settlement of contractual dispute | - | 1,185 |
| | - | 1,185 |

In the prior year the Group settled a contractual dispute, the terms of which are confidential. The amount received was recognised in other income. The Group incurred £0.6m of legal costs in the prior year in relation to this matter. These costs were included in administrative expenses.

3. Employee information

The average number of employees, including executive directors, during the year was as follows:

| | Group | | Company | |
|----------------|------------|------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Number | Number | Number | Number |
| Production | 263 | 252 | 78 | 74 |
| Technical | 71 | 71 | 21 | 23 |
| Distribution | 26 | 26 | 2 | 2 |
| Administration | 94 | 98 | 39 | 39 |
| | 454 | 447 | 140 | 138 |

(a) Staff costs

Including executive directors, employment costs were as follows:

| | Group | | Company | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Wages and salaries | 21,024 | 18,942 | 7,415 | 7,139 |
| Covid-19 job retention scheme income | - | (1,636) | - | - |
| Social security costs | 3,853 | 3,233 | 822 | 722 |
| Pension costs | 667 | 570 | 423 | 352 |
| Share options expense | 30 | 29 | 30 | 29 |
| | 25,574 | 21,138 | 8,690 | 8,242 |

The Covid-19 job retention scheme income has been received in the following countries:

| | 2023 £'000 | 2022 £'000 |
|-----------------|---------------|---------------|
| The Netherlands | - | 1,310 |
| USA | - | 251 |
| Poland | - | 75 |
| | - | 1,636 |

(b) Directors' emoluments

| | 2023 £'000 | 2022 £'000 |
|-----------------------------------|---------------|---------------|
| Aggregate directors' emoluments | 2,072 | 1,810 |
| Pension contributions | 65 | 52 |
| Gain on exercise of share options | 1,042 | - |
| | 3,179 | 1,862 |

On 8th December, 2022 two directors exercised LTIP share options totalling 250,000 at an exercise price of £0 per share. The gain on the exercise of these share options is the difference between market price at the date of exercise of £4.17 and the exercise price of £0 per share.

4. (a) Taxation

The charge for taxation comprises:

| | 2023 £'000 | 2022 £'000 |
|-------------------------------------------------------------|---------------|---------------|
| Current tax | | |
| United Kingdom corporation tax | 860 | 667 |
| Foreign corporation tax | 311 | 120 |
| Adjustments in respect of previous years | (76) | (10) |
| Group current tax expense | 1,095 | 777 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (122) | 261 |
| Adjustments in respect of previous years | (2) | (5) |
| Adjustments in respect of difference in applicable tax rate | (8) | 2 |
| Group deferred tax (credit)/expense | (132) | 258 |
| Total tax expense on profit | 963 | 1,035 |

Tax relating to items charged to other comprehensive income:

| | 2023 £'000 | 2022 £'000 |
|-----------------------------------------------------------------------------------|---------------|---------------|
| Deferred tax charged through other comprehensive income | | |
| Deferred tax on measurement gains on pension scheme current year | (9) | 145 |
| Deferred tax on revaluation surplus on land and buildings | 252 | 798 |
| Deferred tax expense in the Consolidated statement of comprehensive income | 243 | 943 |

(b) Factors affecting the tax charge for the year

The tax charge assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 19.5% (2022 - 19%). The differences are explained below:

| | 2023 £'000 | 2022 £'000 |
|-----------------------------------------------------------------------------|---------------|---------------|
| Profit before tax | 5,078 | 5,967 |
| Profit multiplied by standard rate of corporation tax of 19.5% (2022 - 19%) | 990 | 1,134 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 35 | 29 |
| Permanent timing differences | (293) | (276) |
| Adjustments in respect of overseas tax rates | 125 | 132 |
| Dual residency tax | 232 | 29 |
| Current tax adjustment in respect of previous years | (76) | (10) |
| UK deferred tax not previously recognised | (40) | - |
| Deferred tax adjustment in respect of previous years | (2) | (5) |
| Deferred tax adjustment in respect of different applicable rates | (8) | 2 |
| Total taxation expense for the year | 963 | 1,035 |

(c) Factors affecting future tax charge

On 1st April 2023 the rate of corporation tax in the UK increased from 19% to 25%. Therefore, deferred income tax has been provided at 25%.

5. Earnings per share

The calculation of basic earnings per share of 25.6p (2022 - 30.9p) is based on the profit for the year attributable to equity holders of the parent of £4,115,000 (2022 - £4,932,000) and on a weighted average number of ordinary shares in issue of 16,045,581 (2022 - 15,949,691). At 30th April, 2023 there were 1,270,000 (2022 - 1,055,000) dilutive shares on option with a weighted average effect of 980,875 (2022 - 716,575) giving a diluted earnings per share of 24.2p (2022 - 29.6p).

