

MS INTERNATIONAL plc

Unaudited Interim Condensed

Group Financial Statements

31st October 2024

EXECUTIVE DIRECTORS

Michael Bell
Michael O'Connell
Nicholas Bell

NON-EXECUTIVE DIRECTORS

Roger Lane-Smith
David Hansell

COMPANY SECRETARY

Shelley Ashcroft

REGISTERED OFFICE

Balby Carr Bank
Doncaster
DN4 8DH
England

PRINCIPAL OPERATING DIVISIONS

'Defence and Security'
'Forgings'
'Petrol Station Superstructures'
'Corporate Branding'

Chairman's Statement

Introduction

In my recent Chairman's Statements, I have highlighted the considerable progress we have achieved over the last few years. In the three years to April 2024 revenue increased by over 75 percent from £61.54m to £109.58m and pre-tax profits expanded almost ten-fold from £1.59m to £15.71m.

Today, I am pleased to report that the good progress continues and I remain even more optimistic about our ongoing performance and prospects than I was at this time last year.

The step change in the development of our 'Defence and Security' businesses has enabled us to engage in substantially larger international contracts, around the world, that extend over much longer periods and often involve phased delivery. 'Revenue is recognised as performance obligations are satisfied, which is when control of goods and services has transferred to the customer' (*Source: Accounting Policies page 35 MSI Annual Report 2024*).

As a result of winning these larger contracts, a substantial amount of ongoing work in the first half will not be recognised as revenue until either later this year or in following years, when the goods and services have transferred to the customer.

Timing of revenue will, therefore, be an increasingly significant feature going forward and, indeed, it has impacted the results for the first half. Nevertheless, the Company is making remarkable advances, even if the half year results do not fully reflect this.

Results

For the half year ended 31st October 2024, profit before tax amounted to £8.77m (2023 - £7.72m) on revenue of £54.72m (2023 - £57.02m). Basic earnings per share were 39.8p (2023 - 35.9p).

The balance sheet remains strong with cash and cash equivalents of £32.02m (2023 - £50.05m).

Review of Divisions

'Defence and Security'

This division enjoyed another period of good progress as our excellent international reputation as a top-quality designer and producer of naval weapon systems continues to grow.

The company is now attaining a similar reputation in the much larger international land-based equipment section of the defence market. Our truck/trailer-based version of the MSI Paladin VSHORAD gun systems are now being utilised to protect strategic assets against the threats posed by Uncrewed Aircraft Systems.

These product developments, together with our significant presence and exposure at major international defence equipment exhibitions, auger extremely well for the future performance of the division.

The significant upgrading and development of our production and administrative facilities at our key Norwich site should be completed within weeks. This positions us well to support our anticipated future levels of business.

The US operation continues to prosper with deliveries of gun systems from Norwich for ship fits in the US, for both the US Navy and US Foreign Military Sales projects. Concurrently we are developing and expanding the management and service support team, to ensure that we have the structure in place to support the predicted US ship fits. We are also making provision at our existing, substantial and contemporary property in Rock Hill, South Carolina, to accommodate our projected growth.

'Forgings'

Despite reduced global demand for forks, we have not only maintained market share but believe that we can make significant inroads into the market, particularly in the United States. We continue to make improvements in efficiencies and costs to maintain our competitiveness in this mature but important industry.

'Petrol Station Superstructures'

The strong performance demonstrated by the UK operations in the last financial year has continued. Activity remains at a high level for both new construction and ongoing station maintenance, resulting in an impressive order book.

Customer demand for modern replacement forecourt structures continues for both existing service stations and new large, multifuel developments on motorways and major trunk roads. Several high quality projects encompassing multifuel and catering services were completed in the half year.

As market leader, we are well positioned to benefit from the many exciting prospects that contemporary forecourt designs present, especially with our unique database of existing petrol station construction drawings and specifications.

By comparison, our Poland-based business (which serves Eastern and Northern European countries) has experienced a challenging time owing to an understandable serious lack of investment by the oil companies in maintaining and developing their businesses in that, currently, highly politically sensitive region. There are, however, positive signs of a revival in the construction of canopies for electric car charging stations in Western Mainland Europe.

