MS INTERNATIONAL plc

Annual Report 2015

Contents

The year in brief

	2015 Total £000	2014 Total £000
Revenue	**45,503**	47,130
Profit before taxation	**1,541**	2,928
Earnings per share	**8.20p**	14.6p
Dividends payable per share	**8.00p**	8.00p

Financial Calendar Key Dates

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

Chairman's Statement

Results and review

I am pleased to announce that there has been a much improved performance by the Group during the second half of the year. Accordingly, for the 12 months to 2nd May, 2015, profit before tax was £1.54m (2014 – £2.93m) on revenue of £45.50m (2014 – £47.13m). Earnings per share were 8.20p (2014 – 14.6p).

Net cash and short term deposits increased once again to a record high of £17.15m (2014 – £14.29m) at year-end.

The Group's current order book remains very strong. While marginally lower at year-end than that the £46m reported for 2014, it has since increased following the award of a follow-on two year contract by the UK MoD for the maintenance and support of MSI-DS 30mm naval gun systems and associated ancillary equipment in the RN fleet. Although the exact value of that contract is confidential, I can reveal that it is in excess of £12m.

'Defence' the global equipment markets of which remain constrained, despite the incredibly high number of conflicts and threats to international stability that are erupting, or intensifying, around the world. Restricted financial budgets, political instability and tensions, are critical factors that continue to disrupt military procurement plans and planning. As a consequence 'Defence' revenue was 15% lower than the previous year. This, combined with the essential investment committed to a number of major 'in-house' research and development programmes for new products – aimed at broadening our product range and extending our market opportunities – resulted in a full year loss, albeit considerably reduced from that reported at the interim stage.

'Forgings' achieved advances in both revenue and profit over the previous year. The UK and USA operations performed extremely well and ahead of our expectations, reaping the benefit of operational improvements, supported by plant and equipment upgrades. The South America operation, although highly efficient, had to contend with the negative impact of a weakening market and currency, owing to the region's current fiscal difficulties.

'Petrol Station Superstructures' overall revenue was similar to that of the previous year, with an increase from the UK operation as a result of strong growth in the number of forecourt convenience stores completed in the period. Conversely, there was a distinct reduction in activity of the Poland based business that traditionally services many of the East European countries. Political uncertainty in the region discouraged many customers and potential developers to commit to their plans for new petrol station construction projects and station upgrades.

Outlook

'Defence', we are predicting an improvement in the level of activity for our business in the second half of the current year, even though markets remain constrained. A very positive result from our substantial new product development programme is the winning of the first order for our new MSI-DS 20mm naval gun system. The requirement for three systems – received from a European shipbuilder – will be delivered in the current year and installed on new ships for an overseas navy. This is an important breakthrough for the Group, and is part of our commitment to broaden the range of our product offering directed at the growing international market for small naval vessels. We look forward to completing the development of other new products that will become available to market in the course of the next 12 months.

'Forgings', should maintain a relatively stable position. The division's short lead-time order books are highly sensitive to variations in demand and the prevailing economic conditions in its individual global markets. Currently, we are planning to expand our capacity and capability in the United States to accommodate opportunities in that market. Throughout the division, we remain firmly committed to ensuring that we maintain and develop highly efficient production equipment and systems.

'Petrol Station Superstructures' markets continue to transform with the major oil companies leading the way in withdrawing from front line retailing by disposing of parts of their estates to independent dealers, dealer groups and operators. We perceive this to be an opportunity to expand our position in the market through providing an enhanced service to customers not only in terms of new build but also in relation to station maintenance and upgrades.

Post year-end event; Acquisition

I am pleased, also, to announce that the Company has acquired the entire issued share capital of Petrol Sign B.V., a company based in the Netherlands. The consideration for the acquisition is €3.4 million on a cash and debt free basis and includes "normalised" working capital. The consideration has been satisfied from the Company's existing cash resources.

Chairman's Statement

Continued

Petrol Sign designs, restyles, produces and installs the complete branding and signage appearance of petrol station superstructures and forecourts throughout many parts of Western Europe. The acquisition will enhance our ability to offer and include branding and signage services as an option to petrol station markets and customers and will become an integral part of the Groups 'Petrol Station Superstructures' division. The vendor and managing director of Petrol Sign will continue to be employed by the company as its managing director.

Further details relating to this acquisition are set out in a separate announcement.

All matters considered the Board recommends the payment of a maintained final dividend of 6.5p per share (2014 – 6.5p), making the total for the year of 8p (2014 – 8p). The final dividend is expected to be paid on 24th July, 2015 to those shareholders on the register at the close of business on 26th June, 2015.

Michael Bell

Michael Bell

17th June, 2015

Directors

Directors

Executive

Michael Bell ARICS (Executive Chairman)

Michael O'Connell FCA (Finance)

Nicholas Bell

Non-executive

Roger Lane-Smith – Age 69

Appointed a director on 21st January, 1983. He is a non-executive director of Dolphin Capital Investors, Timpson Group plc, Lomond Capital Partners and a number of other private companies. He is also a Senior Consultant at DLA Piper UK LLP.

David Pyle – Age 69

Appointed an executive director on 9th July, 1980. He stepped down as an executive director on 27th April, 2013 and was appointed a non-executive director.

David Hansell – Age 69

Appointed a non-executive director on 3rd June, 2014. David has been with MS INTERNATIONAL plc, working at MSI-Defence Systems Ltd since 1962, becoming managing director in 2002.

Company Secretary

David Kirkup FCA

Registered Office

Balby Carr Bank,
Doncaster,
DN4 8DH
England

Advisors

Auditors

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

Registrars and Transfer Office

Capita Asset Services,
The Registry,
34 Beckenham Road,
Beckenham,
Kent,
BR3 4TU

Solicitors

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

Nominated Advisor

Shore Capital & Corporate Limited,
Bond Street House,
14 Clifford Street,
London,
W15 4JU

Brokers

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Bond Street House,
14 Clifford Street,
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Bankers

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

Strategic report

Business review

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

A review of the operations of the Company and subsidiaries and their position at 2nd May, 2015 are provided in the Chairman's Statement.

Segment information for the year under review is provided in note 4 "Segment Information" to the Group financial statements.

Principal risks and uncertainties

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 23 "Financial Instruments" to these Group financial statements.

Key performance indicators

	2015	2014	Change
	£000	£000	%
Revenue	**45,503**	47,130	(3.5)
Profit before taxation	**1,541**	2,928	(47.4)
Earnings per share	**8.20p**	14.6p	(43.8)

A review of the changes in the key performance indicators is provided in the Chairman's Statement.

By order of the Board,

David Kirkup
Secretary

17th June, 2015

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 Report of the directors, 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 2nd May 2015 which comprise the consolidated group income statement, the consolidated and company statement of comprehensive income, the consolidated and company statement of changes in equity, the consolidated statement of financial position, the group and company cashflow statements, and the related notes 1 to 31. 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 8, 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

Independent auditors' report to the members of MS INTERNATIONAL plc

Continued

and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2nd May, 2015 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared 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 matters where the Companies Act 2006 requires us 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 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.