| | 2023 | 2022 |
|------------------------------------------------------------------------------------|-------------------|-------------------|
| Number of ordinary shares in issue at start of the year | 17,841,073 | 17,841,073 |
| Cancellation of ordinary shares during the year | - | - |
| Number of ordinary shares in issue at the end of the year | 17,841,073 | 17,841,073 |
| Weighted average number of shares in issue | 17,841,073 | 17,841,073 |
| Less weighted average number of shares held in the ESOT | (245,048) | (245,048) |
| Less weighted average number of shares purchased by the Company | (1,550,444) | (1,646,334) |
| Weighted average number of shares to be used in basic EPS calculation | 16,045,581 | 15,949,691 |
| Weighted average number of the 1,270,000 (2022 - 1,055,000) dilutive shares | 980,875 | 716,575 |

| | | |
|-----------------------------------------------------------------------|-------------------|------------|
| Weighted average diluted shares | 17,026,456 | 16,666,266 |
| Profit for the year attributable to equity holders of the parent in £ | 4,115,000 | 4,932,000 |
| Basic earnings per share | 25.6p | 30.9p |
| Diluted earnings per share | 24.2p | 29.6p |

6. Dividends paid and proposed

| | 2023 | 2022 |
|---------------------------------------------------|--------------|-------|
| | £'000 | £'000 |
| Declared and paid during the year: | | |
| Final dividend for 2022: 7.5p (2021 - 6.5p) | 1,196 | 1,037 |
| Interim dividend for 2023: 2p (2022 - 1.75p) | 324 | 279 |
| | 1,520 | 1,316 |
| Proposed for approval by shareholders at the AGM: | | |
| Final dividend for 2023: 13p (2022 - 7.5p) | 2,106 | 1,196 |

7. Trade and other receivables

| | Group | | Company | |
|-----------------------------------------------------------------|--------------|--------|----------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade receivables (net of allowance for expected credit losses) | 6,931 | 10,167 | 2,756 | 2,366 |
| Amounts owed by subsidiary undertakings | - | - | 11,356 | 13,024 |
| Amounts owed by joint venture | - | 228 | - | - |
| Prepayments | 1,027 | 1,352 | 228 | 218 |
| Other receivables | 1,071 | 1,001 | 4 | 4 |
| Income tax receivable | 2 | 6 | - | - |
| | 9,031 | 12,754 | 14,344 | 15,612 |

(a) Trade receivables

Trade receivables are denominated in the following currencies:

| | Group | | Company | |
|------------------|--------------|--------|----------------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Sterling | 3,946 | 5,554 | 1,739 | 1,576 |
| Euro | 1,973 | 1,786 | 1,017 | 790 |
| US dollar | 736 | 2,406 | - | - |
| Other currencies | 276 | 421 | - | - |
| | 6,931 | 10,167 | 2,756 | 2,366 |

Trade receivables are non-interest bearing, generally have 30 day terms, and are shown net of provision for expected credit losses. The aged analysis of trade receivables after provision for expected credit losses is as follows:

| | Group | | Company | |
|--------------|--------------|-------|----------------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Not past due | 5,059 | 7,234 | 2,282 | 2,316 |
| < 30 days | 1,745 | 2,062 | 482 | 24 |
| 30-60 days | 90 | 64 | 18 | 19 |
| 60-90 days | 37 | 11 | - | 8 |
| > 90 days | - | 796 | (26) | (1) |

| | | | | |
|-------|--------------|--------|--------------|-------|
| Total | 6,931 | 10,167 | 2,756 | 2,366 |
|-------|--------------|--------|--------------|-------|

In the Group, trade receivables with a nominal value of £36,000 (2022 - £52,000) were impaired and fully provided as at 30th April, 2023. During the year, expected credit losses of £42,000 (2022 - £20,000) were recovered and expected credit losses of £26,000 (2022 - £29,000) were incurred.

In the Company, trade receivables with a nominal value of £16,000 (2022 - £33,000) were impaired and fully provided as at 30th April, 2023. During the year, expected credit losses of £30,000 (2022 - £7,000) were recovered and expected credit losses of £13,000 (2022 - £29,000) were incurred.

(b) Amounts owed by joint venture

Amounts owed by joint venture are non-interest bearing and have 30 day terms. The aged analysis of amounts owed by joint venture net of provision for expected credit losses as follows:

| | Group | |
|--------------|--------------|------------|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Not past due | - | 135 |
| < 30 days | - | 47 |
| 30-60 days | - | 34 |
| 60-90 days | - | 12 |
| Total | - | 228 |

At 30th April, 2023 there was no provision for expected credit losses relating to amounts owed by joint venture (2022 - nil).

(c) Intercompany receivables

All amounts due from Group companies are repayable on demand and are not charged interest. The majority of intercompany balances are to group entities with liquid assets and are capable of being repaid on demand. An impairment charge of £1,470,000 relating to 'MSI-Sign Group BV' and 'MSI-Sign Group GmbH' has been recognised on intercompany receivables in the company (2022 - nil).

There are loans to 'MS INTERNATIONAL Estates Limited' and 'MS INTERNATIONAL Estates LLC', which although repayable on demand, are supported by properties, which will not be immediately realisable. The directors have assessed the likelihood of default and the loss in the event of default as well as the balance at the reporting date and conclude that there is no material impairment of the receivable.