'Corporate Branding'

The UK operation has very pleasingly continued to prosper, whilst our Netherlands/Germany business restructures to meet subdued market conditions in the petroleum business sector. Notwithstanding, it is satisfying to report that there has been a notable recent upturn in activity for our long, and well established, international 'way-finding' equipment installation and maintenance service business at international airports. Furthermore, we are also seeing some new and positive prospects arising from our offerings in the automotive sales sector of the branding market.

Outlook

I am most encouraged with the considerable progress that we continue to make across all the divisions. This is particularly pleasing in a year of uncertainty, in terms of the political change in many of the countries we serve and, of course, movements in both interest and exchange rates.

In my June 2024 statement, I also reported that '...we continue to review and evolve the future strategic priorities for MSI and the profile of the next generation of management'. I also referenced this in my comments at the AGM in July.

From 1st January 2025 the Board will change as follows. I will continue as Executive Chairman and Michael O'Connell, who has been with me for over 40 years, will become Managing Director. Shelley Ashcroft, Michael's former deputy in finance and the Company Secretary, will take over the role as Finance Director on 1st January 2025 and subject to the satisfactory completion of customary regulatory checks is expected to join the Board around the same time.

This management transition isn't complete, but these are the very first steps towards designing a Board for the future. Our review of the future strategic priorities of the business is nearly complete and I expect to update shareholders about this before the end of the financial year.

This is an exciting time for MS INTERNATIONAL and all matters considered, the Board recommends the payment of an increased interim dividend per share of 5p (2023 - 3p). The dividend is expected to be paid on 17th January 2025 to those shareholders on the register at the close of business on 20th December 2024.

Michael Bell

5th December 2024

MS INTERNATIONAL plc
Michael Bell

Tel: 01302 322133

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

Tel: 020 7408 4090

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

Conclusion

We have been engaged by MS INTERNATIONAL plc (the 'company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2024 which comprises the Interim condensed consolidated income statement, Interim condensed consolidated statement of comprehensive income, Interim condensed consolidated statement of financial position, Interim consolidated statement of changes in equity, Interim consolidated cash flow statement and Notes to the interim consolidated financial statements. We have read the other information contained in the half-yearly financial report which comprises only the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 October 2024 is not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and the AIM rules for Companies.

Basis for conclusion

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

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting'.

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

Conclusions relating to going concern

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

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

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

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with UK-adopted International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and the AIM rules for Companies.

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

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report.

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

Use of our report

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

Interim condensed consolidated income statement

	Notes	Half-year to 31st October 2024 unaudited £'000	Half-year to 31st October 2023 unaudited £'000
Revenue	5/6	54,718	57,023
Cost of sales		(36,154)	(38,943)
Gross profit		18,564	18,080
Distribution costs		(2,102)	(2,303)
Administrative expenses		(9,226)	(7,441)
Derivative gains/(losses)	15	788	(731)
Operating profit	6	8,024	7,605
Finance income		748	204
Other finance costs - pension		-	(90)
Profit before taxation		8,772	7,719
Tax expense	7	(2,326)	(1,917)
Profit for the period attributable to equity holders of the parent		6,446	5,802
Basic earnings per share	8	39.8p	35.9p
Diluted earnings per share	8	38.3p	34.3p

Interim condensed consolidated statement of comprehensive income

	Notes	Half-year to 31st October 2024 unaudited £'000	Half-year to 31st October 2023 unaudited £'000
Profit for the period attributable to equity holders of the parent		6,446	5,802
Exchange differences on retranslation of foreign operations		649	(43)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		649	(43)
Remeasurement gains on defined benefit pension scheme	13	-	54
Deferred taxation on remeasurement of defined benefit pension scheme		-	(14)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods		-	40
Total comprehensive income for the period attributable to equity holders of the parent		7,095	5,799

Interim condensed consolidated statement of financial position

	Notes	31st October 2024 unaudited £'000	31st October 2023 unaudited £'000	30th April 2024 audited £'000
ASSETS				
Non-current assets				
Property, plant and equipment	10	28,628	25,415	27,953
Right-of-use assets	11	560	968	760
Intangible assets		2,413	2,365	2,448
Deferred income tax asset		12	1,716	16
Derivative asset	15	293	-	309