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

17th June, 2015

Consolidated income statement

For the 52 weeks ended 2nd May, 2015

	Notes	**2015 Total £000**	2014 Total £000
Revenue	3/4	**45,503**	47,130
Cost of sales		**(34,763)**	(34,266)
Gross profit		**10,740**	12,864
Distribution costs		**(2,357)**	(2,707)
Administrative expenses		**(6,643)**	(6,954)
		(9,000)	(9,661)
Group operating profit	4/5	**1,740**	3,203
Finance revenue	7	**70**	48
Finance costs	8	**(32)**	(69)
Other finance costs – pensions	21	**(237)**	(254)
		(199)	(275)
Profit before taxation		**1,541**	2,928
Taxation	9	**(188)**	(354)
Profit for the period attributable to equity holders of the parent		**1,353**	2,574
Earnings per share: basic and diluted	10	**8.2p**	14.6p

Consolidated and company statement of comprehensive income

For the 52 weeks ended 2nd May, 2015

	Group		**Company**	
	2015 Total £000	2014 Total £000	**2015 Total £000**	2014 Total £000
Profit for the period attributable to equity holders of the parent	**1,353**	2,574	**955**	1,605
Exchange differences on retranslation of foreign operations	**(106)**	(244)	**–**	–
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(106)**	(244)	**–**	–
Remeasurement (losses)/gains on defined benefit pension scheme	**(964)**	952	**(964)**	952
Deferred taxation on remeasurement (losses)/gains on defined benefit scheme	**193**	(396)	**193**	(396)
Revaluation surplus on land and buildings	**–**	1,939	**–**	2,056
Deferred taxation on revaluation surplus on land and buildings	**–**	(446)	**–**	(473)
Net other comprehensive (loss)/profit not being reclassified to profit or loss in subsequent periods	**(771)**	2,049	**(771)**	2,139
Total comprehensive income for the period attributable to equity holders of the parent	**476**	4,379	**184**	3,744

Consolidated 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 27th April, 2013	1,840	901	2,815	2,532	1,629	61	(100)	19,376	**29,054**
Profit for the period	–	–	–	–	–	–	–	2,574	**2,574**
Other comprehensive income/(loss)	–	–	–	1,493	–	(244)	–	556	**1,805**
Total comprehensive income/(loss)	–	–	–	1,493	–	(244)	–	3,130	**4,379**
Dividends paid (note 11)	–	–	–	–	–	–	–	(1,452)	**(1,452)**
Purchase of own shares (note 20)	–	–	–	–	–	–	(2,959)	–	**(2,959)**
Change in taxation rates	–	–	–	121	–	–	–	–	**121**
At 3rd May, 2014	1,840	901	2,815	4,146	1,629	(183)	(3,059)	21,054	**29,143**
Profit for the period	–	–	–	–	–	–	–	1,353	**1,353**
Other comprehensive loss	–	–	–	–	–	(106)	–	(771)	**(877)**
Total comprehensive (loss)/income	–	–	–	–	–	(106)	–	582	**476**
Dividends paid (note 11)	–	–	–	–	–	–	–	(1,320)	**(1,320)**
At 2nd May, 2015	**1,840**	**901**	**2,815**	**4,146**	**1,629**	**(289)**	**(3,059)**	**20,316**	**28,299**
(b) Company									
At 27th April, 2013	1,840	901	1,565	2,532	1,629	–	(100)	17,670	**26,037**
Profit for the period	–	–	–	–	–	–	–	1,605	**1,605**
Other comprehensive income	–	–	–	1,583	–	–	–	556	**2,139**
Total comprehensive income	–	–	–	1,583	–	–	–	2,161	**3,744**
Dividends paid (note 11)	–	–	–	–	–	–	–	(1,452)	**(1,452)**
Dividend received from subsidiary	–	–	–	–	–	–	–	311	311
Purchase of own shares (note 20)	–	–	–	–	–	–	(2,959)	–	**(2,959)**
Change in taxation rates	–	–	–	125	–	–	–	–	**125**
At 3rd May, 2014	1,840	901	1,565	4,240	1,629	–	(3,059)	18,690	**25,806**
Profit for the period	–	–	–	–	–	–	–	955	**955**
Other comprehensive loss	–	–	–	–	–	–	–	(771)	**(771)**
Total comprehensive income	–	–	–	–	–	–	–	184	**184**
Dividends paid (note 11)	–	–	–	–	–	–	–	(1,320)	**(1,320)**
At 2nd May, 2015	**1,840**	**901**	**1,565**	**4,240**	**1,629**	**–**	**(3,059)**	**17,554**	**24,670**

Consolidated statements of financial position

At 2nd May, 2015

	Notes	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**14,563**	15,127	**12,608**	12,955
Intangible assets	13	**3,818**	4,135	**13**	21
Investments in subsidiaries	14	**–**	–	**11,741**	11,829
Deferred income tax asset	15	**93**	–	**392**	167
		18,474	19,262	**24,754**	24,972
Current assets					
Inventories	16	**8,464**	8,162	**7,393**	7,250
Trade and other receivables	17	**9,454**	8,260	**9,252**	8,276
Income tax receivable		**40**	51	**–**	–
Prepayments		**590**	447	**495**	363
Cash and short-term deposits	18	**17,148**	14,286	**16,199**	13,241
		35,696	31,206	**33,339**	29,130
TOTAL ASSETS		**54,170**	50,468	**58,093**	54,102
EQUITY AND LIABILITIES					
Equity					
Equity share capital	19	**1,840**	1,840	**1,840**	1,840
Capital redemption reserve	20	**901**	901	**901**	901
Other reserve	20	**2,815**	2,815	**1,565**	1,565
Revaluation reserve	20	**4,146**	4,146	**4,240**	4,240
Special reserve	20	**1,629**	1,629	**1,629**	1,629
Currency translation reserve	20	**(289)**	(183)	**–**	–
Treasury shares	20	**(3,059)**	(3,059)	**(3,059)**	(3,059)
Retained earnings	20	**20,316**	21,054	**17,554**	18,690
		28,299	29,143	**24,670**	25,806
Non-current liabilities					
Defined benefit pension liability	21	**6,877**	5,889	**6,877**	5,889
Deferred income tax liability	15	**–**	211	**–**	–
		6,877	6,100	**6,877**	5,889
Current liabilities					
Trade and other payables	22	**18,994**	15,225	**26,454**	22,294
Income tax payable		**–**	–	**92**	113
		18,994	15,225	**26,546**	22,407
TOTAL EQUITY AND LIABILITIES		**54,170**	50,468	**58,093**	54,102

These accounts and notes on pages 14 to 38 were approved by the Board of Directors on 17th June, 2015, and signed on its behalf by

Michael Bell,
Executive Chairman

Michael O'Connell,
Finance Director

Cash flow statements

For the 52 weeks ended 2nd May, 2015

	Note	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Profit before taxation		**1,541**	2,928	**943**	1,709
Adjustments to reconcile profit before taxation to net cash in flow from operating activities					
Depreciation charge	12	**1,117**	1,227	**931**	1,028
Amortisation charge	13	**317**	316	**8**	9
Impairment in investment in subsidiary undertaking	14	**–**	–	**88**	40
Administration expenses-pension fund	21	**316**	350	**316**	350
Profit on sale of fixed assets		**(78)**	(124)	**(75)**	(130)
Finance costs		**199**	275	**178**	236
Foreign exchange gains/(losses)		**65**	(136)	**–**	–
Increase in inventories		**(302)**	(1,626)	**(143)**	(1,594)
(Increase)/decrease in receivables		**(1,194)**	4,805	**(976)**	5,562
(Increase)/decrease in prepayments		**(143)**	73	**(132)**	56
Decrease in payables		**(389)**	(2,550)	**(38)**	(2,877)
Increase in progress payments		**4,158**	1,632	**4,198**	1,869
Pension fund payments		**(529)**	(529)	**(529)**	(529)
Cash generated from operating activities		**5,078**	6,641	**4,769**	5,729
Interest received/(paid)		**38**	(21)	**59**	18
Taxation paid		**(288)**	(708)	**(41)**	(257)
Net cash inflow from operating activities		**4,828**	5,912	**4,787**	5,490
Investing activities					
Purchase of property, plant and equipment	12	**(833)**	(940)	**(693)**	(842)
Sale of property, plant and equipment	12	**187**	278	**184**	178
Net cash outflow from investing activities		**(646)**	(662)	**(509)**	(664)
Financing activities					
Dividends paid		**(1,320)**	(1,452)	**(1,320)**	(1,452)
Dividend received from subsidiary		**–**	–	**–**	311
Purchase of own shares	20	**–**	(2,959)	**–**	(2,959)
Net cash outflow from financing activities		**(1,320)**	(4,411)	**(1,320)**	(4,100)
Increase in cash and cash equivalents		**2,862**	839	**2,958**	726
Opening cash and cash equivalents		**14,286**	13,447	**13,241**	12,515
Closing cash and cash equivalents	18	**17,148**	14,286	**16,199**	13,241

Notes to the financial statements

At 2nd May, 2015

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 2nd May, 2015 were authorised for issue by the board of the directors on 17th June, 2015 and the statements of financial position 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 2nd May, 2015 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 and the selection of a suitable discount rate (see note 21).