The amounts receivable at the reporting date can be categorised as:

| | Company | |
|-----------------------------------------------------|----------------|--------|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Amounts due from companies backed by liquid assets | 3,607 | 3,880 |
| Amounts due from 'MS INTERNATIONAL Estates Limited' | 5,461 | 5,925 |
| Amounts due from 'MS INTERNATIONAL Estates LLC' | 2,288 | 3,219 |
| | 11,356 | 13,024 |

8. Cash and cash equivalents

| | Group | | Company | |
|----------------------------------------------------------------|---------------|--------|----------------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 12,336 | 18,092 | 8,016 | 3,258 |
| Restricted cash held in Escrow - maturing in more than 90 days | 2,917 | 1,158 | - | - |
| Total cash | 15,253 | 19,250 | 8,016 | 3,258 |

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

9. Net funds

(a) Analysis of net funds

| | Group | | Company | |
|--------------------------------|---------------|---------------|---------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Cash and cash equivalents | 12,336 | 18,092 | 8,016 | 3,258 |
| Restricted cash held in Escrow | 2,917 | 1,158 | - | - |
| Lease liabilities | (1,208) | (1,511) | (4,807) | (5,214) |
| | 14,045 | 17,739 | 3,209 | (1,956) |

(b) Group movement in net funds

| | Cash and cash equivalent | Restricted cash held in Escrow | Lease liabilities | Total |
|------------------------------|--------------------------|--------------------------------|-------------------|---------|
| At 30th April, 2021 | 17,390 | 6,165 | (545) | 23,010 |
| Cash flows | 657 | (5,007) | 405 | (3,945) |
| Foreign exchange adjustments | 45 | - | 7 | 52 |
| New leases | - | - | (1,327) | (1,327) |
| Other changes | - | - | (51) | (51) |
| At 30th April, 2022 | 18,092 | 1,158 | (1,511) | 17,739 |
| Cash flows | (5,825) | 1,759 | 415 | (3,651) |
| Foreign exchange adjustments | 69 | - | (61) | 8 |
| Other changes | - | - | (51) | (51) |
| At 30th April, 2023 | 12,336 | 2,917 | (1,208) | 14,045 |

(c) Company movement in net funds

| | Cash and cash equivalents | Lease liabilities | Total |
|---------------------|---------------------------|-------------------|---------|
| At 30th April, 2021 | 943 | (5,609) | (4,666) |
| Cash flows | 2,315 | 560 | 2,875 |
| Other changes | - | (165) | (165) |
| At 30th April, 2022 | 3,258 | (5,214) | (1,956) |
| Cash flows | 4,758 | 560 | 5,318 |
| Other changes | - | (153) | (153) |
| At 30th April, 2023 | 8,016 | (4,807) | 3,209 |

9. Reserves

Capital redemption reserve

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

Other reserves

Following the transfer of assets held at valuation by the Company to a subsidiary company, a reserve has been created which is non-distributable. This is equal to the revaluation reserve previously arising.

Additionally, it includes the non-distributable retained reserve for the revaluation reserve previously showing in the Company for properties now transferred to other members of the Group.

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.

Special reserve

The special reserve is a distributable reserve created following the cancellation of a share premium account by way of court order in March 1993.

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

The treasury share reserve is detailed as follows:

| | 2022 £'000 | 2021 £'000 |
|------------------------------------|---------------|---------------|
| Employee Share Ownership Trust (a) | 100 | 100 |
| Shares in treasury (b) | 2,689 | 2,959 |
| | 2,789 | 3,059 |

(a) The Employee Share Ownership Trust (“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. The trustee of the ESOT is Ocorian Ltd, an independent company registered in Jersey.

The trust has purchased an aggregate 245,048 (2022 - 245,048) ordinary shares, which represents 1.49% (2022 - 1.51%) of the issued share capital of the Company excluding treasury shares at an aggregate cost of £100,006. The market value of the shares at 30th April, 2023 was £1,250,000 (2022 - £728,000). The Company has not made any payments (2022 - nil) into the ESOT bank accounts during the year. 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 year amounts to £8,000 (2022 - £1,000). During the year, 20,000 options have been granted over shares (2022 - nil) and 250,000 options on shares were exercised (2022 - nil).

(b) The Company made the following purchases and cancellations of its own 10p ordinary shares to be held in Treasury:

| | Number | £'000 |
|-------------------------------------------------------------------------------------|------------------|--------------|
| Purchase of 1,000,000 shares from the Group's pension scheme on 11th December, 2013 | 1,000,000 | 1,722 |
| Purchase of 646,334 shares on 30th January, 2014 | 646,334 | 1,237 |
| Purchase of 555,000 shares on 15th January, 2021 | 555,000 | 636 |
| Consideration paid for purchase of own shares | 2,201,334 | 3,595 |
| Cancellation of 555,000 shares at weighted average rate | (555,000) | (906) |
| Exercise of LTIP share options | (250,000) | (408) |
| Net value of treasury shares | 1,396,334 | 2,281 |