MS INTERNATIONAL plc

Annual Report 2018

Company Registration Number 00653735

Contents

The year in brief

	2018	2017
	Total	Total
	£000	£000
Revenue	**68,085**	53,823
Profit before taxation	**4,039**	1,526
Earnings per share	**20.5p**	9.1p
Dividends payable per share	**8.25p**	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

For the year ending 28th April 2018, profit before taxation increased to £4.04m (2017 - £1.53m) on revenue of £68.09m (2017 - £53.82m). Earnings per share amounted to 20.5p (2017 - 9.1p). Net cash was stable at £15.87m (2017 - £15.21m).

In last November's half year statement, reference was made to our Company's two fundamental strengths. First, our long established policy to constantly review our capabilities, and if necessary adjust and adapt. This serves us well by ensuring we are aligned to changing market conditions and demands. Second, our diversified operating structure can deliver significant advantages when trading conditions are varied across totally different sectors.

During the year, those two strengths have been clearly demonstrated and indeed amplified. The 'Defence' division has made a good start towards a recovery in revenue and certainly in profitably as a result of a buoyant export market, although the domestic market remains restrained and subdued. 'Forgings' increased revenue and is breaking even at the trading level while losses, incurred as a consequence of developing the new manufacturing facility in the United States, are again reduced. 'Petrol Station Superstructures' and 'Petrol Station Branding' divisions both traded in a significantly changing international market, though they are at quite differing phases within this process of change.

Export sales at 'Defence' accounted for the major component of the division's revenue, primarily in response to numerous new product offerings, the accumulating benefit of considerable investment in research and development over recent years and our success in demonstrating continually enhanced customer service and support. The domestic market, by comparison, has remained constrained by the UK's tight budget controls which result in inevitable delays to programmes and, in consequence, a market that lacks any reasonable element of clarity.

'Forgings' experienced a significant increase in revenue over the previous year, partly reflecting the first phase of full production from our new facility in the United States. Our plants in the UK and Brazil continue to hold good market positions, reflecting a total commitment to enhancing efficient production, product quality and customer service.

'Petrol Station Superstructures' experienced a check to its growth pattern owing to a notable change in the market it principally serves. Until relatively recently, many of the division's major customers had been global oil companies but they have accelerated the divestment of their company owned petrol filling station estates, with ownership passing to both large and small independent dealer/retailers. Accordingly, construction of new sites and the refurbishment and expansion of existing facilities are passing through a state of limbo as numerous sale and purchase transactions continue to dominate the attention of the sector's active participants.

'Petrol Station Branding' market, by comparison, is perceived to be further advanced in this process of transformation. When ownership of stations changes the incumbent fuel supplier may also be changed and that in turn initiates rebranding of the station. The operational performance of this division is adjusting to the changing market which was lead initially by Germany, then The Netherlands and is now happening in the UK.

Throughout the period, the Company has preserved its established high level of investment across the businesses. This is a multi-faceted approach. A key feature is sustaining our creative and innovative product development programmes across the Group, which also results in us owning, unquestionably, the intellectual property rights of products we develop, particularly important in the defence sector. We also relentlessly strive to improve customer service and support and upgrade plant and equipment as appropriate to ensure we remain at the forefront of manufacturing capability and efficiency. No less important is our investment in personnel, particularly with regard to retaining and recruiting top quality engineers, commercial staff, plus national and international marketeers, together with focused training and development to enhance their potential.

Outlook

We perceive that, with a sustained measure of prudence, we are continuing to move the business forward on an upward trajectory and are well positioned to support and develop opportunities for the Group.

All matters considered the Board recommends the payment of a maintained final dividend of 6.5p per share making the total for the year of 8.25p (2017-8p). The final dividend is expected to be paid on 24th July 2018 to those shareholders on the register at the close of business on 22nd June 2018.

Michael Bell

Michael Bell
5th June 2018

Directors

Directors

Executive

Michael Bell ARICS (Executive Chairman)
Michael O Connell FCA (Finance)
Nicholas Bell

Non-executive

Roger Lane-Smith - Age 72
Appointed as a director on 21st January, 1983. He is a non-executive director of Timpson Group plc, Lomond Capital Partners, Mostyn Estates Limited and a number of other private companies. He is also a Senior Consultant at DLA Piper UK LLP.

David Pyle - Age 72
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 72
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

Company Registration Number 00653735

Advisors

Independent Auditors
Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle
NE1 4JD

Registrars and Transfer Office
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Solicitors
DLA Piper UK LLP
1 St. Peter's Square
Manchester
M2 3DE

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

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

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 28th April, 2018 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.

The referendum on the UK's membership of the EU increases economic and operational uncertainty.

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

	2018	2017	Change
	£000	£000	%
Revenue	**68,085**	53,823	26.5
Profit before taxation	**4,039**	1,526	164.7
Earnings per share	**20.5p**	9.1p	125.3

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

5th June, 2018

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 AIM rules, the directors are required to prepare Group financial statements under IFRSs as adopted by the European Union, and the directors' have elected to prepare 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;
- 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. 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 maintenance and integrity of the MS INTERNATIONAL plc website is the responsibily of the directors.

Independent auditor's report to the members of MS INTERNATIONAL plc

Opinion

In our opinion:

- MS INTERNATIONAL plc's group financial statements and parent company financial statements (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 28 April 2018 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; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of which comprise:

Group	Parent company
Consolidated income statement for the 52 weeks ended 28 April 2018	
Consolidated statement of comprehensive income for the 52 weeks ended 28 April 2018	Statement of comprehensive income for the 52 weeks ended 28 April 2018
Consolidated statement of changes in equity for the 52 weeks ended 28 April 2018	Statement of changes in equity for the 52 weeks ended 28 April 2018
Consolidated statement of financial position as at 28 April 2018	Statement of financial position as at 28 April 2018
Consolidated statement of cash flows for the 52 weeks ended 28 April 2018	Statement of cash flows for the 52 weeks ended 28 April 2018
Related notes 1 to 29 to the financial statements, including a summary of significant accounting policies	Related notes 1 to 29 to the financial statements including a summary of significant accounting policies

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 to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Conclusions relating to going concern

- We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
  the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	• Revenue recognition – cut off. • Revenue recognition – contracts (Defence and Petrol Station Superstructures divisions).
Audit scope	• We performed an audit of the complete financial information of 5 components and audit procedures on specific balances for a further 2 components. • The components where we performed full or specific audit procedures accounted for 88% of Gross Margin, 93% of Revenue and 98% of Total Assets.
Materiality	• Overall group materiality of £378k (2017: £299k) which represents 2% (2017: 2%) of Gross Margin.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Revenue recognition – cut off		Based on our audit procedures we have concluded that revenue is appropriately recognised, and that there was no evidence of management bias.
(£68m, PY: £54m)	• We performed walkthroughs to understand the key processes and identify key controls.	
Refer to Accounting policies; and Note 3 of the Consolidated Financial Statements	• We performed procedures using EY bespoke data analytics tools to test the appropriateness of journal entries recorded in the general ledger by correlating sales postings with cash receipts (except Defence and Petrol Station Superstructures, see contract risk below).	

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
There is potential for material misstatement within revenue, particularly in relation to revenue being recorded in the wrong period, due to cut off errors or management bias.	• We tested whether revenue was recorded in the correct period by testing whether a sample of sales recorded within 2 weeks either side of the year end had transferred ownership to the customer. • We validated any material manual journals to assess for any evidence of management bias by corroborating to supporting documentation. • We tested whether revenue was recorded in the correct period by testing whether a sample of sales recorded within 2 weeks either side of the year end had transferred ownership to the customer. • We validated any material manual journals to assess for any evidence of management bias by corroborating to supporting documentation. • We assessed the adequacy of the related disclosures in the Financial Statements. • We performed full and specific scope audit procedures over this risk area in 7 locations, which covered 92% of the risk amount. We also performed review procedures over the Revenue in 5 locations, which covered 8% of the risk amount.	
Revenue recognition – Contracts (Defence and Petrol Station Superstructures divisions) (£34.1m, PY: £34.5m)	We have performed the following procedures over this risk area: • We performed walkthroughs to understand the key processes and identify key controls. • We reviewed the accounting policies used in conjunction with the group policy and International Accounting Standards.	Based on our audit procedures we have concluded that revenue recognition in relation to accounting for long term contracts has been recognised appropriately.
Refer to Accounting policies; and Note 3 of the Consolidated Financial Statements	• We agreed the key terms of each significant contract to the agreement and considered the accounting treatment of progress payments, retentions and point of sale. • We critically assessed the appropriateness of any key assumptions or estimates used.	
There is potential for material misstatement within revenue, particularly in relation to contract margins and recognition, due to error or management bias.	• We performed detailed cut-off testing as described above. • We validated any material manual journals to assess for any evidence of management bias by corroborating to supporting documentation. • We assessed the adequacy of the related disclosures in the Financial Statements. • We performed full and specific scope audit procedures over this risk area in 2 locations, which covered 100% of the risk amount.	

