MS INTERNATIONAL plc

Unaudited Interim Condensed
Group Financial Statements
31st October, 2022

EXECUTIVE DIRECTORS

Michael Bell

Michael O'Connell

Nicholas Bell

NON-EXECUTIVE DIRECTORS

Roger Lane-Smith

David Hansell

COMPANY SECRETARY

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REGISTERED OFFICE

Balby Carr Bank

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England

PRINCIPAL OPERATING DIVISIONS

'Defence'

'Forgings'

'Petrol Station Superstructures'

'Corporate Branding'

Chairman's Statement

Results

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

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

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

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

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

Prospects

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

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

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

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

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

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

Chairman's Statement

(continued)

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

Outlook

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

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

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

Michael Bell
6th December 2022

Independent auditor's review report on Interim Financial Information to MS INTERNATIONAL plc

Conclusion

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

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

Basis for conclusion

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

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

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

Conclusions relating to going concern

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

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

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

Independent auditor's review report on Interim Financial Information to MS INTERNATIONAL plc

Directors' responsibilities

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

Auditor's Responsibilities for the review of the financial information

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

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

Use of our report

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
SHEFFIELD

6th December 2022

Interim condensed consolidated income statement

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

Interim condensed consolidated statement of comprehensive income

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

Interim condensed consolidated statement of financial position

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

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

Michael O'Connell
Finance Director

Interim consolidated statement of changes in equity

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

Interim consolidated cash flow statement

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

Notes to the interim consolidated financial statements

1 Corporate information

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

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

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

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

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

2 Basis of preparation and accounting policies

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

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

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

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

3 Principal risks and uncertainties

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

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

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

4 Going concern

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

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

Notes to the interim consolidated financial statements

(continued)

5 Revenue

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

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

6 Segment information

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

	'Defence'		'Forgings'		'Petrol Station Superstructures'		'Corporate Branding'		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022 unaudited**	2021 unaudited
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Segmental revenue										
From external customers	**13,956**	10,947	**12,516**	7,418	**8,782**	7,942	**6,771**	6,848	**42,025**	33,155
From other segments	**–**	–	**–**	–	**275**	140	**64**	50	**339**	190
Segment revenue	**13,956**	10,947	**12,516**	7,418	**9,057**	8,082	**6,835**	6,898	**42,364**	33,345
Segmental result										
Operating (loss)/profit	**(188)**	(155)	**2,759**	784	**1,339**	725	**(317)**	(478)	**3,593**	876
Net finance expense									**(133)**	(103)
Profit before taxation									**3,460**	773
Tax expense									**(689)**	(236)
Profit for the period									**2,771**	537
Segmental assets										
Assets attributable to segments	**33,088**	33,622	**8,186**	5,732	**11,226**	10,195	**7,941**	8,124	**60,441**	57,673
Unallocated assets*									**23,697**	16,578
Total assets									**84,138**	74,251
Segmental liabilities										
Liabilities attributable to segments	**24,913**	23,888	**2,762**	2,704	**4,313**	4,227	**3,510**	3,684	**35,498**	34,503
Unallocated liabilities*									**8,439**	9,309
Total liabilities									**43,937**	43,812
Other segmental information										
Capital expenditure	**452**	1,198	**116**	172	**109**	131	**202**	117	**879**	1,681
Depreciation	**141**	101	**319**	276	**368**	358	**140**	133	**968**	868
Amortisation	**9**	–	**–**	–	**22**	23	**88**	88	**119**	111
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**–**	349	**–**	349

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

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

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

Notes to the interim consolidated financial statements

(continued)

7 Tax expense

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

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

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

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

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

8 Earnings per share

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

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

Notes to the interim consolidated financial statements

(continued)

9 Dividends paid and proposed

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

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

10 Property, plant and equipment

At 31st October, 2022	Freehold property £'000	Plant and equipment £'000	**Total £'000**
Cost or valuation			
At 30th April, 2022	21,368	16,106	**37,474**
Additions	185	694	**879**
Disposals	–	(182)	**(182)**
Exchange differences	419	147	**566**
At 31st October, 2022	**21,972**	**16,765**	**38,737**
Accumulated depreciation			
At 30th April, 2022	–	12,937	**12,937**
Depreciation charge for the period	198	582	**780**
Disposals	–	(128)	**(128)**
Exchange differences	2	70	**72**
At 31st October, 2022	**200**	**13,461**	**13,661**
Net book value at 31st October, 2022	**21,772**	**3,304**	**25,076**
Analysis of cost or valuation			
At professional valuation	21,787	–	**21,787**
At cost	185	16,765	**16,950**
At 31st October, 2022	**21,972**	**16,765**	**38,737**

Notes to the interim consolidated financial statements

(continued)

10 Property, plant and equipment (continued)

At 31st October, 2021	Freehold property £'000	Plant and equipment £'000	**Total £'000**
Cost or valuation			
At 30th April, 2021	17,591	15,506	**33,097**
Additions	1,041	577	**1,618**
Disposals	–	(563)	**(563)**
Exchange differences	(7)	(67)	**(74)**
At 31st October, 2021	**18,625**	**15,453**	**34,078**
Accumulated depreciation			
At 30th April, 2021	1,242	12,742	**13,984**
Depreciation charge for the period	153	527	**680**
Disposals	–	(542)	**(542)**
Exchange differences	(8)	(51)	**(59)**
At 31st October, 2021	**1,387**	**12,676**	**14,063**
Net book value at 31st October, 2021	**17,238**	**2,777**	**20,015**
Analysis of cost or valuation			
At professional valuation	12,300	–	**12,300**
At cost	6,325	15,453	**21,778**
At 31st October, 2021	**18,625**	**15,453**	**34,078**

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

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

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

Notes to the interim consolidated financial statements

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11 Right-of-use assets

At 31st October, 2021

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

At 31st October, 2021

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

At 30th April, 2022

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

Notes to the interim consolidated financial statements

(continued)

12 Cash and cash equivalents

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

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

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

13 Pension liability

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

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

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

Notes to the interim consolidated financial statements

(continued)

13 Pension liability (continued)

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

14 Commitments and contingencies

The Company is contingently liable in respect of guarantees, indemnities and performance bonds given in the ordinary course of business amounting to £1,002,000 at 31st October, 2022 (2021 – £1,556,000).

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

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