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) as adopted in the EU.

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

There were no changes in accounting policies during the year which impacted 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$, the Polish Zloty 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.

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.

Notes to the financial statements

Continued

2 Accounting policies (continued)

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.

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.

Notes to the financial statements

Continued

2 Accounting policies (continued)

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, on short-term deposit 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 immediately. 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. Remeasurement gains and losses are recognised in full in the statement of recognised income and expense in the period in which they occur. Actual gains/losses less amount included in net interest costs are included in other comprehensive income.

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 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.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Business combinations (continued)

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.

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.

Notes to the financial statements

Continued

2 Accounting policies (continued)

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.

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.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Share-based payments (continued)

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[1]
IAS 1 Amendment	presentation of financial statements	01 January 2016
IAS 19 Amendment	employee benefits	01 July 2014
IFRS 9	Financial instruments	01 January 2018
IFRS 15	Revenue from contracts with customers	01 January 2017
Annual improvements 2010-2012 cycle		01 July 2014
Annual improvements 2011-2013 cycle		01 July 2014
Annual improvements 2012-2014 cycle		Friday, January 01, 2016

[1] The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having being endorsed for use in the EU via the EU endorsement mechanism. In the majority of cases, this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsements restricts the Group's discretion to early adopt standards.

The Group has adopted all applicable amendments to standards with an effective date from 1st April, 2014. Adoption of these standards did not have any material impact on financial performance or position of the Group.

3 Revenue

	2015 £000	2014 £000
Sale of goods	**31,652**	32,820
Revenue under contract accounting	**13,280**	13,881
	44,932	46,701
Rendering of services	**571**	429
	45,503	47,130

No revenue was derived from exchanges of goods or services (2014 – £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 2nd May, 2015 and 3rd May, 2014. 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 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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Revenue								
External	**17,010**	19,445	**15,120**	14,058	**13,373**	13,627	**45,503**	47,130
Total revenue	**17,010**	19,445	**15,120**	14,058	**13,373**	13,627	**45,503**	47,130
Segment result	**(151)**	926	**1,036**	591	**855**	1,686	**1,740**	3,203
Net finance costs							**(199)**	(275)
Profit before taxation							**1,541**	2,928
Taxation							**(188)**	(354)
Profit for the period							**1,353**	2,574
Segmental assets	**28,460**	24,619	**6,299**	6,658	**5,209**	6,341	**39,968**	37,618
Unallocated assets (see below)							**14,202**	12,850
Total assets							**54,170**	50,468
Segmental liabilities	**14,407**	10,234	**1,609**	2,763	**2,045**	3,778	**18,061**	16,775
Unallocated liabilities(see below)							**7,810**	4,550
Total liabilities							**25,871**	21,325
Capital expenditure	**82**	134	**526**	450	**168**	121		
Depreciation	**217**	189	**424**	454	**276**	330		

Unallocated assets includes certain fixed assets, intangible assets, current assets and deferred tax assets. Unallocated liabilities includes the defined pension benefit scheme liability and certain current liabilities.

Geographical analysis

The following table presents revenue and expenditure and certain assets and liabilities information by geographical segment for the periods ended 2nd May, 2015 and 3rd May, 2014. 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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Revenue								
External	**36,255**	32,803	**4,810**	4,487	**4,438**	9,840	**45,503**	47,130
Non-current assets	**18,174**	19,026	**192**	61	**108**	175	**18,474**	19,262
Current assets	**34,063**	29,682	**1,432**	1,191	**201**	856	**35,696**	31,206
Liabilities	**25,593**	20,805	**259**	390	**19**	653	**25,871**	21,325
Capital expenditure	**751**	904	**135**	–	**–**	36	**886**	940

Notes to the financial statements

Continued

4 Segment information (continued)

Information about major customers

	2015 £000	2014 £000
Revenue from major customers arising from sales reported in the Defence Segment:		
Customer 1	**10,715**	–
Customer 1	**–**	10,796

5 Group operating profit

This is stated after charging:	2015 £000	2014 £000
Audit of the financial statements	**76**	79
Other fees for auditors		
Other assurance services	**11**	11
Taxation service	**40**	28
Depreciation	**1,117**	1,227
Amortisation of intangible assets	**317**	316
Foreign exchange losses	**18**	220
Hire of plant and machinery	**785**	682
Other operating leases – minimum lease payments	**51**	60
Cost of inventories recognised as an expense	**18,925**	17,507
Research and development costs	**1,200**	1,050
Redundancy and terminations costs	**59**	194

6 Employee Information

	2015 Number	2014 Number
The average number of employees, including executive directors, during the period was:		
Production	**210**	199
Technical	**65**	62
Distribution	**27**	25
Administration	**54**	51
	356	337

(a) Staff costs

Their, including executive directors, employment costs were as follows:	2015 £000	2014 £000
Wages and salaries	**11,967**	11,162
Social Security costs	**1,313**	1,302
Other pension costs	**506**	408
	13,786	12,872

(b) Directors' emoluments

	2014 £000	2013 £000
Aggregate directors' emoluments (note 28)	**1,141**	1,112

Notes to the financial statements

Continued

7 Finance revenue

	2015 £000	2014 £000
Bank interest	**46**	48
Other	**24**	–
	70	48

8 Finance costs

	2015 £000	2014 £000
Bank interest	**32**	69
Interest on taxation	**–**	–
	32	69

9 (a) Taxation

	2015 £000	2014 £000
The charge for taxation comprises:		
Current tax		
United Kingdom corporation tax	**19**	236
Tax over provided in previous years	**(5)**	(32)
Foreign corporation tax	**286**	381
Group current tax	**300**	585
Deferred tax		
Origination and reversal of temporary differences (note 15)	**(50)**	(72)
Adjustments in respect of prior years	**(62)**	(67)
Impact of reduction in deferred tax rate to 20%	**–**	(92)
Group deferred tax	**(112)**	(231)
Tax on profit	**188**	354
Tax relating to items charged or credited to other comprehensive income		
Deferred tax		
Deferred tax on remeasurement gains/losses on pension scheme current year	**(193)**	219
Impact of reduction in deferred tax rate to 20%	**–**	177
Deferred taxation on revaluation surplus on land and buildings	**–**	446
Income tax in the statement of comprehensive income	**(193)**	842

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 (21%). The differences are explained below:

	2015 £000	2014 £000
Profit before tax	**1,541**	2,928
Profit multiplied by standard rate of corporation tax of 21% (2014 – 23%)	**324**	673
Expenses not deductible for tax purposes	**(69)**	(128)
Adjustment in respect of prior periods	**(67)**	(99)
Impact of reduction in deferred tax rate to 20%	**–**	(92)
Total tax charge for the period	**188**	354

10 Earnings per share

The calculation of basic earnings per share is based on:

(a) Profit for the period attributable to equity holders of the parent of £1,353,000 (2014 – 2,574,000).