The above risks are consistent with our approach in the prior year and no changes to our rationale have been made.

Independent auditor's report to the members of MS INTERNATIONAL plc

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An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as history of misstatements identified when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 12 reporting components of the Group, we selected 7 components covering entities within the United Kingdom, USA, Poland and the Netherlands, which represent the principal business units within the Group.

Of the 7 components selected, we performed an audit of the complete financial information of 5 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 2 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 88% (2017: 94%) of the Group's Gross Margin, 93% (2017: 95%) of the Group's Revenue and 98% (2017: 98%) of the Group's Total Assets. For the current year, the full scope components contributed 80% (2017: 84%) of the Group's Gross Margin, 82% (2017: 82%) of the Group's Revenue and 86% (2017: 84%) of the Group's Total Assets. The remaining contribution relates to the 2 specific scope components. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant tested for the Group. We also performed review scope procedures over 5 locations.

Of the remaining 5 components that together represent 12% of the Group's Gross Margin, none are individually greater than 5% of the Group's Gross Margin. For these components, we performed other procedures, including analytical review, testing of consolidation journals, intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

The only change in scoping from prior year is that Petrol Sign Limited is a specific scope component compared to prior year when this was a review scope component.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined our initial materiality at the audit planning date, for the Group to be £378k (2017: £299k), which is based upon 2% (2017: 2%) of Gross Margin. We believe that Gross Margin provides us with a basis for determining materiality as it is the most relevant performance measure to the stakeholders of the Group.

We determined materiality for the Parent Company to be £189k (2017: £149k), which is 1% (2017: 1%) of Gross Margin.

During the course of our audit, we reassessed the initial materiality and concluded that it was not necessary to change the final materiality from our original assessment.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2017: 50%) of our planning materiality, namely £189k (2017: £149k). We have set performance materiality at this percentage due to prior year misstatements exceeding 25% of materiality which increases the risk of misstatements in the current year.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £38k to £189k (2017: £37k to £149k).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £19k (2017: £15k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Use of our report

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.

Sandra Thompson
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Newcastle

5th June, 2018

Notes:

1. The maintenance and integrity of the MS INTERNATIONAL plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

For the 52 weeks ended 28th April, 2018

Continuing operations	Notes	**2018 Total £000**	2017 Total £000
Revenue	3/4	**68,085**	53,823
Cost of sales		**(49,903)**	(38,875)
Gross profit		**18,182**	14,948
Distribution costs		**(3,383)**	(3,654)
Administrative expenses		**(10,546)**	(9,523)
		(13,929)	(13,177)
Group operating profit	4/5	**4,253**	1,771
Finance revenue	7	**51**	33
Finance costs	8	**(82)**	(31)
Other finance costs - pensions	21	**(183)**	(247)
		(214)	(245)
Profit before taxation		**4,039**	1,526
Taxation	9	**(653)**	(28)
Profit for the period attributable to equity holders of the parent		**3,386**	1,498
Earnings per share: basic and diluted	10	**20.5p**	9.1p

Consolidated and company statement of comprehensive income

For the 52 weeks ended 28th April, 2018

	Group		**Company**	
	2018 Total £000	2017 Total £000	**2018 Total £000**	2017 Total £000
Profit for the period attributable to equity holders of the parent	**3,386**	1,498	**532**	2,702
Exchange differences on retranslation of foreign operations	**(175)**	757	**-**	-
Net other comprehensive (loss)/ profit to be reclassified to profit or loss in subsequent periods	**(175)**	757	**-**	-
Remeasurement gains on defined benefit pension scheme	**858**	95	**858**	95
Deferred taxation on remeasurement on defined benefit scheme	**(146)**	(16)	**(146)**	(16)
Change in taxation rates	**-**	(75)	**-**	(75)
Revaluation surplus on land and buildings	**2,052**	-	**1,935**	-
Deferred taxation on revaluation surplus on land and buildings	**(254)**	-	**(231)**	-
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**2,510**	4	**2,416**	4
Total comprehensive income for the period attributable to equity holders of the parent	**5,721**	2,259	**2,948**	2,706

Consolidated and company statement of changes in equity

For the 52 weeks ended 28th April, 2018

	Share capital	Capital redemption reserve	Other reserves	Revaluation reserve	Special reserve	Currency translation reserve	Treasury shares	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
(a) Group									
At 30th April, 2016	1,840	901	2,815	4,222	1,629	(61)	(3,059)	19,773	**28,060**
Profit for the period	-	-	-	-	-	-	-	1,498	**1,498**
Other comprehensive income	-	-	-	-	-	757	-	4	**761**
Total comprehensive income	-	-	-	-	-	757	-	1,502	**2,259**
Dividends paid (note 11)	-	-	-	-	-	-	-	(1,320)	**(1,320)**
Change in taxation rates	-	-	-	42	-	-	-	-	**42**
Depreciation of buildings revaluation	-	-	-	(7)	-	-	-	7	**-**
At 29th April, 2017	1,840	901	2,815	4,257	1,629	696	(3,059)	19,962	**29,041**
Profit for the period	-	-	-	-	-	-	-	3,386	**3,386**
Other comprehensive income/(loss)	-	-	-	1,798	-	(175)	-	712	**2,335**
Total comprehensive income/(loss)	-	-	-	1,798	-	(175)	-	4,098	**5,721**
Dividends paid (note 11)	-	-	-	-	-	-	-	(1,362)	**(1,362)**
At 28th April, 2018	**1,840**	**901**	**2,815**	**6,055**	**1,629**	**521**	**(3,059)**	**22,698**	**33,400**
(b) Company									
At 30th April, 2016	1,840	901	1,565	4,316	1,629	-	(3,059)	17,353	**24,545**
Profit for the period	-	-	-	-	-	-	-	2,702	**2,702**
Other comprehensive income	-	-	-	-	-	-	-	4	**4**
Total comprehensive income	-	-	-	-	-	-	-	2,706	**2,706**
Dividends paid (note 11)	-	-	-	-	-	-	-	(1,320)	**(1,320)**
Change in taxation rates	-	-	-	41	-	-	-	-	**41**
Depreciation of buildings revaluation	-	-	-	(6)	-	-	-	6	**-**
At 29th April, 2017	1,840	901	1,565	4,351	1,629	-	(3,059)	18,745	**25,972**
Profit for the period	-	-	-	-	-	-	-	532	**532**
Other comprehensive income	-	-	-	1,704	-	-	-	712	**2,416**
Total comprehensive income	-	-	-	1,704	-	-	-	1,244	**2,948**
Dividends paid (note 11)	-	-	-	-	-	-	-	(1,362)	**(1,362)**
At 28th April, 2018	**1,840**	**901**	**1,565**	**6,055**	**1,629**	**-**	**(3,059)**	**18,627**	**27,558**

Consolidated and company statements of financial position

At 28th April, 2018

	Notes	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**20,766**	19,099	**14,043**	12,653
Intangible assets	13	**4,893**	5,301	**-**	-
Investments in subsidiaries	14	**-**	-	**15,204**	14,339
Deferred income tax asset	15	**1,092**	1,272	**1,092**	1,272
		26,751	25,672	**30,339**	28,264
Current assets					
Inventories	16	**11,666**	10,145	**1,017**	7,989
Trade and other receivables	17	**14,617**	11,393	**10,003**	14,566
Income tax receivable		**114**	199	**-**	-
Prepayments		**1,127**	943	**335**	824
Cash and cash equivalents	18	**15,866**	15,210	**-**	13,526
		43,390	37,890	**11,355**	36,905
TOTAL ASSETS		**70,141**	63,562	**41,694**	65,169
EQUITY AND LIABILITIES					
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	**6,055**	4,257	**6,055**	4,351
Special reserve	20	**1,629**	1,629	**1,629**	1,629
Currency translation reserve	20	**521**	696	**-**	-
Treasury shares	20	**(3,059)**	(3,059)	**(3,059)**	(3,059)
Profit for the period		**3,386**	1,498	**531**	2,572
Retained earnings		**19,312**	18,464	**18,096**	16,174
TOTAL EQUITY SHAREHOLDERS' FUNDS		**33,400**	29,041	**27,558**	25,973
Non-current liabilities					
Defined benefit pension liability	21	**6,421**	7,485	**6,421**	7,485
Deferred income tax liability	15	**1,625**	1,449	**1,154**	911
		8,046	8,934	**7,575**	8,396
Current liabilities					
Bank overdraft	18	**-**	-	**342**	-
Trade and other payables	22	**28,052**	25,464	**6,204**	30,607
Income tax payable		**643**	123	**15**	193
		28,695	25,587	**6,561**	30,800
TOTAL EQUITY AND LIABILITIES		**70,141**	63,562	**41,694**	65,169