		31,906	30,464	31,486
Current assets				
Inventories		37,506	16,940	25,250
Derivative asset		1,702	-	898
Trade and other receivables		21,785	27,578	28,304
Contract assets		7,211	3,374	100
Cash and cash equivalents	12	27,853	42,627	35,509
Restricted cash held in Escrow	12	4,170	7,426	7,170
		100,227	97,945	97,231
TOTAL ASSETS		132,133	128,409	128,717
EQUITY AND LIABILITIES				
Equity				
Share capital		1,784	1,784	1,784
Capital redemption reserve		957	957	957
Other reserve		2,815	2,815	2,815
Revaluation reserve		9,923	9,923	9,923
Special reserve		1,629	1,629	1,629
Currency translation reserve		42	(363)	(607)
Treasury shares		(7,683)	(3,703)	(3,702)
Retained earnings		41,599	30,362	37,998
TOTAL EQUITY SHAREHOLDERS' FUNDS		51,066	43,404	50,797
Non-current liabilities				
Defined benefit pension liability	13	-	3,577	-
Deferred income tax liability		3,190	2,941	3,132
Contract liabilities		7,477	19,148	10,019
Derivative liabilities	15	-	218	-
Lease liabilities		219	630	422
		10,886	26,514	13,573
Current liabilities				
Trade and other payables		17,063	19,291	21,349
Contract liabilities		52,740	38,303	42,616
Derivative liabilities	15	-	513	-
Lease liabilities		378	384	382
		70,181	58,491	64,347
TOTAL EQUITY AND LIABILITIES		132,133	128,409	128,717

The interim condensed consolidated financial statements of the Group for the six months ended 31st October 2024 were authorised for issue in accordance with a resolution of the directors on 5th December 2024 and signed on their behalf by:

Michael O'Connell
Finance Director

Interim consolidated statement of changes in equity

	Share capital	Capital redemption reserve	Other reserve	Revaluation reserve	Special reserve	Currency translation reserve	Treasury shares	Retained earnings	Total unaudited/audited
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 30th April 2023	1,784	957	2,815	9,923	1,629	(320)	(2,381)	26,668	41,075
Profit for the period	-	-	-	-	-	-	-	5,802	5,802
Other comprehensive (loss)/income	-	-	-	-	-	(43)	-	40	(3)
Equity settled share-based payment expense	-	-	-	-	-	-	-	19	19
Purchase of own shares	-	-	-	-	-	-	(1,676)	-	(1,676)

Purchase of own shares	-	-	-	-	-	-	(1,070)	-	(1,070)
Exercise of share options	-	-	-	-	-	-	354	(44)	310
Dividend paid	-	-	-	-	-	-	-	(2,123)	(2,123)
At 31st October 2023	1,784	957	2,815	9,923	1,629	(363)	(3,703)	30,362	43,404
Profit for the period	-	-	-	-	-	-	-	5,698	5,698
Other comprehensive (loss)/income	-	-	-	-	-	(244)	-	2,413	2,169
Equity settled share-based payment expense	-	-	-	-	-	-	-	46	46
Deferred tax on equity settled share-based payment expense	-	-	-	-	-	-	-	(38)	(38)
Exercise of share options	-	-	-	-	-	-	1	4	5
Dividend paid	-	-	-	-	-	-	-	(487)	(487)
At 30th April 2024	1,784	957	2,815	9,923	1,629	(607)	(3,702)	37,998	50,797
Profit for the period	-	-	-	-	-	-	-	6,446	6,446
Other comprehensive income	-	-	-	-	-	649	-	-	649
Equity settled share-based payment expense	-	-	-	-	-	-	-	36	36
Deferred tax on equity settled share-based payment expense	-	-	-	-	-	-	-	(9)	(9)
Purchase of own shares	-	-	-	-	-	-	(4,483)	-	(4,483)
Exercise of share options	-	-	-	-	-	-	502	(169)	333
Dividend paid	-	-	-	-	-	-	-	(2,703)	(2,703)
At 31st October 2024	1,784	957	2,815	9,923	1,629	42	(7,683)	41,599	51,066