(b) 16,504,691 (2014 – 17,603,561) Ordinary shares, being the weighted average number of Ordinary shares in issue.

This represents 18,396,073 (2014 – 18,396,073) being the weighted average number of Ordinary shares in issue less 1,891,382 (2013 – less 792,512) being the weighted average number of shares both held within the ESOT 245,048 (2014 -245,048) and purchased by the Company 1,646,334 (2014 – 547,464).

11 Dividends paid and proposed

	2015 £000	2014 £000
Declared and paid during the year		
On Ordinary shares		
Final dividend for 2014 : 6.50p (2013 – 6.50p)	**1,073**	1,180
Interim dividend for 2015 : 1.50p (2014 – 1.50p)	**247**	272
	1,320	1,452
Proposed for approval by shareholders at the AGM		
Final dividend for 2015: 6.50p (2014 – 6.50p)	**1,073**	1,073

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 27th April, 2013	10,892	13,586	**24,478**
Additions	–	940	**940**
Disposals	–	(652)	**(652)**
Revaluation	1,495	–	**1,495**
Exchange differences	(54)	(149)	**(203)**
At 3rd May, 2014	12,333	13,725	**26,058**
Additions	–	833	**833**
Disposals	–	(522)	**(522)**
Exchange differences	(112)	(88)	**(200)**
At 2nd May, 2015	**12,221**	**13,948**	**26,169**
Accumulated depreciation			
At 27th April, 2013	292	10,431	**10,723**
Depreciation charge for the period	153	1,074	**1,227**
Disposals	–	(498)	**(498)**
Revaluation	(444)	–	**(444)**
Exchange differences	(1)	(76)	**(77)**
At 3rd May, 2014	–	10,931	**10,931**
Depreciation charge for the period	181	936	**1,117**
Disposals	–	(413)	**(413)**
Exchange differences	(6)	(23)	**(29)**
At 2nd May, 2015	**175**	**11,431**	**11,606**
Net book value at 2nd May, 2015	**12,046**	**2,517**	**14,563**
Net book value at 3rd May, 2014	12,333	2,794	**15,127**
Analysis of cost or valuation			
At professional valuation 2014	12,221	–	**12,221**
At cost	–	13,948	**13,948**
	12,221	**13,948**	**26,169**
Analysis of cost or valuation			
At professional valuation 2011	12,333	–	**12,333**
At cost	–	13,725	**13,725**
	12,333	13,725	**26,058**

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 27th April, 2013	9,250	12,428	**21,678**
Additions	–	842	**842**
Disposals	–	(514)	**(514)**
Revaluation	1,700	–	**1,700**
At 3rd May, 2014	10,950	12,756	**23,706**
Additions	–	693	**693**
Disposals	–	(504)	**(504)**
At 2nd May, 2015	**10,950**	**12,945**	**23,895**
Accumulated depreciation			
At 27th April, 2013	240	10,305	**10,545**
Depreciation charge for the period	116	912	**1,028**
Disposals	–	(466)	**(466)**
Revaluation	(356)	–	**(356)**
At 3rd May, 2014	–	10,751	**11,107**
Depreciation charge for the period	146	785	**931**
Disposals	–	(395)	**(395)**
At 2nd May, 2015	**146**	**11,141**	**11,643**
Net book value at 2nd May, 2015	**10,804**	**1,804**	**12,608**
Net book value at 3rd May, 2014	10,950	2,005	**12,955**
Analysis of cost or valuation			
At professional valuation 2014	10,950	–	**10,950**
At cost	–	12,945	**12,945**
	10,950	**12,945**	**23,895**
Analysis of cost or valuation			
At professional valuation 2011	9,250	–	**9,250**
At cost	–	12,428	**12,428**
	9,250	**12,428**	**21,678**

(c) Depreciation has not been charged on freehold land which is included at a book value of £3,877,000 (2014 – £3,943,000) Company £3,380,000 (2014 – £3,380,000) at 2nd May, 2015.

(d) On 30th April, 2014 the Group's land and buildings which consist of manufacturing and office facilities in the UK and Poland, were valued by Dove Haigh Phillips (UK) and KonSolid-Nieruchomosci (Poland). 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.

If land and buildings were valued using the cost method, carrying amounts would be £7,332,000 (2014 – £7,332,000) at 2nd May, 2015.

The UK properties 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 Poland property was valued based on the income approach, converting anticipated future benefits in the form of rental income into present value. For all properties, there is no difference between current use and highest and best use.

Notes to the financial statements

Continued

12 Property, plant and equipment (continued)

Significant unobservable valuation input

	UK Properties	Poland Property
Basis of measurement	Value in use	Monthly rental
Value Range	£293-315 sq./m	£4-£11 sq./m pcm

Significant increases/(deceases) in the above measurements would result in a significant higher/(lower) fair value.

The valuation has given rise to a revaluation surplus of £1,939,000.

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 27th April, 2013	2,064	865	1,370	1,020	111	279	330	**6,039**
Additions	–	–	–	–	–	–	–	**–**
At 3rd May, 2014	2,064	865	1,370	1,020	111	279	330	**6,039**
Additions	–	–	–	–	–	–	–	**–**
At 2nd May, 2015	**2,064**	**865**	**1,370**	**1,020**	**111**	**279**	**330**	**6,039**
Amortisation								
At 27th April, 2013	–	126	400	372	111	279	300	**1,588**
Amortisation during the year	–	43	137	127	–	–	9	**316**
At 3rd May, 2014	–	169	537	499	111	279	309	**1,904**
Amortisation during the year	–	44	138	127	–	–	8	**317**
At 2nd May, 2015	**–**	**213**	**675**	**626**	**111**	**279**	**317**	**2,221**
Net book value at 2nd May, 2015	**2,064**	**652**	**695**	**394**	**–**	**–**	**13**	**3,818**
Net book value at 3rd May, 2014	2,064	696	833	521	–	–	21	**4,135**

Company	Development costs £000	Software costs £000	Company £000
Cost			
At 27th April, 2013	279	330	**609**
Additions	–	–	**–**
At 3rd May, 2014	279	330	**609**
Additions	–	–	**–**
At 2nd May, 2015	**279**	**330**	**609**
Amortisation			
At 27th April, 2013	279	300	**579**
Amortisation during the year	–	9	**9**
At 3rd May, 2014	279	309	**588**
Amortisation during the year	–	8	**8**
At 2nd May, 2015	**279**	**317**	**596**
Net book value at 2nd May, 2015	**–**	**13**	**13**
Net book value at 3rd May, 2014	–	21	**21**

Notes to the financial statements

Continued

13 Intangible assets (continued)

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.

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 2015 £000	Goodwill 2014 £000
Petrol station 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 5 years and was based on the following key assumptions:

- Detailed 5 year management forecast.
- A growth in cashflows estimated for 5 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	**2015 £000 Cost**	**2015 £000 Impairment**	**2015 £000 Net book value**
At 3rd May, 2014	**13,875**	**(2,046)**	**11,829**
Impairment in investment in MSI-Forks Garfos Industriais Ltda	**–**	**(88)**	**(88)**
At 2nd May, 2015	**13,875**	**(2,134)**	**11,741**

The impairment of £88,000 represents the write down of the investment in MSI-Forks Garfos Industriais Ltda to fair value. Fair value was determined by the net assets of MSI-Forks Garfos Industriais Ltda. This is subject to annual impairment testing.