These accounts and notes on page 19 to 48 were approved by the Board of Directors on 5th June, 2018, and signed on its behalf by

Michael Bell
Executive Chairman

Michael O'Connell
Finance Director

Consolidated and company cash flow statements

For the 52 weeks ended 28th April, 2018

	Note	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Profit before taxation		**4,039**	1,526	**488**	2,544
Adjustments to reconcile profit before taxation to net cash inflow/(outflow) from operating activities					
Depreciation charge	12	**1,266**	1,105	**708**	853
Amortisation charge	13	**507**	535	**-**	4
Net reversal of impairment in investment in subsidiary undertaking	14	**-**	-	**(213)**	(155)
Profit on sale of fixed assets		**(113)**	(35)	**(84)**	(34)
Finance costs		**214**	245	**232**	228
Foreign exchange (losses)/gain		**(74)**	419	**-**	-
(Increase)/decrease in inventories		**(1,521)**	(3,102)	**241**	(2,181)
Increase in receivables		**(3,224)**	(2,397)	**(1,530)**	(4,911)
(Increase)/decrease in prepayments		**(184)**	(159)	**489**	(142)
Increase/(decrease) in payables		**2,679**	3,126	**(6,281)**	1,409
(Decrease)/increase in progress payments		**(91)**	7,085	**213**	6,928
Pension fund payments		**(389)**	(311)	**(389)**	(311)
Cash generated from/(invested in) operating activities		**3,109**	8,037	**(6,126)**	4,232
Net interest (paid)/received		**(31)**	2	**(49)**	19
Taxation (paid)/received		**(111)**	(242)	**(89)**	65
Net cash inflow/(outflow) from operating activities		**2,967**	7,797	**(6,264)**	4,316
Investing activities					
Investment in MSI-Forks Inc		**-**	-	**(652)**	-
Investment in Global-MSI bv		**-**	-	**-**	(14)
Transfer of net assets to MSI-Defence Systems Ltd.	14	**-**	-	**(5,127)**	-
Purchase of property, plant and equipment	12	**(1,106)**	(4,165)	**(568)**	(720)
Profit on disposal of property, plant and equipment	12	**157**	140	**105**	117
Net cash outflow from investing activities		**(949)**	(4,025)	**(6,242)**	(617)
Financing activities					
Dividends paid	11	**(1,362)**	(1,320)	**(1,362)**	(1,320)
Dividend received from subsidiary		**-**	-	**-**	130
Net cash outflow from financing activities		**(1,362)**	(1,320)	**(1,362)**	(1,190)
Increase/(decrease) in cash and cash equivalents		**656**	2,452	**(13,868)**	2,509
Opening cash and cash equivalents		**15,210**	12,758	**13,526**	11,017
Closing cash and cash equivalents/bank overdraft	18	**15,866**	15,210	**(342)**	13,526

Notes to the financial statements

For the 52 weeks ended 28th April, 2018

1 Authorisation of financial statements and statement of compliance with IFRSs

The Group's and Company's financial statements of MS INTERNATIONAL plc (the 'Company') for the year ended 28th April, 2018 were authorised for issue by the board of the directors on 5th June, 2018 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 AIM market of the London Stock Exchange.

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU as they apply to the financial statements of the Group and Company for the year ended 28th April, 2018 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

Accounting policies

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 statement of financial position 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 estimates 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 and costs to complete can be measured reliabily.

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.

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

Change in accounting policies

There were no changes in accounting policies during the year or in the prior 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 statement of financial position date. All differences are taken to the income statement. 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 Euro, 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 statement of financial position date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the 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.

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 the income statement. A revaluation deficit is recognised in the income statement, 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 statement of financial position date, of each asset evenly over its expected useful life as follows:

Property other than freehold land – over 50 years
Plant and equipment – over 3 to 10 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

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 intangible asset with finite lives are as follows:-

Tradename – over 10 to 20 years

Design database – over 10 years

Customer relationships – over 8 to 10 years

Software costs – over 3 to 5 years

Non- compete agreement – over 3 years

Order backlog – over 1 year

Development costs – over 5 years

The only intangible assets with indefinite useful lives are goodwill and these assets 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 are taken to the income statement, as hedge accounting is not applied.

Notes to the financial statements

Continued

Inventories

Inventories are valued at the lower of historic cost and net realisable value.
Costs incurred in bringing each product to its present location and condition is accounted for as follows:
Raw materials — purchase cost on a first-in, first-out basis.
Finished goods and work in progress — cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.
Progress payments received and receivable are deducted from the value of raw materials and work in progress to which they relate. Any excess progress payments are included in trade and other payables.

Trade and other receivables

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

Treasury shares

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

Cash and cash equivalents

Cash and cash equivalents in the statement of finanical position 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 schemes

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 the income statement 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 statement of financial position 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 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.

Notes to the financial statements

Continued

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 the income statement or in other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

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

Notes to the financial statements

Continued

Revenue

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

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

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

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

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

Government grants

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

Taxes

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

Current tax

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

Notes to the financial statements

Continued

Dividends payable

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

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.

International Accounting Standards (IAS / IFRSs)

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:

		Effective date (1)
IFRS 2	Classification and measurement of share based payment transactions - Amendments to IFRS2	01 January 2018
IFRS 9	Financial instruments	01 January 2018
IFRS 15	Revenue from contracts with customers	01 January 2018
IFRS 16	Leases	01 January 2019
IFRIC interpretation 22	Foreign currency transactions	01 January 2018
Annual improvements 2014-2016 cycle		01 January 2018

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 1 April 2017. Adoption of these standards did not have any material impact on financial performance or position of the Group.

The Group is currently considering the implication of these new standards with the expected impact upon the Group as follows:

IFRS 15 Revenue from contracts with customers will be effective and will be applied by the Group from 1 January 2018. Currently the Group recognises revenue on contracts within the Petrol Station Structure Division based on the stage of completion of site activity. On applying IFRS 15 revenue on these contracts will be recognised at the end of the contract. This will have an effect on the timing of recognising revenue and profits. There would be no impact on cash flows.

If IFRS 15 had been applied to the periods ended 28th April, 2018 and 29th April, 2017 then revenue would have been reduced for 2018 by £259,000 and for 2017 by £229,000 and profit before taxation would have been reduced for 2018 by £75,000 and for 2017 by £69,000.

Revenue and profits in all other divisions in the Group would not be impacted by IFRS 15.

Notes to the financial statements

Continued

3 Revenue

	2018 £000	2017 £000
Sale of goods	**55,291**	39,567
Revenue under contract accounting	**12,159**	13,679
	67,450	53,246
Rendering of services	**635**	577
	68,085	53,823

4 Segment Information

The following table presents revenue and profit and certain assets and liability information regarding the Group's divisions for the periods ended 28th April, 2018 and 29th April, 2017. The reporting format is determined by the differences in manufacture and services provided by the Group. The Defence division is engaged in the design, manufacture and service of defence equipment. The Forgings division is engaged in the manufacture of forgings. The Petrol Station Superstructures division is engaged in the design, manufacture, construction, branding, maintenance and restyling of petrol station superstructures. The Petrol Station Branding division is engaged in the design and installation of the complete appearance of petrol stations.