Interim consolidated cash flow statement

	Half-year to 31st October 2024 unaudited £'000	Half-year to 31st October 2023 unaudited £'000
Profit before taxation	8,772	7,719
<i>Adjustments to reconcile profit before taxation to cash generated from operating activities:</i>		
Depreciation charge of owned and right-of-use assets	1,232	1,024
Amortisation charge	45	31
Profit on disposal of property, plant and equipment	(121)	(148)
Net finance income	(748)	(114)
Equity settled share-based payment expense	36	19
Foreign exchange gains	266	202
(Increase)/decrease in inventories	(12,379)	7,853
Decrease/(increase) in receivables	670	(21,598)
(Increase)/decrease in derivatives	(788)	731
(Decrease)/increase in payables	(3,698)	4,257
Increase in contract liabilities	8,545	42,255
Pension fund deficit reduction payments	-	(675)
Cash generated from operating activities	1,832	41,556
Net interest received	761	224
Taxation paid	(4,301)	(2,279)
Net cash (outflow)/inflow from operating activities	(1,708)	39,501
Investing activities		
Purchase of property, plant and equipment	(1,974)	(1,168)
Proceeds on disposal of property, plant and equipment	173	149
Decrease/(increase) in restricted cash held in Escrow maturing in more than 90 days	3,000	(4,509)
Net cash inflow/(outflow) from investing activities	1,199	(5,528)
Financing activities		
Buy back of own shares	(4,483)	(1,676)
Proceeds from exercise of employee share options	333	310
Lease payments	(198)	(206)
Dividend paid	(2,703)	(2,123)
Net cash outflow from financing activities	(7,051)	(3,695)

(Decrease)/increase in cash and cash equivalents	(7,560)	30,278
Opening cash and cash equivalents	35,509	12,336
Exchange differences on cash and cash equivalents	(96)	13
Closing cash and cash equivalents	27,853	42,627

Notes to the interim consolidated financial statements

1. Corporate information

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

'Defence and Security' - design, manufacture, and service of defence equipment.

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

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

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

2. Basis of preparation and accounting policies

The consolidated condensed interim financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures required in annual financial statements, and should therefore be read in conjunction with the Group's Annual Report for the year ended 30th April 2024 and any public announcements made by MS INTERNATIONAL plc during the interim reporting period. The financial statements for the year ended 30th April 2024 have been filed with the Registrar of Companies. The auditor's report on these financial statements was unmodified and did not contain statements under sections 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been reviewed but not audited by the Group's auditor, Grant Thornton UK LLP. The interim financial information does not constitute full financial information within the meaning of section 434 of the Companies Act 2006. The auditor's report is included on pages 4-5.

The accounting policies are consistent with those applied in the financial statements of the Annual Report for year ended 30th April 2024. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

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

3. Principal risks and uncertainties

The principal risks and uncertainties facing the Group for the remaining six months of the financial year are discussed below. Further details of the Group's risks and uncertainties can be found on page 8 of the Annual Report for the year ended 30th April 2024, which is available from MS INTERNATIONAL plc's website: www.msipcl.com.

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

Given the increasing demand for the Group's products, specifically in the 'Defence and Security' division, increased capacity is required to satisfy customers' requirements. Significant investment in the Norwich facility has taken place, and continues to take place, in order to meet these higher levels of trading. Managing the increase in production capacity comes with both risks and challenges, both internally within the division and externally within the wider supply chain.

The risk that foreign exchange fluctuations will impact the Group's performance has increased significantly over the past year as a number of international contracts in the 'Defence and Security' division are now denominated in USD. This created a large unhedged currency exposure within the Group and as a result, management have taken steps to mitigate this risk by taking out various forward contracts (note 15).

4. Going concern

The condensed interim financial statements included in this report have been prepared on a going concern basis. Forecasts have been made up to 30th April 2026, which the Directors believe to be a reasonable expectation based on the information available at the time of signing these accounts. The forecasts have been assessed for the impact of potential sensitivities, including a 10% fall in the forecasted

signing these accounts. The forecasts have been assessed for the impact of potential sensitivities, including a 10% fall in the forecasted Group revenue and a 10% increase in materials prices. In all scenarios, the Group has sufficient headroom to meet its liabilities as they fall due.