Notes to the financial statements

Continued

15 Deferred income tax

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

	2015 £000	2014 £000
Taxation deferred by capital allowances	**9**	(21)
Other temporary differences	**(54)**	(34)
Taxation on defined benefits pension	**(5)**	(17)
Adjustments in respect of prior periods	**(62)**	(67)
Impact of reduction in deferred tax rate (23% to 20%)	**–**	(92)
	(112)	(231)

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

Group	2015 £000	2014 £000
Taxation deferred by capital allowances	**(310)**	(327)
Other temporary differences	**(166)**	(255)
Taxation on pension liability	**1,376**	1,178
Taxation on buildings revaluation	**(807)**	(807)
Deferred income tax asset/(liability)	**93**	(211)

Company	2015 £000	2014 £000
Taxation deferred by capital allowances	**(304)**	(321)
Other temporary differences	**150**	140
Taxation on pension liability	**1,376**	1,178
Taxation on buildings revaluation	**(830)**	(830)
Deferred income tax asset	**392**	167

Deferred taxation has been provided at 20%. This is the rate enacted at the balance sheet date.

The Group and Company also has capital losses of £4,350,000 (2014 – £4,350,000).

16 Inventories

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Raw materials	**3,407**	2,950	**2,976**	2,504
Work in progress	**4,375**	4,795	**4,241**	4,675
Finished goods	**682**	417	**176**	71
	8,464	8,162	**7,393**	7,250

Notes to the financial statements

Continued

17 Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Trade receivables	**7,772**	5,572	**6,646**	4,326
Retentions on contracts	**1,681**	2,644	**1,681**	2,644
Amounts owed by subsidiary undertakings	**–**	–	**924**	1,264
Other receivables	**1**	44	**1**	42
	9,454	8,260	**9,252**	8,276
Gross amounts due from customers for contract work – included above	**491**	821	**224**	200

The aggregate amount of costs incurred and recognised profits to date on contracts is £13,280,000 (2014 – £13,881,000).

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

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Sterling	**6,545**	4,105	**6,545**	4,105
Euro	**236**	510	**101**	221
US dollar	**643**	245	**–**	–
Other currencies	**348**	712	**–**	–
	7,772	5,572	**6,646**	4,326

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
2015	**7,772**	**6,328**	**1,224**	**98**	**105**	**17**
2014	5,572	3,686	1,058	159	49	620

As at 2nd May, 2015 trade receivables at a nominal value of £52,000 (2014 – £184,000) were impaired and fully provided. Bad debts of £151,000 (2014 – £165,000) were recovered and bad debts of £42,000 (2014 – £21,000) were incurred.

Company						
2015	**6,646**	**5,604**	**905**	**57**	**80**	**–**
2014	4,326	2,666	922	96	28	614

As at 2nd May, 2015 trade receivables at a nominal value of £39,000 (2014 – £168,000) were impaired and fully provided. Bad debts of £143,000 (2014 – £165,000) were recovered and bad debts of £15,000 (2014 – £5,000) were incurred.

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

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Sterling	**1,681**	2,644	**1,681**	2,644
Euro	**–**	–	**–**	–
US dollar	**–**	–	**–**	–
Other currencies	**–**	–	**–**	–
	1,681	2,644	**1,681**	2,644

Notes to the financial statements

Continued

17 Trade and other receivables (continued)

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

Group	Total £000	Up to 6 months £000	6-12 months £000	12-18 months £000	18-24 months £000
2015	**1,681**	**1,681**	**–**	**–**	**–**
2014	2,644	2,644	–	–	–
Company					
2015	**1,681**	**1,681**	**–**	**–**	**–**
2014	2,644	2,644	–	–	–

18 Cash

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Cash at bank and in hand	**9,884**	4,786	**8,935**	3,741
Short-term deposits	**7,264**	9,500	**7,264**	9,500
	17,148	14,286	**16,199**	13,241

19 Issued capital

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Ordinary shares at 10p each				
Authorised – 35,000,000 (2014 – 35,000,000)	**3,500**	3,500	**3,500**	3,500
Allotted, issued and fully paid – 18,396,073 (2014 – 18,396,073)	**1,840**	1,840	**1,840**	1,840

20 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 (21% to 20%).

Special reserve

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

Notes to the financial statements

Continued

20 Reserves (continued)

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

	2015	2014
	£000	£000
Employee Share Ownership Trust	**100**	100
Shares in treasury (see below)	**2,959**	2,959
	3,059	3,059

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.

The trust has purchased an aggregate 245,048 (2014 – 245,048) Ordinary shares, which represents 1.3% (2014 – 1.3%) of the issued share capital of the Company at an aggregate cost of £100,006. The market value of the shares at 2nd May, 2015 was £346,000 (2014 – £508,000). The Company has made payments of £Nil (2014 – £Nil) into the ESOT bank accounts during the period. No options over shares (2014 – 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 £4,000 (2014 – £4,000). During the period no options on shares were exercised (2014 – Nil) and no shares were purchased (2014 – Nil).

The Company made the following purchases of its own 10p Ordinary shares to be held in Treasury:

	£000
11th December, 2013 1,000,000 shares from the Group's pension scheme.	**1,722**
30th January, 2014 646,334 shares	**1,237**
	2,959

21 Pension liability

The Company operates an employee defined benefits 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 5th April, 2011 by a professionally qualified actuary.
- The Company has paid contributions into the Scheme for life insurance premiums and other Scheme expenses. In addition from April 2013, the employer has paid £229,000 per annum to the defined benefits section of the Scheme.
- From 1st June, 2007 the Company has operated a defined contributions scheme for its UK employees which is administered by a UK pension provider.

Members contributions are paid in line with this scheme's documentation over the accounting period and the Company has no further payment obligations once the contributions have been made.

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

Notes to the financial statements

Continued

21 Pension liability (continued)

Assumptions

	2015	2014
Discount rate at year-end	**3.20%**	4.10%
Future salary increases	**3.50%**	3.70%
Pension increases – RPI inflation	**3.00%**	3.10%
Pension increases – CPI inflation	**1.80%**	1.90%
Life expectancy of current pensioners (from age 65)	**21.6yrs**	21.10yrs
Life expectancy of future pensioners (from age 65)	**23.3yrs**	22.40yrs

A 0.5% reduction in the discount rate would lead to an increase in past service liabilities of around £1.8m.

Members living around 1 year longer than expected would lead to an increase in past service liabilities of around £1.0m.

In relation to the other assumptions there is no sensitivity analysis as small changes in these assumptions will not have a material impact.

The average duration of the scheme is 12/13 years.

Balance sheet

	2015 £000	2014 £000
Present value of obligations	**30,102**	28,786
Fair value of plan assets	**23,225**	22,897
Net liability	**6,877**	5,889

Profit & loss

	2015 £000	2014 £000
Interest on net liabilities	**237**	254
Administration expenses	**316**	350
Total profit and loss cost	**553**	604

Change in defined benefit obligation

	2015 £000	2014 £000
Opening defined benefit obligation	**28,786**	29,990
Interest cost	**1,151**	1,113
Experience (gains)/losses arising on scheme liabilities	**(1,088)**	53
Changes in financial assumptions underlying the present value of scheme liabilities	**2,694**	(1,060)
Changes in demographic assumptions underlying the present value of scheme liabilities	**(81)**	99
Benefits paid	**(1,360)**	(1,409)
Defined benefit obligation	**30,102**	28,786

Notes to the financial statements

Continued

21 Pension liability (continued)

Change in fair value of plan assets

	2015 £000	2014 £000
Opening fair value of plan assets	**22,897**	23,224
Interest income on assets	**914**	859
Actual return on assets less amount included in net interest	**561**	44
Contributions by employer	**529**	529
Administration expenses	**(316)**	(350)
Benefits paid	**(1,360)**	(1,409)
Fair value of plan assets	**23,225**	22,897