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

	Defence		Forgings		Petrol Station Superstructure		Petrol Station Branding		Total	
	2018 £000	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000
Revenue										
External	**21,900**	20,847	**14,336**	12,562	**12,236**	13,745	**19,613**	6,669	**68,085**	53,823
Total revenue	**21,900**	20,847	**14,336**	12,562	**12,236**	13,745	**19,613**	6,669	**68,085**	53,823
Segment result	**2,600**	1,822	**(536)**	(721)	**17**	957	**2,172**	(287)	**4,253**	1,771
Net finance costs									**(214)**	(245)
Profit before taxation									**4,039**	1,526
Taxation									**(653)**	(28)
Profit for the period									**3,386**	1,498
Segmental assets	**40,801**	30,576	**5,272**	5,178	**8,845**	8,260	**10,005**	5,514	**64,923**	49,528
Unallocated assets (see below)									**5,218**	14,034
Total assets									**70,141**	63,562
Segmental liabilities	**19,329**	18,333	**1,978**	1,905	**1,970**	2,572	**4,402**	2,644	**27,679**	25,454
Unallocated liabilities (see below)									**9,062**	9,067
Total liabilities									**36,741**	34,521
Capital expenditure	**18**	219	**530**	3,297	**149**	254	**211**	341	**908**	4,111
Depreciation	**154**	211	**480**	305	**628**	627	**365**	347	**1,627**	1,490

Notes to the financial statements

Continued

4 Segment Information (continued)

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 28th April, 2018 and 29th April, 2017. 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	
	2018 £000	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000
Revenue								
External	**50,717**	45,599	**5,919**	6,072	**11,449**	2,152	**68,085**	53,823
Non-current assets	**22,525**	21,230	**4,164**	4,351	**62**	91	**26,751**	25,672
Current assets	**41,223**	35,911	**1,321**	1,213	**846**	766	**43,390**	37,890
Liabilities	**31,473**	29,163	**4,681**	4,922	**587**	436	**36,741**	34,521
Capital expenditure	**802**	992	**304**	3,149	**-**	24	**1,106**	4,165

Information about major customers	**2018**	2017
Revenue from major customers arising from sales reported in the Defence segment:	**£000**	£000
Customer 1	**7,137**	-
Customer 1	**-**	9,065
Revenue from major customers arising from sales reported in the Petrol Station Branding segment:		
Customer 1	**14,761**	-

Notes to the financial statements

Continued

5 Group operating profit

	2018	2017
This is stated after charging:	£000	£000
Audit of the financial statements	109	92
Other fees for auditors		
Other assurance services	23	21
Taxation services	70	54
Depreciation - owned assets	1,266	1,105
Amortisation of intangible assets	507	535
Impairment of uncertain indirect tax receivable	615	-
Foreign exchange gains	147	240
Hire of plant and machinery	1,749	1,212
Other operating leases - minimum lease payments	44	44
Cost of inventories recognised as an expense	37,027	29,857
Research and development costs	1,120	1,529

6 Employee Information

	2018	2017
	Number	Number
The average number of employees, including executive directors, during the period was:		
Production	251	234
Technical	69	65
Distribution	33	30
Administration	78	80
	431	409

(a) Staff costs

	2018	2017
Including executive directors, employment costs were as follows:	£000	£000
Wages and salaries	16,029	12,764
Social Security costs	1,850	1,355
Other pension costs	637	398
	18,516	14,517

(b) Directors' emoluments

	2018	2017
	£000	£000
Aggregate directors' emoluments (note 27)	1,431	1,152
Post employment benefits	37	31
	1,468	1,183

Director's emoluments are considered further within the Directors' remuneration report presented on pages 57 to 59.

7 Finance revenue

	2018	2017
	£000	£000
Bank interest	51	33
	51	33

8 Finance costs

	2018	2017
	£000	£000
Bank interest	82	26
Other	-	5
	82	31

Notes to the financial statements

Continued

9 (a) Taxation

The charge for taxation comprises:	2018 £000	2017 £000
Current tax		
United Kingdom corporation tax	-	9
Adjustments in respect of previous years	33	15
Foreign corporation tax	682	116
Group current tax	715	140
Deferred tax		
Origination and reversal of temporary differences	(62)	(73)
Adjustments in respect of prior years	-	(26)
Impact of reduction in deferred tax rate to 17%	-	(13)
Group deferred tax (note 15)	(62)	(112)
Tax on profit	653	28
Tax relating to items charged or credited to other comprehensive income		
Deferred tax		
Deferred tax on remeasurement losses on pension scheme current year	146	16
Deferred tax on revaluation surplus on land and buildings	254	-
Impact of reduction in deferred tax rate to 17%	-	75
Income tax in the statement of comprehensive income	400	91

(b) Factors affecting the tax

The tax assessed for the period differs to the standard rate of corporation tax in the UK (19%) (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
Profit before tax	4,039	1,526
Profit multiplied by standard rate of corporation tax of 19% (2017 - 20%)	767	305
Expenses not deductible for tax purposes	(288)	(434)
Adjustments in respect of overseas tax rates	141	181
Current tax adjustment in respect of prior periods	33	15
Deferred tax adjustment in respect of prior periods	-	(26)
Impact of reduction in deferred tax rate to 17%	-	(13)
Total tax charge for the period	653	28

(c) Factors affecting future tax

The UK corporation tax rate will remain at 19% until it reduces to 17% in 2020. At 28th April, 2018 the rate reductions to 17% had been enacted. Deferred tax at 28th April, 2018 has therefore been provided at 17% or at a blended rate depending on when the underlying temporary differences are expected to unwind. Deferred tax in relation to intangibles recognised on the acquisition of Petrol Sign bv has been provided at 25% being the main corporation tax rate in The Netherlands.

Notes to the financial statements

Continued

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 £3,386,000 (2017 - £1,498,000).

(b) 16,504,691 (2017 - 16,504,691) Ordinary shares, being the weighted average number of Ordinary shares in issue.

This represents 18,396,073 (2017 - 18,396,073) being the weighted average number of Ordinary shares in issue less 1,891,382 (2017 - less 1,891,382) being the weighted average number of shares both held within the ESOT 245,048 (2017 - 245,048) and purchased by the Company 1,646,334 (2017 - 1,646,334).

11 Dividends paid and proposed

	2018 £000	2017 £000
Declared and paid during the year		
On Ordinary shares		
Final dividend for 2017 : 6.50p (2016 - 6.50p)	**1,073**	1,073
Interim dividend for 2018 : 1.75p (2017 - 1.50p)	**289**	247
	1,362	1,320
Proposed for approval by shareholders at the AGM		
Final dividend for 2018 : 6.50p (2017 - 6.50p)	**1,073**	1,073

Notes to the financial statements

Continued

12 Property, plant and equipment

	Freehold property	Plant and equipment	**Total**
(a) Group	£000	£000	**£000**
Cost or valuation			
At 30th April, 2016	13,092	14,519	**27,611**
Additions	2,727	1,438	**4,165**
Disposals	-	(404)	**(404)**
Exchange differences	191	198	**389**
At 29th April, 2017	16,010	15,751	**31,761**
Additions	-	1,106	**1,106**
Disposals	-	(1,182)	**(1,182)**
Revaluation	1,555	-	**1,555**
Exchange differences	(31)	(139)	**(170)**
At 28th April, 2018	**17,534**	**15,536**	**33,070**
Accumulated depreciation			
At 30th April, 2016	355	11,301	**11,656**
Depreciation charge for the period	185	920	**1,105**
Disposals	-	(299)	**(299)**
Exchange differences	17	183	**200**
At 29th April, 2017	557	12,105	**12,662**
Depreciation charge for the period	287	979	**1,266**
Disposals	-	(1,138)	**(1,138)**
Revaluation	(497)	-	**(497)**
Exchange differences	7	4	**11**
At 28th April, 2018	**354**	**11,950**	**12,304**
Net book value at 28th April, 2018	**17,180**	**3,586**	**20,766**
Net book value at 29th April, 2017	15,453	3,646	**19,099**
Analysis of cost or valuation			
At professional valuation 2018	17,534	-	**17,534**
At cost	-	15,536	**15,536**
At 28th April, 2018	**17,534**	**15,536**	**33,070**
Analysis of cost or valuation			
At professional valuation 2014	12,221	-	**12,221**
At cost	3,789	15,751	**19,540**
At 29th April, 2017	16,010	15,751	**31,761**

Notes to the financial statements

Continued

12 Property, plant and equipment (continued)

	Freehold property	Plant and equipment	Total
(b) Company	£000	£000	**£000**
Cost or valuation			
At 30th April, 2016	10,950	13,071	**24,021**
Additions	-	720	**720**
Disposals	-	(340)	**(340)**
At 29th April, 2017	10,950	13,451	**24,401**
Additions	-	568	**568**
Disposals	-	(615)	**(615)**
Transfer to MSI-Defence Systems Ltd. (note 14)	-	(3,069)	**(3,069)**
Revaluation	1,350	-	**1,350**
At 28th April, 2018	**12,300**	**10,335**	**22,635**
Accumulated depreciation			
At 30th April, 2016	293	10,859	**11,152**
Depreciation charge for the period	146	707	**853**
Disposals	-	(257)	**(257)**
At 29th April, 2017	439	11,309	**11,748**
Depreciation charge for the period	146	562	**708**
Disposals	-	(594)	**(594)**
Transfer to MSI-Defence Systems Ltd. (note 14)	-	(2,685)	**(2,685)**
Revaluation	(585)	-	**(585)**
At 28th April, 2018	**-**	**8,592**	**8,592**
Net book value at 28th April, 2018	**12,300**	**1,743**	**14,043**
Net book value at 29th April, 2017	10,511	2,142	**12,653**
Analysis of cost or valuation			
At professional valuation 2018	12,300	-	**12,300**
At cost	-	10,335	**10,335**
At 28th April, 2018	**12,300**	**10,335**	**22,635**
Analysis of cost or valuation			
At professional valuation 2014	10,950	-	**10,950**
At cost	-	13,451	**13,451**
At 29th April, 2017	**10,950**	**13,451**	**24,401**

(c) Depreciation has not been charged on freehold land which is included at a book value of £5,170,652 (2017 - £4,895,000) Company £3,655,652 (2017 - £3,380,000) at 28th April, 2018.