In addition, management have carried out reverse stress tests to 30th April 2026 under various scenarios, all of which are considered implausible by management. In all tested scenarios, the Group would continue as a going concern for at least the next 12 months.

As a result, in making the going concern assessment the Directors believe there to be no material uncertainties that could cast significant doubt on the Group's ability to continue operating as a going concern. The Group has sufficient financial resources with a healthy order book to continue operating for the foreseeable future, being at least to 30th April 2026. As a result, the Directors continue to adopt the going concern basis of accounting in preparation of this report.

5. Revenue

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

	Half-year to 31st October 2024 unaudited £'000	Half-year to 31st October 2023 unaudited £'000
Revenue recognised at a point in time	52,597	55,780
Revenue recognised over time	2,121	1,243
Total revenue	54,718	57,023

6. Segment information

The following table presents segmental revenue and operating profit/(loss) as well as segmental assets and liabilities of the Group's divisions for the half-year periods ended 31st October 2024 and 31st October 2023. The reporting format is determined by the differences in manufacture and services provided by the divisional segments within the Group.

	'Defence and Security'		'Forgings'		'Petrol Station Superstructures'		'Corporate Branding'		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	unaudited £'000	unaudited £'000
Segmental revenue										
Segment revenue	35,261	33,508	7,664	9,454	7,382	8,555	4,687	5,584	54,994	57,101
Intercompany revenue from other segments	-	-	-	-	(99)	(8)	(177)	(70)	(276)	(78)
External revenue	35,261	33,508	7,664	9,454	7,283	8,547	4,510	5,514	54,718	57,023
Segment result										
Operating profit/(loss)	6,664	5,741	344	681	996	1,285	20	(102)	8,024	7,605
Net finance income									748	114
Profit before taxation									8,772	7,719
Tax expense									(2,326)	(1,917)
Profit for the period									6,446	5,802
Segmental assets										
Assets attributable to segments	81,684	79,724	6,314	7,357	12,571	12,586	3,462	5,261	104,031	104,928
Unallocated assets*									28,102	23,481
Total assets									132,133	128,409
Segmental liabilities										
Liabilities attributable to segments	67,541	68,203	1,668	2,212	4,903	4,683	1,619	2,167	75,731	77,265
Unallocated liabilities*									5,336	7,740
Total liabilities									81,067	85,005
Other segmental information										
Capital expenditure	1,373	780	258	194	304	131	39	63	1,974	1,168
Depreciation	459	210	292	317	357	370	124	127	1,232	1,024
Amortisation	23	9	22	-	-	22	-	-	45	31

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

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

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

7. Tax expense

The income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

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

	Half-year to 31st October 2024 unaudited £'000	Half-year to 31st October 2023 unaudited £'000
Current tax expense	2,259	1,979
Deferred tax expense/(income)	67	(62)
Total tax expense reported in the Interim condensed consolidated income statement	2,326	1,917

Tax relating to items charged to other comprehensive income:

	Half-year to 31st October 2024 unaudited £'000	Half-year to 31st October 2023 unaudited £'000
Deferred tax on measurement of defined benefit pension scheme	-	14
Deferred tax in the Interim condensed consolidated statement of comprehensive income	-	14

8. Earnings per share

The calculation of basic earnings per share of 39.8p (2023 - 35.9p) is based on the profit for the period attributable to equity holders of the parent of £6,446,000 (2023 - £5,802,000) and on a weighted average number of ordinary shares in issue of 16,177,305 (2023 - 16,141,981). At 31st October 2024 there were 820,020 (2023 - 1,072,693) potentially dilutive shares on option with a weighted average effect of 636,234 (2023 - 789,551) giving a diluted earnings per share of 38.3p (2023 - 34.3p).