Statement of comprehensive income

	2015 £000	2014 £000
Actual return on assets less amounts included in net interest	**561**	44
Remeasurement (losses)/gains	**(1,525)**	908
	(964)	952

	2015 £000	2014 £000
Expected Group contribution to plan during next accounting year	**229**	229

	Plan assets	Asset allocation
Breakdown of assets at 2nd May, 2015		
Equities – UK market	**8,181**	**35%**
Equities – non-UK market	**8,472**	**36%**
Corporate Bonds	**3,511**	**15%**
Gilts	**2,623**	**11%**
Cash/other	**438**	**2%**
	23,225	**100%**

	Plan assets	Asset allocation
Breakdown of assets at 3rd May, 2014		
Equities – UK market	7,759	34%
Equities – non-UK market	9,249	40%
Alternative assets	89	0%
Corporate Bonds	2,877	13%
Gilts	2,508	11%
Cash/other	415	2%
	22,897	100%

Notes to the financial statements

Continued

22 Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Trade payables	**4,254**	4,555	**3,966**	4,164
Amounts owed to subsidiary undertakings	**–**	–	**8,107**	8,102
Other payables	**2,829**	3,105	**2,722**	2,862
Accruals	**1,950**	1,762	**1,799**	1,504
Progress payments	**9,961**	5,803	**9,860**	5,662
	18,994	15,225	**26,454**	22,294
Gross amounts due to customers for contract work – included above	**320**	442	**125**	128

23 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 £17.15m – Company £16.20m (2014 Group – £14.29m – Company £13.24m). The Group and Company has available a bank multicurrency overdraft facility of £4.8m which is renewable on 1st January, 2016.

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
2015	**+50**	**50**
Sterling	**–50**	**(50)**
2014	+50	50
Sterling	–50	(50)

The interest rate profile of the financial assets of the Group and Company as at 2nd May, 2015 was as follows:

	Group		Company	
	Floating rate financial assets/ (liabilities)	Total	Floating rate financial assets/ (liabilities)	Total
	£000	£000	£000	£000
2015				
Sterling	**13,300**	**13,300**	**13,292**	**13,292**
US Dollar	**2,956**	**2,956**	**2,561**	**2,561**
Euro	**834**	**834**	**345**	**345**
Other	**58**	**58**	**1**	**1**
Total	**17,148**	**17,148**	**16,199**	**16,199**

Notes to the financial statements

Continued

23 Financial instruments (continued)

2014				
Sterling	11,919	11,919	11,916	11,916
US Dollar	2,483	2,483	2,050	2,050
Euro	905	905	328	328
Other	(1,021)	(1,021)	(1,053)	(1,053)
Total	14,286	14,286	13,241	13,241

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 2nd May, 2015 these currency exposures are as follows:

Functional currency of Group operations	Net foreign currency monetary assets/(liabilities) Sterling £000	US Dollar £000	Euro £000	Total £000
2015				
Sterling	**199**	**2,128**	**695**	**3,022**
Total	**199**	**2,128**	**695**	**3,022**
2014				
Sterling	(1,532)	1,217	552	237
Total	(1,532)	1,217	552	237

Functional currency of Company operations	Net foreign currency monetary assets/(liabilities) Sterling £000	US Dollar £000	Euro £000	Total £000
2015				
Sterling	**192**	**2,128**	**22**	**2,342**
Total	**192**	**2,128**	**22**	**2,342**
2014				
Sterling	(954)	1,217	(84)	179
Total	(954)	1,217	(84)	179

No significant differences exist between the book value and the fair value of the financial assets and liabilities as at 2nd May, 2015 and 3rd May, 2014.

Fair values

No significant differences exist between the book value and the fair value of the financial assets and liabilities as at 2nd May, 2015 and 3rd May, 2014.

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

24 Income statement

The profit for the financial period dealt with in the financial statements of the Company was £955,000 (2014 – £1,605,000).

25 Capital committments

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Contracted but not provided in the financial statements	**72**	185	**72**	185
	72	185	**72**	185

26 Obligations under leases

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

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Amounts payable				
Within one year	**173**	181	**22**	31
In two to five years	**25**	18	**25**	18
	198	199	**47**	49

The Group has entered into commercial leases on certain properties, plant and equipment. These leases have an average duration of between 1 and 2 years.

27 Contingent liabilities

The Company is contingently liable in respect of guarantees, indemnities and performance bonds given in the ordinary course of business amounting to £6.772,100 at 2nd May, 2015 (2014 – £7,602,881).

28 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 £15,780 (2014 – £1,309)

Sales of goods and services £2,964,112 (2014 – £2,529,757)

The following balances between the Company and other subsidiaries in the Group are included in the Company balance sheet as at 2nd May, 2015.

Amounts owed by the Company £8,107,000 (2014 – £8,102,000)

Amounts owed to the Company £924,000 (2014 – £1,264,000)

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	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Short-term employee benefits	**1,141**	1,112	**1,141**	1,112
Post-employment benefits	**127**	228	**127**	228
	1,268	1,340	**1,268**	1,340

Notes to the financial statements

Continued

29 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.

	2015	**2015**	2014	2014
Enterprise management incentive scheme				
Outstanding as at 3rd May, 2014	**214,000**	**194.0p**	214,000	194.0p
Options exercised	**–**	**–**	–	–
Options lapsed	**–**	**–**	–	–
Outstanding as at 2nd May, 2015	**214,000**	**194.0p**	214,000	194.0p

The expense recognised for share options during the year is £Nil (2014 – £Nil).

30 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 2nd May, 2015 and 3rd May, 2014.

Capital comprises equity attributable to the equity holders of the parent company £28,299,000 (2014 – £29,143,000).

31 Post balance sheet event

On the 17th June, 2015 the Company acquired the 100% shareholding in Petrol Sign B.V., a Company based in The Netherlands from Lambooij Holdings B.V. The consideration for the acquisition is €3,400,000 on a cash and debt free basis and includes "normalised" working capital.

Petrol Sign B.V. designs, restyles, produces and installs the complete appearance of petrol station superstructures and forecourt. The acquisition will enhance and widen the ability of our Petrol Station Superstructure Division to offer a more complete package of services to customers.

For the financial year ended 31st December, 2014, Petrol Sign B.V. had unaudited revenues of €4,156,000 (2013 – €3,190,000) and an unaudited profit before taxation of €446,000 (2013 – €196,000). As at 31st December, 2014, Petrol Sign B.V. had unaudited net assets of €756,000.

As a result of the acquisition date being so close to the financial statement approval date, the information to make the following disclosures was not available.

1. The amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, and the carrying amount of those classes, determined in accordance with IFRSs, immediately before the combination.
2. A description of the factors that contributed to a cost that results in the recognition of goodwill, including a description of each intangible asset that was not recognised separately from goodwill and an explanation of why the intangible asset's fair value could not be measured reliably.
3. For acquired receivables:
   (i) for fair value of the receivables;
   (ii) the gross contractual amounts receivable; and
   (iii) the best estimate at the acquisition date of the contractual cash flows not expected to be collected.
4. The total amount of goodwill that is expected to be deductible for tax purposes.