Notes to the financial statements

Continued

(d) On 11th November, 2017, 26th July, 2017 and 28th, March, 2018 the Group's land and buildings, which consist of manufacturing and office facilities in the UK, Poland and USA were valued by Dove Haigh Phillips (UK) KonSolid-Nieruchomosci (Poland) and REAS, Inc-Real Estate & Appraisal Services (USA). 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 £11,121,000 (2017 - £11,121,000) at 28th April, 2018.

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. The USA property was valued on an income and market value basis. For all properties, there is no difference between current use and highest and best use.

The valuation has given rise to a revaluation surplus of £2,052,000.

13 Intangible assets

	Goodwill	Trade name	Design database	Non-compete	Customer relationships	Order backlog	Development costs	Software costs	**Group**
Group	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
Cost									
At 30th April, 2016	2,700	1,024	1,370	46	2,461	304	279	330	**8,514**
Exchange differences	49	12	-	3	110	15	-	-	**189**
At 29th April, 2017	2,749	1,036	1,370	49	2,571	319	279	330	**8,703**
Exchange differences	31	8	-	-3	72	9	-	-	**123**
At 28th April, 2018	**2,780**	**1,044**	**1,370**	**52**	**2,643**	**328**	**279**	**330**	**8,826**
Amortisation									
At 30th April, 2016	-	269	811	12	874	272	279	326	**2,843**
Amortisation during the year	-	60	137	17	284	33	-	4	**535**
Exchange differences	-	1	-	1	8	14	-	-	**24**
At 29th April, 2017	-	330	948	30	1,166	319	279	330	**3,402**
Amortisation during the year	-	61	137	18	291	-	-	-	**507**
Exchange differences	-	2	-	1	12	9	-	-	**24**
At 28th April, 2018	**-**	**393**	**1,085**	**49**	**1,469**	**328**	**279**	**330**	**3,933**
Net book value at 28th, April 2018	**2,780**	**651**	**285**	**3**	**1,174**	**-**	**-**	**-**	**4,893**
Net book value at 29th, April 2017	2,749	706	422	19	1,405	-	-	-	**5,301**

Notes to the financial statements

Continued

13 Intangible assets (continued)

Company	Development costs £000	Software costs £000	**Company £000**
Cost			
At 30th April, 2016	279	330	**609**
Additions	-	-	**-**
At 29th April, 2017	279	330	**609**
Transfer to MSI-Defence Systems Ltd. (Note 14)	(279)	(245)	**(524)**
At 28th April, 2018	**-**	**85**	**85**
Amortisation			
At 30th April, 2016	279	326	**605**
Amortisation during the year	-	4	**4**
At 29th April, 2017	279	330	**609**
Transfer to MSI-Defence Systems Ltd. (Note 14)	(279)	(245)	**(524)**
At 28th April, 2018	**-**	**85**	**85**
Net book value at 28th,April 2018	**-**	**-**	**-**
Net book value at 29th, April 2017	-	-	-

Goodwill acquired through business combinations and licences has been allocated for impairment testing purposes to the petrol station superstructures division and the petrol station branding division which are operating segments.

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 2018 £000	Goodwill 2017 £000
Petrol station superstructure division	**2,064**	2,064
Petrol station branding division	**716**	685
Net book value	**2,780**	2,749

Group

The performance of the petrol station superstructure division and the petrol station branding division are the lowest levels 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 divisions 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 17.87%.

Based on the above assumptions, the value in use calculated for the petrol station superstructure division and the petrol station branding division 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 reasonably possible changes in the assumptions used would give rise to an impairment.

Notes to the financial statements

Continued

14 Investment in subsidiary undertakings

Principal subsidiary undertakings are set out on pages 60 and 61.

Company	2018 £000 Cost	2018 £000 Impairment	2018 £000 Net Book Value
At 29th April, 2017	**16,346**	**(2,007)**	**14,339**
Release of impairment in investment in MSI-Defence Systems Ltd.	**-**	**309**	**309**
Impairment in investment in MSI-Forks Garfos Industria Ltda	**-**	**(96)**	**(96)**
Cost of investment in MSI-Forks Inc	**652**	**-**	**652**
At 28th April, 2018	**16,998**	**(1,794)**	**15,204**

Transfer of business

On 1st May, 2017, the trade and certain assets of the Defence division of MS INTERNATIONAL plc were transferred to MSI-Defence Systems Limited. The business assets and liabilities transferred to MSI-Defence Systems Limited at 1st May, 2017 at book value were as follows:

	2018 £000
Non-current assets	
Fixed assets	**383**
Current assets	
Inventories	**6,731**
Debtors	**6,093**
Cash at bank and in hand	**13,323**
	26,147
Creditors: amounts falling due within one year	**18,335**
Net current assets	**7,812**
Net assets transferred	**8,195**

The investing cash outflow arising on the above transfer of business totalled £5,127,000 being the net assets transferred less the cash at bank and in hand transferred out.

15 Deferred income tax

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

	2018 £000	2017 £000
Taxation deferred by capital allowances	**(67)**	(16)
Taxation on other temporary differences	**79**	47
Taxation on intangibles	**(108)**	(117)
Taxation on defined benefits pension	**34**	13
Adjustments in respect of prior periods	**-**	(26)
Impact of reduction in deferred tax rate (18% to 17%)	**-**	(13)
	(62)	(112)

Notes to the financial statements

Continued

15 Deferred income tax (continued)

The deferred income tax asset included in the statement of financial position is:

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Taxation on pension liability	**1,092**	1,272	**1,092**	1,272
Deferred income tax asset	**1,092**	1,272	**1,092**	1,272

The movements on the deferred tax asset are:

	Group and Company Taxation on pension liabilty
	£000
At 30th April, 2016	1,376
Included in Group income statement	(13)
Included in statement of comprehensive income	(91)
At 29th April, 2017	1,272
Included in Group income statement	(34)
Included in statement of comprehensive income	(146)
At 28th April, 2018	**1,092**

The deferred income tax liability included in the statement of financial position is:

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Taxation deferred by capital allowances	**247**	314	**247**	314
Taxation on other temporary differences	**(30)**	(109)	**(30)**	(109)
Taxation on intangible assets	**471**	561	**-**	-
Taxation on buildings revaluation	**937**	683	**937**	706
Deferred income tax liability	**1,625**	1,449	**1,154**	911

Notes to the financial statements

Continued

15 Deferred income tax (continued)

The movements on the deferred tax liability are:

Group	Taxation deferred by capital allowances	Taxation on other temporary differences	Taxation on intangible assets	Taxation on buildings revaluation	**Total**
	£000	£000	£000	£000	**£000**
At 30th April, 2016	351	(139)	654	724	**1,590**
Included in Group income statement	(37)	34	(122)	-	**(125)**
Included in statement of comprehensive income	-	(4)	29	(41)	**(16)**
Acquired on acquisition	-	-	-	-	**-**
At 29th April, 2017	314	(109)	561	683	**1,449**
Included in Group income statement	(67)	79	(108)	-	**(96)**
Included in statement of comprehensive income	-	-	18	254	**272**
At 28th April, 2018	247	(30)	471	937	**1,625**

Company	Taxation	Taxation	Taxation	Taxation on buildings revaluation	**Total**
	£000	£000	£000	£000	**£000**
At 30th April, 2016	346	(106)	-	747	**987**
Included in Company income statement	(32)	(3)	-	-	**(35)**
Included in statement of comprehensive income	-	-	-	(41)	**(41)**
At 29th April, 2017	314	(109)	-	706	**911**
Included in Company income statement	(67)	79	-	-	**12**
Included in statement of comprehensive income	-	-	-	231	**231**
At 28th April, 2018	247	(30)	-	937	**1,154**

Deferred taxation has been provided at the rate enacted at the balance sheet date of 17% except for the deferred taxation relating to the amortised intangibles arising on the acquisition of Petrol Sign bv which has been provided at 25%.

The Group and Company also has capital losses of £4,350,000 (2017 - £4,350,000).