	Half-year to 31st October 2024 unaudited	Half-year to 31st October 2023 unaudited
Weighted average number of shares in issue	17,841,073	17,841,073
Less weighted average number of shares held in the ESOT	(32,093)	(231,387)
Less weighted average number of shares purchased by the Company	(1,631,675)	(1,467,705)
Weighted average number of shares to be used in basic EPS calculation	16,177,305	16,141,981
Weighted average number of the 820,020 (2023 - 1,072,693) potentially dilutive shares	636,234	789,551
Weighted average diluted shares	16,813,539	16,931,532
Profit for the period attributable to equity holders to the parent in £	6,446,000	5,802,000
Basic earnings per share	39.8p	35.9p
Diluted earnings per share	38.3p	34.3p

9. Dividends paid and proposed

	Half-year to 31st October 2024 unaudited £'000	Half-year to 31st October 2023 unaudited £'000
<i>Declared and paid during the six month period</i>		
Final dividend on ordinary shares for 2024 - 16.5p (2023 - 13p)	2,703	2,123
<i>Proposed for approval</i>		
Interim dividend on ordinary shares for 2025 - 5p (2024 - 3p)	804	487

The interim dividend will be payable on 17th January 2025 to those shareholders on the register at the close of business on 20th December 2024, with the ex-dividend date being 19th December 2024.

10. Property, plant and equipment

At 31st October 2024 (unaudited)

	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 30th April 2024	23,387	20,090	43,477
Additions	808	1,166	1,974
Disposals	-	(595)	(595)
Exchange differences	(184)	(136)	(320)
At 31st October 2024	24,011	20,525	44,536
Accumulated depreciation			
At 30th April 2024	805	14,719	15,524
Depreciation charge for the period	217	835	1,052
Disposals	-	(543)	(543)
Exchange differences	(11)	(114)	(125)
At 31st October 2024	1,011	14,897	15,908
Net book value at 31st October 2024	23,000	5,628	28,628
Analysis of cost or valuation			
At professional valuation	21,377	-	21,377
At cost	2,634	20,525	23,159
At 31st October 2024	24,011	20,525	44,536

At 31st October 2023 (unaudited)

	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 30th April 2023	21,930	17,298	39,228
Additions	517	651	1,168
Disposals	-	(316)	(316)
Exchange differences	194	63	257
At 31st October 2023	22,641	17,696	40,337
Accumulated depreciation			
At 30th April 2023	395	13,947	14,342
Depreciation charge for the period	202	636	838
Disposals	-	(315)	(315)
Exchange differences	7	50	57
At 31st October 2023	604	14,318	14,922
Net book value at 31st October 2023	22,037	3,378	25,415
Analysis of cost or valuation			
At professional valuation	21,681	-	21,681
At cost	960	17,696	18,656
At 31st October 2023	22,641	17,696	40,337

At 30th April 2024 (audited)

	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 30th April 2023	21,930	17,298	39,228
Additions	517	651	1,168
Disposals	-	(316)	(316)
Exchange differences	194	63	257
At 30th April 2024	22,641	17,696	40,337

At 30th April 2023	21,930	17,298	39,228
Additions	1,405	3,493	4,898
Disposals	-	(676)	(676)
Exchange differences	52	(25)	27
At 30th April 2024	23,387	20,090	43,477
Accumulated depreciation			
At 30th April 2023	395	13,947	14,342
Depreciation charge for the year	408	1,365	1,773
Disposals	-	(578)	(578)
Exchange differences	2	(15)	(13)
At 30th April 2024	805	14,719	15,524
Net book value at 30th April 2024	22,582	5,371	27,953
Analysis of cost or valuation			
At professional valuation	21,561	-	21,561
At cost	1,826	20,090	21,916
At 30th April 2024	23,387	20,090	43,477

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

The properties in the UK were valued on the basis of an existing use value in accordance with the Appraisal and Valuation Standards (5th Edition) published by the Royal Institution of Chartered Surveyors. The Polish property was valued based on the income approach, converting anticipated future benefits in the form of rental income into present value. The US 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.