Summary of group results 2011 – 2015

GROUP INCOME STATEMENT

	2015	2014	2013	2012	2011
	£000	£000	£000	£000	£000
Group revenue	**45,503**	47,130	54,494	55,948	54,202
Group operating profit	**1,740**	3,203	4,780	8,590	6,401
Finance	**(199)**	(275)	(217)	(202)	283
Profit before taxation	**1,541**	2,928	4,563	8,388	6,684
Taxation	**(188)**	(354)	(480)	(2,078)	(1,179)
Profit for the period	**1,353**	2,574	4,083	6,310	5,505
BALANCE SHEETS					
Assets employed					
Intangible assets	**3,818**	4,135	4,451	4,798	5,160
Tangible fixed assets	**14,563**	15,127	13,755	13,818	12,514
Other net current (liabilities)/assets	**(446)**	1,695	3,887	4,424	1,249
Bank balances	**17,148**	14,286	13,447	10,037	9,877
	35,083	35,243	35,540	33,077	28,800
Financed by					
Ordinary share capital	**1,840**	1,840	1,840	1,840	1,840
Reserves	**26,459**	27,303	27,214	26,565	23,934
Shareholders' funds	**28,299**	29,143	29,054	28,405	25,774
Net non current liabilities	**6,784**	6,100	6,486	4,672	3,026
	35,083	35,243	35,540	33,077	28,800

Note: The results for the years 2011 – 2012 have not been restated to reflect the effects of IAS 19 R "Employee Benefits".

Corporate governance statement

As an AIM listed company MS INTERNATIONAL plc is not required to comply with the UK Corporate Governance Code and has not elected to voluntarily comply.

However, the Group is committed to high standards of governance appropriate to its size and structure. The main features of the Group's corporate governance arrangements are set out below.

The Board consists of three executive directors, one of whom, Michael Bell, is the Executive Chairman and three non-executive directors, Roger Lane-Smith, David Pyle and David Hansell. 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 directors. 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 and the Company has insurance in respect of legal action against the Directors. 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.

The Audit Committee consists of two non-executive directors, Roger Lane-Smith and David Pyle. In the opinion of the Board, the non-executive directors have recent and relevant financial experience through their 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 2015 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.

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.

Corporate governance statement

Continued

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 17th July, 2015 can be found in the Notice of Meeting on page 50.

On behalf of the Board

David Kirkup
Secretary

17th June, 2015

Report of the directors

The directors present their report and the Group financial statements for the 52 weeks ended 2nd May, 2015. The directors present their Corporate governance statement on pages 40 and 41 of this report.

1 Principal activities of the Group

A review of the Group's trading during the year is contained in the Chairman's Statement and Strategic report.

2 Results and dividends

The profit after taxation for the period attributable to shareholders amounted to £1,353,000 (2014 – £2,574,000). The directors recommend a final dividend of 6.50 pence per share (2014 – 6.50 pence per share), making a total of 8.00 pence per share (2014 – 8.00 pence per share).

3 Going concern

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.

4 Directors

The names of the directors of the Company at 17th June, 2015 are shown on page 5.

All of the directors served throughout the year other.

In accordance with the Articles of Association Nicholas Bell retires by rotation and, being eligible, offers himself for re-election. In addition, Roger Lane-Smith, David Pyle and David Hansell retire from the Board at the AGM and, being eligible, offer themselves for re-election. The Chairman confirms that Nicholas Bell, Roger Lane-Smith, David Pyle and David Hansell 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 2nd May and as at 17th June, 2015, the directors had been advised of the following notifiable interests:

	% of share capital held
Michael Bell	28.9%
Cavendish Asset Management Limited	16.2%
David Pyle	11.0%
Michael O'Connell	9.1%
Mrs Patricia Snipe	4.9%

Apart from these, the directors have not been formally notified of any other notifiable shareholdings in excess of 3% of share capital held on 17th June, 2015.

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.

Report of the directors

Continued

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 Company purchased 1,000,000 of its Ordinary shares of 10p each for a total consideration of £1,721,976 on 11th December, 2013 and a further 646,334 Ordinary shares of 10p each for a total consideration of £1,237,251 on 30th January, 2014.

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

At 17th June, 2015 the Company's issued share capital comprised:

	Number	£000	% of total share capital
Ordinary shares of 10p each	18,396,073	1,840	100.00
Ordinary shares of 10p each held in treasury	1,646,334	165	8.95
Ordinary shares of 10p each not held in treasury	16,749,739	1,675	91.05

The above figure (16,749,739 ordinary shares of 10p) is the number of ordinary shares to be used as a denominator for the calculation of a shareholder's interest for the determination of any notification requirement in respect of their interest(s) or change of interest(s).

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 1.46% of the issued share capital of the Company (excluding treasury shares) 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.

Report of the directors

Continued

8 Additional information for shareholders (continued)

Change 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.

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 Special business at the Annual General Meeting

Resolution 10: 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 10 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 £558,324 (which represents approximately one third of the issued ordinary share capital of the Company (excluding treasury shares) as at 17th June, 2015, 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 17th October, 2016 (whichever is earlier). It is the directors' intention to renew this authority each year.

As of the date of this document, 1,646,334 Ordinary shares are held by the Company in treasury representing 8.95% of the issued Ordinary share capital of the Company as at 24th June, 2015, being the last practicable date before the publication of this document.

The directors have no current intention to exercise the authority sought under resolution 10.

Resolution 11: 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 or sell shares 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 11, 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, or sell treasury shares for cash, up to a maximum aggregate nominal amount of £83,748 without having to comply with statutory pre emption rights, but this power will be limited to allotments or sales.

(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 £83,748 (which represents approximately five per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 24th June, 2015 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 17th October, 2016 (whichever is the earlier). It is the directors' intention to renew this power each year.

Resolution 12: Purchase by the Company of its own shares

Resolution 12, 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 1,674,973 ordinary shares in the market (which represents approximately 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at 24th June, 2014, 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 17th October, 2016 (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 12 to make market purchases.

Report of the directors

Continued

9 Special business at the Annual General Meeting (continued)

The Company is permitted to hold shares in treasury as an alternative to cancelling them. Shares held in treasury may be subsequently cancelled, or sold for cash or used to satisfy options under the Company's share schemes. While held in treasury, the shares are not entitled to receive any dividends or dividend equivalents (apart form any issue of bonus shares) and have no voting rights. The directors believe it is appropriate for the Company to have the option to hold its own shares in treasury, if, at a future date, the directors exercise this authority in order to provide the Company with additional flexibility in the management of its capital base. The directors will have regard to institutional shareholder guidelines which may be in force at the time of such purchase, holding or re-sale of shares held in treasury. As at 17th June, 2015, the Company holds 1,646,334 Ordinary shares of 10p each in treasury which represents 8.95% of the total number of Ordinary shares of 10p each issued.

Resolution 13: Notice period for general meetings

Resolution 13 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 11 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.

10 Auditors

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

11 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.

12 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 Kirkup
Secretary

17th June, 2015

Directors' remuneration report

Information not subject to audit

Policy on remuneration of executive directors

The Remuneration Committee which, currently, comprises the non-executive directors, Roger Lane-Smith and David Pyle, 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 2014/2015 amounted in total to 2.8% (2014 – 11.5%) 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. Until 27th April 2013, pension contributions were calculated as a percentage of total emoluments. From 28th April, 2013, pension contributions will be calculated as a percentage of basic pay and bonus only. The executive directors have full discretion as to how they choose to invest their Pension Contributions. All pension contributions for executive directors over the age of 65 will cease from 30th April, 2015.

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

Service Contracts

As from 28th April, 2013 Michael Bell and Michael O'Connell have one year rolling contracts. As from 22nd July, 2013, Nicholas Bell has a one year rolling contract. The contracts are terminable by the directors at one year's notice and by the Company at one year's notice. Directors are entitled to termination payments equivalent to the unexpired portion of the contract based on basic salary and benefits including bonus payments.

Prior to 28th April, 2013 Michael Bell had a three-year rolling contract and Michael O'Connell a two year rolling contract. These notice periods were reduced without compensation in April, 2013.

Prior to June 1996 each of the executive directors had a four-year rolling contract. These notice periods were reduced without compensation in June 1996.