Notes to the financial statements

Continued

16 Inventories

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Raw materials	**5,877**	4,273	**372**	3,047
Work in progress	**5,268**	4,999	**545**	4,807
Finished goods	**521**	873	**100**	135
	11,666	10,145	**1,017**	7,989

	2018	2017	**2018**	2017
Inventory write downs during the year	**33**	35	**7**	33

17 Trade and other receivables

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade receivables	**14,032**	9,631	**2,998**	6,792
Retentions on contracts	**568**	1,723	**22**	1,723
Amounts owed by subsidiary undertakings	**-**	-	**6,983**	6,036
Other receivables	**17**	39	**-**	15
	14,617	11,393	**10,003**	14,566
Gross amounts due from customers for contract work - included above	**1,661**	2,270	**851**	2,033

The aggregate amount of costs incurred and recognised profits to date on contracts is £12,159,000 (2017 - £13,679,000).

(a) Trade receivables are denominated in the following currencies

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Sterling	**7,160**	6,208	**2,194**	6,208
Euro	**5,961**	2,578	**812**	593
US dollar	**582**	516	**-**	(14)
Other currencies	**329**	329	**(8)**	5
	14,032	9,631	**2,998**	6,792

Notes to the financial statements

Continued

17 Trade and other receivables (continued)

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:

Group	Total £000	Not past due £000	< 30 days £000	30-60 £000	60-90 days £000	> 90 days £000
2018	**14,032**	**9,377**	**4,446**	**142**	**24**	**43**
2017	9,631	8,028	1,397	182	15	9

As at 28th April, 2018 trade receivables at a nominal value of £97,000 (2017 - £84,000) were impaired and fully provided. Bad debts of £15,000 (2017 - £19,000) were recovered and bad debts of £28,000 (2017 - £17,000) were incurred.

Company						
2018	**2,998**	**2,172**	**808**	**17**	**-**	**1**
2017	6,792	5,623	1,139	30	-	-

As at 28th April, 2018 trade receivables at a nominal value of £32,000 (2017 - £37,000) were impaired and fully provided. Bad debts of £11,000 (2017 - £6,000) were recovered and bad debts of £6,000 (2017 - £4,000) were incurred.

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

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Sterling	**568**	1,723	**22**	1,723
Euro	**-**	-	**-**	-
US dollar	**-**	-	**-**	-
Other currencies	**-**	-	**-**	-
	568	1,723	**22**	1,723

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
2018	**568**	**546**	**22**	**-**	**-**
2017	1,723	1,723	-	-	-
Company					
2018	**22**	**-**	**22**	**-**	**-**
2017	1,723	1,723	-	-	-

Notes to the financial statements

Continued

18 Cash and cash equivalents/bank overdraft

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Cash at bank and in hand	**7,504**	9,880	**-**	13,526
Short term deposits	**8,362**	5,330	**-**	-
Bank overdraft	**-**	-	**(342)**	-
	15,866	15,210	**(342)**	13,526

19 Issued capital

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Ordinary shares at 10p each				
Authorised - 35,000,000 (2017 - 35,000,000)	**3,500**	3,500	**3,500**	3,500
Allotted, issued and fully paid - 18,396,073 (2017 - 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 (18% to 17%).

Special reserve

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

Currency translation reserve

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

Treasury Shares

	2018 £000	2017 £000
Employee Share Ownership Trust	**100**	100
Shares in treasury (see below)	**2,959**	2,959
	3,059	3,059

Notes to the financial statements

Continued

20 Reserves

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 (2017 - 245,048) Ordinary shares, which represents 1.3% (2017 - 1.3%) of the issued share capital of the Company at an aggregate cost of £100,006. The market value of the shares at 28th April, 2018 was £453,000 (2017 - £414,000). The Company has made payments of £Nil (2017 - £Nil) into the ESOT bank accounts during the period. No options over shares (2017 – 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 £7,000 (2017 - £5,000). During the period no options on shares were exercised (2017 - Nil) and no shares were purchased (2017 – 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

Notes to the financial statements

Continued

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, 2017 by a professionally qualified actuary.
- From 6 April 2016 the Company directly pays the expenses of the Scheme. With effect from April 2018 the deficit reduction payments paid into the Scheme by the Company have been increased to £600,000 per annum. The deficit reduction contributions are paid on a quarterly basis with the first paid on 3 April 2018 and the last due for payment on or before 5 January 2027. The total deficit reduction payments made in the year were £389,000 (2017 - £311,000).
- 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.

Assumptions	**2018**	2017
Discount rate at year-end	**2.70%**	2.50%
Future salary increases	**3.60%**	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)	**21.4yrs**	21.3yrs
Life expectancy of future pensioners (from age 65)	**22.8yrs**	22.7yrs

A 0.5% reduction in the discount rate would lead to an increase in past service liabilities of around £1.7m.

Members living around 1 year longer than expected would lead to an increase in past service liabilities of around £1.2m.

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 years.

	2018	2017
Statement of financial position	**£000**	£000
Present value of obligations	**29,568**	30,790
Fair value of plan assets	**23,147**	23,305
Net liability	**6,421**	7,485

Notes to the financial statements

Continued

21 Pension liability (continued)

Income Statement	**2018**	2017
	£000	£000
Interest on net liabilities	**183**	247
Administration expenses	**-**	-
Total income statement cost	**183**	247

	2018	2017
Change in defined benefit obligation	**£000**	£000
Opening defined benefit obligation	**30,790**	28,801
Interest cost	**746**	925
Experience gains arising on scheme liabilities	**554**	(77)
Changes in financial assumptions underlying the present value of scheme liabilities	**(817)**	3,298
Changes in demographic assumptions underlying the present value of scheme liabilities	**-**	(408)
Benefits paid	**(1,705)**	(1,749)
Defined benefit obligation	**29,568**	30,790

	2018	2017
Change in fair value of plan assets	**£000**	£000
Opening fair value of plan assets	**23,305**	21,157
Interest income on assets	**563**	678
Actual return on assets less amount included in net interest	**595**	2,908
Deficit reduction contributions by employer	**389**	311
Benefits paid	**(1,705)**	(1,749)
Fair value of plan assets	**23,147**	23,305

	2018	2017
Statement of comprehensive income	**£000**	£000
Actual return on assets less amounts included in net interest	**595**	2,908
Remeasurement gains/(losses)	**263**	(2,813)
	858	95

	2018	2017
	£000	£000
Expected deficit reduction contributions into the Scheme during next accounting year:	**600**	320

	Plan assets	**Asset allocation**
Breakdown of assets at 28th April, 2018	**£000**	
Equities - UK market	**7,140**	**31%**
Equities - non UK market	**7,647**	**33%**
Corporate Bonds	**3,542**	**15%**
Gilts	**2,984**	**13%**
Cash/other	**1,834**	**8%**
	23,147	**100%**

Notes to the financial statements

Continued

21 Pension liability (continued)

	Plan assets	Asset allocation
Equities - UK market	7,591	33%
Equities - non UK market	7,950	34%
Corporate Bonds	3,571	15%
Gilts	3,362	14%
Cash/other	831	4%
	23,305	100%

22 Trade and other payables

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Trade payables	**6,598**	5,572	**2,681**	3,624
Amounts owed to subsidiary undertakings	**-**	-	**1,528**	8,108
Other payables	**4,228**	3,350	**842**	3,315
Accruals	**2,750**	1,975	**767**	1,251
	14,476	14,567	**386**	14,309
	28,052	25,464	**6,204**	30,607
Gross amounts due to customers for contract work - included above	**222**	294	**162**	147

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 cash and cash equivalents of £15.87m - Company- overdraft (£0.34m) (2017 Group - £15.21m - Company £13.53m). The Group and Company has available a bank multicurrency overdraft facility of £4.8m which is renewable on 1st January 2019.

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.

Notes to the financial statements

Continued

23 Financial instruments (continued)

	Increase/ decrease in basis points	Effect on profit before tax £'000
2018		
Sterling	**+50**	**50**
	-50	**(50)**
2017		
Sterling	+50	50
	-50	(50)

The interest rate profile of the financial assets of the Group and Company as at 28th April, 2018 was as follows:

	Group		**Company**	
	Floating rate financial assets /(liabilities) £000	Total £000	Floating rate financial assets /(liabilities) £000	Total £000
2018				
Sterling	**14,982**	**14,982**	**2,895**	**15,968**
US Dollar	**(667)**	**(667)**	**(3,921)**	**(2,064)**
Euro	**1,464**	**1,464**	**658**	**(383)**
Other	**87**	**87**	**26**	**5**
Total	**15,866**	**15,866**	**(342)**	**13,526**
2017				
Sterling	15,973	15,973	15,968	15,968
US Dollar	(2,007)	(2,007)	(2,064)	(2,064)
Euro	1,184	1,184	(383)	(383)
Other	60	60	5	5
Total	15,210	15,210	13,526	13,526

Notes to the financial statements

Continued

23 Financial instruments (continued)

Foreign currency risk

Exposure to risk is incurred by the Group and Company through overseas sales.
This exposure is minimised by the following:
(1) invoicing in sterling where practicable;
(2) using foreign currency received for purchases where appropriate.

Currency exposures

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

As at 28th April, 2018 these currency exposures are as follows:-

	Net foreign currency monetary assets/(liabilities)			
Presentational currency of Group operations	Sterling	US Dollar	Euro	Total
2018	£000	£000	£000	£000
Sterling	**4**	**(1,561)**	**1,664**	**107**
Total	**4**	**(1,561)**	**1,664**	**107**
2017				
Sterling	5	(2,686)	959	(1,722)
Total	5	(2,686)	959	(1,722)

	Net foreign currency monetary assets/(liabilities)			
Functional currency of Company operations	Sterling	US Dollar	Euro	Total
2018	£000	£000	£000	£000
Sterling	**-**	**(3,810)**	**861**	**(2,949)**
Total	**-**	**(3,810)**	**861**	**(2,949)**
2017	£000	£000	£000	£000
Sterling	-	(2,686)	(73)	(2,759)
Total	-	(2,686)	(73)	(2,759)

Fair values

No significant differences exist between the book value and the fair value of the financial assets and liabilities as at 28th April, 2018 and 29th April, 2017.

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 statement of financial position 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 Capital commitments

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Contracted but not provided in the financial statements	**14**	59	**14**	59
	14	59	**14**	59

25 Obligations under leases

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

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Amounts payable				
Within one year	**290**	240	**-**	27
In two to five years	**474**	442	**-**	26
Five years or more	**229**	316	**-**	-
	993	998	**-**	53

The Group has entered into commercial leases on certain properties, plant and equipment. These leases have a duration of between 1 and 8 years.

26 Contingent liabilities

The Company is contingently liable in respect of guarantees, indemnities and performance bonds given in the ordinary course of business amounting to £3,395,671 at 28th April, 2018 (2017 - £3,952,725).

27 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 £491,375 (2017 - £322,822)

Sales of goods and services £5,295,734 (2017 - £2,521,915)

The following balances between the Company and other subsidiaries in the Group are included in the Company balance sheet as at 28th April, 2018.

Amounts owed by the Company £1,528,000 (2017 - £8,108,000)

Amounts owed to the Company £6,983,000 (2017 - £6,036,000)

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.

Notes to the financial statements

Continued

27 Related party transactions (continued)

Key management personnel (main board directors) compensation.

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Short-term employee benefits	**1,431**	1,152	**1,290**	1,152
Post-employment benefits	**37**	31	**37**	31
See Directors' remuneration report on pages 57 to 59	**1,468**	1,183	**1,327**	1,183

28 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;

	2018	**2018**	2017	2017
Enterprise management incentive scheme				
Outstanding as at 29th April, 2017	**214,000**	**194.0p**	214,000	194.0p
Options exercised	**-**	**-**	-	-
Options lapsed	**(214,000)**	**-**	-	-
Outstanding as at 28th April, 2018	**-**	**-**	214,000	194.0p

The expense recognised for share options during the year is £Nil (2017 - £Nil).

29 Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 28th April, 2018 and 29th April, 2017.

Capital comprises equity attributable to the equity holders of the parent company £33,400,000 (2017 - £29,041,000).

Summary of group results 2014 - 2018

GROUP INCOME STATEMENT

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Group revenue	**68,085**	53,823	49,282	45,503	47,130
Group operating profit	**4,253**	1,771	1,856	1,740	3,203
Finance costs	**(214)**	(245)	(174)	(199)	(275)
Profit before taxation	**4,039**	1,526	1,682	1,541	2,928
Taxation	**(653)**	(28)	(98)	(188)	(354)
Profit for the period	**3,386**	1,498	1,584	1,353	2,574
POSITION					
Assets employed					
Intangible assets	**4,893**	5,301	5,671	3,818	4,135
Property, plant and equipment	**20,766**	19,099	15,955	14,563	15,127
Other net current (liabilities)/assets	**(1,171)**	(2,907)	1,534	(446)	1,695
Cash and cash equivalents	**15,866**	15,210	12,758	17,148	14,286
	40,354	36,703	35,918	35,083	35,243
Financed by					
Ordinary share capital	**1,840**	1,840	1,840	1,840	1,840
Reserves	**31,560**	27,201	26,220	26,459	27,303
Shareholders' funds	**33,400**	29,041	28,060	28,299	29,143
Net non current liabilities	**6,954**	7,662	7,858	6,784	6,100
	40,354	36,703	35,918	35,083	35,243

Corporate governance statement

Information not subject to audit

In accordance with the AIM Listing rules, MS INTERNATIONAL plc will adopt a recognised industry Corporate Governance Code by 28 September 2018. The Board has elected to adopt the QCA Corporate Govenance Code by 28 September 2018.

In the meantime as an AIM listed company MS INTERNATIONAL plc is not required to comply with the UK Corporate Governance Code; September, 2016 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 2018 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

Corporate governance statement

Continued

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, statement of financial position, cash flow and capital expenditure reporting with comparisons to budget and forecast. The budget is prepared annually and revised forecasts are produced monthly.

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

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

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

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

The Board recognises the importance of communication with all shareholders and is ready, where practicable, to discuss relevant matters with all shareholders. Inter alia, the Board uses the Annual General Meeting to communicate with shareholders and welcomes their constructive participation. Details of the Annual General Meeting to be held on 16th July, 2018 can be found in the Notice of Meeting on page 62.

On behalf of the Board

David Kirkup
Secretary

5th June, 2018

Report of the directors

The directors present their report and the Group financial statements for the 52 weeks ended 28th April, 2018. The directors present their corporate governance statement on pages 50 and 51 of this report.

1 Principal activities and business review

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 £3,386,000 (2017 - £1,498,000). The directors recommend a final dividend of 6.50 pence per share (2017 - 6.50 pence per share), making a total of 8.25 pence per share (2017 - 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 5th June, 2018 are shown on page 4.

All of the directors served throughout the year.

In accordance with the Articles of Association Michael O'Connell retires by rotation and, being eligible, offers himself for re-election. In addition, Roger Lane-Smith, David Pyle and David Hansell retire from the Board at the AGM and, being eligible, offer themselves for re-election. The Chairman confirms that Michael O'Connell, 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

The directors had been advised of the following notifiable interests:-

	% of share capital held at 28th April, 2018	% of share capital held at 5th June, 2018
Michael Bell	29.3%	29.3%
Cavendish Asset Management Limited	17.0%	17.2%
David Pyle	10.6%	10.6%
Michael O'Connell	9.4%	9.4%
Mrs Patricia Snipe	4.9%	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 5th June 2018.

Report of the directors

Continued

6 Employee involvement

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

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

7 Employment of disabled persons

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

8 Additional information for shareholders

The 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 5th June, 2018 the Company's issued share capital comprised:

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

Report of the directors

Continued

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.

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 20th June 2018, 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 16th October, 2019 whichever is the 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 20th June, 2018, 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 £167,496 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;

Report of the directors

Continued

(b) in any other case, up to an aggregate nominal amount of £167,496 (which represents approximately ten per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 20th June, 2018 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 16th October, 2019 (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 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 20th June, 2018, 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 16th October, 2019 whichever is the 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.

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 5th June 2018, 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.

Report of the directors

Continued

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 4. 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

5th June, 2018

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 2017/2018 amounted in total to 22.5% (2017 - 2.6%) of total executive basic salaries.