The dates of appointments are shown below:

Michael Bell – 9th July, 1980

Michael O'Connell – 4th February, 1985

Nicholas Bell – 22nd July, 2013

Non-executive directors

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

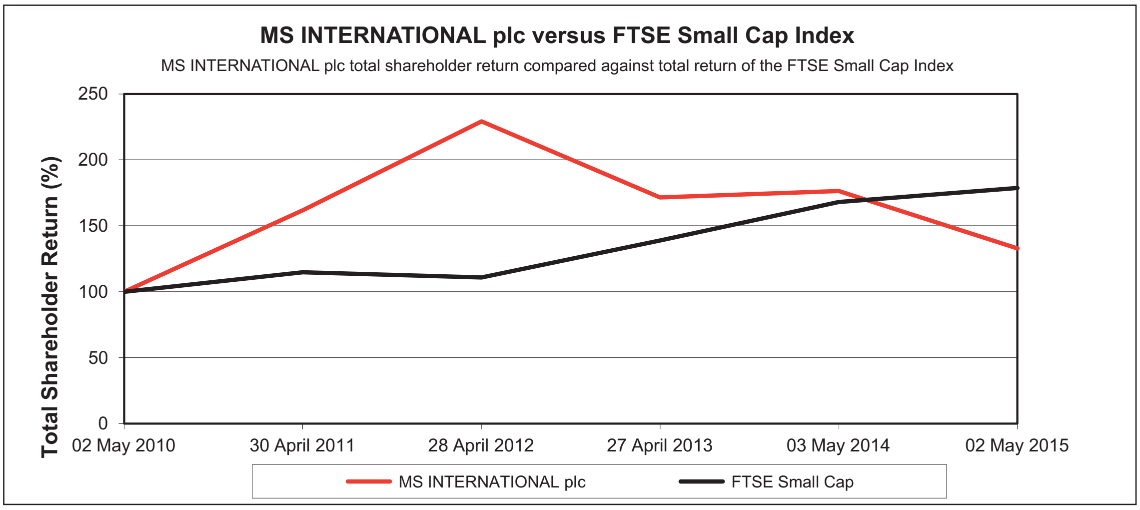
Directors' remuneration report

Continued

Information not subject to audit

Performance Graph

The performance graph shows the accumulated value, by 2nd May, 2015, of £100 invested in MS INTERNATIONAL plc on 28th April, 2010 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 2nd May, 2015

	2015 Basic salary and fees £	2014 Basic salary and fees £	**2015 Other benefits £**	2014 Other benefits £	**2015 Bonus £**	2014 Bonus £	**2015 Total £**	2014 Total £
Michael Bell	**400,000**	400,000	**73,175**	82,293	**11,636**	44,828	**484,811**	527,121
Michael O'Connell	**225,000**	225,000	**39,493**	36,755	**5,818**	22,414	**270,311**	284,169
Nicholas Bell	**200,000**	117,115	**18,693**	8,259	**5,818**	17,379	**224,511**	142,753
David Pyle	**50,000**	100,000	**21,173**	17,246	**–**	–	**71,173**	117,246
David Hansell	**50,000**	–	**–**	–	**–**	–	**50,000**	–
Roger Lane-Smith	**40,000**	40,000	**–**	–	**–**	–	**40,000**	40,000

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

Pension contributions	**2015 Total £**	2014 Total £
Michael Bell	**61,745**	133,448
Michael O'Connell	**34,623**	74,224
Nicholas Bell	**30,873**	20,174
David Pyle	**–**	–
Roger Lane-Smith	**–**	–
David Hansell	**–**	–

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 17th June, 2015 and 2nd May, 2015 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 2nd May, 2015 was 141p and the range during the financial year was 119p to 211.5p.

	Date Issued	Exercise price	Michael O'Connell	Nicholas Bell	David Pyle	David Hansell	Total
Share options at 17th June, 2015 and 2nd May, 2015 exercisable between: 1st October, 2008 to 30th September, 2017	1st October, 2007	194.0p	75,000	32,000	75,000	32,000	214,000

By order of the Board,

David Kirkup
Secretary

17th June, 2015

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.
Petrol Sign B.V.	De Hoef 8 5311 GH Gameren The Netherlands	Design, restyling, production and installation of the complete appearance of petrol station superstructures and forecourt.

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, Global-MSI Sp. z o.o. which is registered in Poland and Petrol Sign B.V. which is registered in The Netherlands. All companies operate principally in the United Kingdom except for MSI-Forks Inc., MSI-Forks Garfos Industriais Ltda (which operate principally in the Americas), Global-MSI Sp. z o.o. (which operates in Poland and Eastern Europe) and Petrol Sign B.V. (which operates in The Netherlands and Western Europe).

   All companies, apart from Petrol Sign B.V., (see note 31) have been included in the Group consolidated accounts.

Notice of Annual General Meeting

Notice is given that the fifty fifth annual general meeting of MS INTERNATIONAL plc ("Company") will be held at The Holiday Inn, Warmsworth, Doncaster on 17th July, 2015 at 12 noon to consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 13 will be proposed as special resolutions:

As ordinary business:

1. To receive the Company's annual accounts and directors' and auditors' reports for the 52 weeks ended 2nd May, 2015.

2. To approve the directors' remuneration report for the 52 weeks ended 2nd May, 2015.

3. To declare a final dividend for the year 52 weeks ended 2nd May, 2015 of 6.5p per ordinary share of 10p each in the capital of the Company, to be paid on 24th July, 2015 to shareholders whose names appear on the registered as at close of business on 26th June, 2015.

4. To re-elect as a director of the Company, Nicholas Bell, a director retiring by rotation. Nicholas Bell is aged 41 years old and joined the Company in 1999, becoming a director in 2013.

5. To reappoint as a non-executive director of the Company, Roger Lane-Smith who was appointed as a director on 21st January, 1983. He is a non-executive director of Dolphin Capital Investors, Timpson Group plc, Lomond Capital Partners and a number of other private companies. He is also a Senior Consultant at DLA Piper UK LLP.

6. To reappoint as a non-executive director of the Company David Pyle, who was appointed as an executive director in 1980, David joined the Company in 1968 and stepped down as company secretary and executive director on 27th April, 2013.

7. To reappoint as a non-executive director of the Company, David Hansell, who was appointed to the Board as a director on 3rd June, 2014. David joined the Company in 1962 becoming a director in 2014.

8. To reappoint Ernst & Young LLP as auditors of the Company.

9. To authorise the directors to determine the remuneration of the auditors.

As special business:

10. 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 £558,324 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 17th October, 2016 (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 551 of the Companies Act 2006 (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

11. That, subject to the passing of resolution 11 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 11 and to sell Ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities or sale of treasury shares:

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

        11.1.1 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

        11.1.2 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

Notice of Annual General Meeting

Continued

practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

11.2 otherwise than pursuant to paragraph 12.1 of this resolution, up to an aggregate nominal amount of £167,496;

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 17th October, 2016 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted or treasury shares to be sold for cash after this power expires and the directors may allot equity securities or sell treasury shares 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 570 and 573 of the Companies Act 2006 (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

12. 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 1,674,973;

(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% 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 17th October, 2016 (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.

13. 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

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David Kirkup
Secretary

17th June, 2015

Registered office:
Balby Carr Bank
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 6 p.m. on 15th July, 2015 (or, if the meeting is adjourned, no later than two days prior to 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 Asset Services, PXS, 34 Beckenham Road, Kent, BR3 4TU, no later than 12 noon on 15th July, 2015 (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 Asset Services (ID RA10) no later than 12 noon on 15th July, 2015 (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.

Notice of Annual General Meeting

Continued

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.

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 24th June, 2015 (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 10p each, carrying one vote each. The Company holds 1,646,334 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 24th June, 2015 are 16,749,739.

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 23th July, 2015 to those members registered on the books of the Company on 26th June, 2015.