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

4. Pension Contributions
   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 ceased from 30th April 2015.

5. Other Benefits
   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.

The dates of appointments are shown below:

Michael Bell - 9th July, 1980

Michael O'Connell - 4th February, 1985

Nicholas Bell - 22nd July, 2013

Directors' remuneration report

Information not subject to audit

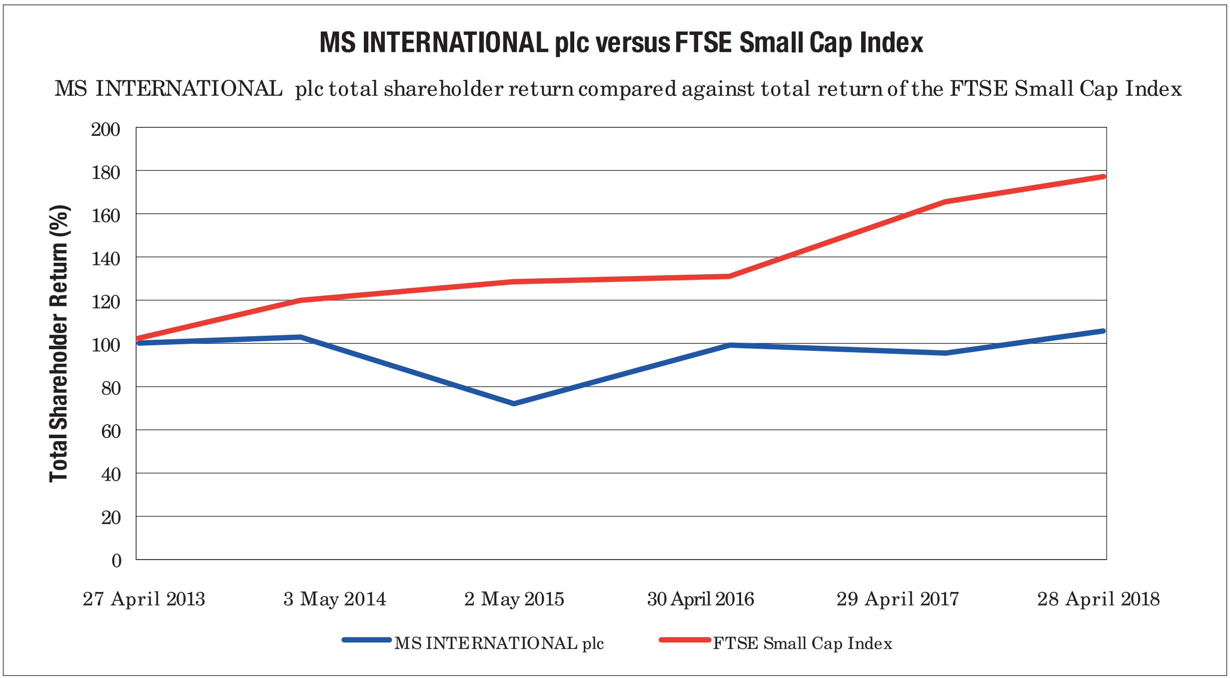
Continued

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.

Performance Graph

The performance graph shows the accumulated value, by 28th April, 2018, of £100 invested in MS INTERNATIONAL plc on 27th April, 2013 compared to the accumulated value of £100 invested in the FTSE Small Cap Index, over the same period. The other points plotted are the accumulated values at intervening year ends. The FTSE Small Cap Index is considered by the Board to be the most relevant index for comparison.



Information subject to audit

Emoluments of directors

Directors' remuneration in respect of the period to 28th April, 2018.

	2018 **Basic salary and fees** **£**	2017 Basic salary and fees £	**2018** **Additional salary** **£**	2017 Additional salary £	**2018** **Other benefits** **£**	2017 Other benefits £	**2018** **Bonus** **£**	2017 Bonus £	**2018** **Total** **£**	2017 Total £
Michael Bell	**400,000**	400,000	**-**	-	**54,210**	49,863	**92,974**	10,918	**547,184**	460,781
Michael O'Connell	**225,000**	225,000	**-**	-	**40,374**	39,569	**46,487**	5,459	**311,861**	270,028
Nicholas Bell	**200,000**	200,000	**-**	-	**18,891**	17,275	**46,487**	5,459	**265,378**	222,734
David Pyle	**50,000**	50,000	**-**	-	**27,487**	26,879	**-**	-	**77,487**	76,879
David Hansell	**50,000**	50,000	**138,700**	31,088	**-**	-	**-**	-	**188,700**	81,088
Roger Lane-Smith	**40,000**	40,000	**-**	-	**-**	-	**-**	-	**40,000**	40,000

Following the termination of the employment of the Managing Director of MSI-Defence Systems Ltd, David Hansell was appointed interim Chief Executive until a new replacement was recruited. His remuneration, during the period, for this temporary divisional executive appointment is shown above as additional salary.

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

Directors' remuneration report

Information subject to audit

Continued

Pension contributions	**2018 Total £**	2017 Total £
Michael Bell	**-**	-
Michael O'Connell	**-**	-
Nicholas Bell	**36,973**	30,819
Roger Lane-Smith	**-**	-
David Pyle	**-**	-
David Hansell	**-**	-

The pension contributions are paid to personal retirement benefit schemes.

Information not subject to audit

Directors' share options

Details of directors' options at 5th June, 2018 and 28th April, 2018 granted under the Enterprise Management Incentive Scheme are set out below. The directors' options were all granted at market price. The market price of the Company's shares at 28th April, 2018 was 185p and the range during the financial year was 157.5p to 219p.

	Date Issued	Exercise price	Michael O'Connell	Nicholas Bell	David Pyle	David Hansell	Total
Share options at 5th June, 2018 and 28th April, 2018 exercisable between:							
1st October, 2008 to 30th September, 2017	1st October, 2007	194.0p	-	-	-	-	-

On behalf of the Board

David Kirkup
Secretary

5th June, 2018

List of Subsidiaries

(i) 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.	1298 Galleria Boulevard 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.
Global-MSI bv	De Hoef 8 5311 GH Gameren The Netherlands	Design, manufacture and construction of petrol station superstructures.
Petrol Sign bv	De Hoef 8 5311 GH Gameren The Netherlands	Design, restyling, production and installation of the complete appearance of petrol station superstructures and forecourt.
Petrol Sign GmbH	Owiedenfeldstrasse 1 30559 Hannover-Anderten Germany	Design, restyling, production and installation of the complete appearance of petrol station superstructures and forecourt.
Petrol Sign Ltd.	Balby Carr Bank Doncaster DN4 8DH England	Design, restyling, production and installation of the complete appearance of petrol station superstructures and forecourt.

NOTES

1. 100% of the ordinary shares are held in all cases.
2. All companies are registered in England and Wales with the exception of MSI-Forks Inc. which is registered in USA, MSI-ForksGarfos Industriais Ltda which is registered in Brazil, Global-MSI Sp. z o.o. which is registered in Poland, Petrol Sign bv and Global-MSI bv which are registered in The Netherlands and Petrol Sign GmbH which is registered in Germany. 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 bv, Global-MSI bv and Petrol Sign GmbH (which operate in Western Europe).

List of Subsidiaries

Continued

(ii) Non Operating subsidiaries

Conder Ltd.

Global-MSI (Overseas) Ltd.

MDM Investments Ltd.

Mechforge Ltd.

MS INTERNATIONAL Estates Ltd.

MS INTERNATIONAL Estates LLC

MSI-Petrol Sign Ltd.

Petrol Sign-MSI Ltd.

NOTES

1. 100% of the ordinary share capital of each entity is held in all cases.

2. All companies are registered in England and Wales except for MS INTERNATIONAL Estates LLC which is registered in USA.

3. All companies are dormant and non operating, with the exception of MDM Investments Ltd, which is the trustee company of the MS INTERNATIONAL plc Retirement and Death Benefits Scheme.

Notice of Annual General Meeting

Notice is given that the fifty eighth annual general meeting of MS INTERNATIONAL plc ("Company") will be held at The Holiday Inn, Warmsworth, Doncaster on 16th July, 2018 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 28th April, 2018.

2. To approve the directors' remuneration report for the 52 weeks ended 28th April, 2018.

3. To declare a final dividend for the year 52 weeks ended 28th April, 2018 of 6.5p per ordinary share of 10p each in the capital of the Company, to be paid on 24th July, 2018 to shareholders whose names appear on the register as at close of business on 22nd June, 2018.

4. To re-elect as a director of the Company, Michael O'Connell, a director retiring by rotation. Michael O'Connell is aged 68 years old and joined the Company in 1980, becoming a director in 1985.

5. To reappoint as a non-executive director of the Company, Roger Lane-Smith who was appointed as a director on 21st January, 1983. He is a non-executive director of Timpson Group plc, Lomond Capital Partners, Mostyn Estates Limited 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 16th October, 2019 (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:

Notice of Annual General Meeting

Continued

11.1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):to the allotment of equity securities or sale of treasury shares:

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 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 16th October, 2019 (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 per cent of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made; and

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

and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 16th October, 2019 (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

Registered office
Balby Carr Bank
Doncaster
England
DN4 8DH

David Kirkup
Secretary

Registered in England and Wales No. 00653735

20th June, 2018

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 close of business on 11th July, 2018 (or, if the meeting is adjourned, no later than close of business 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, Link Asset Services, PXS, 34 Beckenham Road, Kent, BR3 4TU, no later than 12 noon on 11th July, 2018 (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 Link Asset Services (ID RA10) no later than 12 noon on 11th July, 2018 (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

4. 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 20th June, 2018 (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 20th June, 2018 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.

Notice of Annual General Meeting

Continued

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.

Dividend Warrants

11. Dividend warrants will be posted on 23rd July, 2018 to those members registered on the books of the Company on 22nd June, 2018.