11. Right-of-use assets

At 31st October 2024 (unaudited)

	Property £'000	Total £'000
Cost or valuation		
At 30th April 2024	2,243	2,243
Exchange differences	(68)	(68)
At 31st October 2024	2,175	2,175
Accumulated depreciation		
At 30th April 2024	1,483	1,483
Depreciation charge for the period	180	180
Exchange differences	(48)	(48)
At 31st October 2024	1,615	1,615
Net book value at 31st October 2024	560	560

At 31st October 2023 (unaudited)

	Property £'000	Total £'000
Cost or valuation		
At 30th April 2023	2,312	2,312
Exchange differences	(12)	(12)
At 31st October 2023	2,300	2,300
Accumulated depreciation		
At 30th April 2023	1,150	1,150
Depreciation charge for the period	186	186
Exchange differences	(4)	(4)
At 31st October 2023	1,332	1,332

At 31st October 2023	1,332	1,332
Net book value at 31st October 2023	968	968
At 30th April 2024 (audited)		
	Property £'000	Total £'000
Cost or valuation		
At 30th April 2023	2,312	2,312
Exchange differences	(69)	(69)
At 30th April 2024	2,243	2,243
Accumulated depreciation		
At 30th April 2023	1,150	1,150
Depreciation charge for the year	371	371
Exchange differences	(38)	(38)
At 30th April 2024	1,483	1,483
Net book value at 30th April, 2023	760	760

12. Cash and cash equivalents

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

	31st October 2024 unaudited £'000	31st October 2023 unaudited £'000	30th April 2024 audited £'000
Cash and cash equivalents	27,853	42,627	35,509
Restricted cash held in Escrow - maturing in more than 90 days	4,170	7,426	7,170
Total cash	32,023	50,053	42,679

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

13. Pension liability

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

- Until 5th April 1997, the Scheme provided defined benefits and these liabilities remain in respect of service prior to 6th April 1997. From 6th April 1997 until 31st May 2007 the Scheme provided future service benefits on a defined contribution basis.
- From 1st June 2007 the Company has operated a defined contribution scheme for its UK employees which is administered by a UK pension provider. Member contributions are paid in line with this Scheme's documentation over the accounting period and the Company has no further obligations once the contributions have been made.
- From 6th April 2016 the Company directly pays the expenses of the Scheme. The total pension scheme expenses incurred by the Company during the period were £109,000 (2023 - £221,000).
- The last formal valuation of the Scheme was performed at 5th April 2023 by a professionally qualified actuary. Due to improved funding of the Scheme on a Technical Provisions basis, the last quarterly deficit contribution was made in April 2024. The current Schedule of Contributions requires no further deficit reduction payments to be made and therefore no payments have been made during the period (2023 - £675,000).
- At 31st October 2024 the present value of the contracted future deficit reduction contributions was £nil (2023 - £3,577,000), which was less than (2023 - more than) the net scheme surplus of £544,000 (2023 - £48,000). As the Company does not have an unconditional right to the economic benefits arising from this surplus, a liability of £nil (2023 - £3,625,000) has been recognised within the financial statements in accordance with IFRIC 14.

14. Commitments and contingencies

The Group is contingently liable in respect of guarantees, indemnities and performance bonds given in the ordinary course of business amounting to £4,170,000 at 31st October 2024 (2023 - £7,416,000). The cash held in Escrow of £4,170,000 (2023 - £7,426,000) provides security to both Lloyds Bank plc and Barclays Bank plc in respect of these guarantees, indemnities and performance bonds.

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

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

15. Derivative financial instruments

The Group has in place a number of forward currency contracts in respect of USD denominated cash inflows in the 'Defence and Security' division.

The Group has chosen not to adopt hedge accounting with respect to forward exchange contracts and as a result the profit arising from the change in the fair value during the period has been included within operating profit.

At 31 st October 2024 (unaudited)	US Dollar '000	Sterling £'000	Average forward rate	Balance at period end £'000
Non-current derivative asset	10,000	8,052	1.2420	293
Current derivative asset	47,500	38,629	1.2296	1,702
Total	57,500	46,681	1.2318	1,995

At 31 st October 2023 (unaudited)	US Dollar '000	Sterling £'000	Average forward rate	Balance at period end £'000
Non-current derivative liability	57,500	46,680	1.2318	(218)
Current derivative liability	41,500	33,615	1.2346	(513)
Total	99,000	80,295	1.2330	(731)

At 30th April 2024 (audited)	US Dollar '000	Sterling £'000	Average forward rate	Balance at period end £'000
Non-current derivative asset	20,000	16,134	1.2396	309
Current derivative asset	54,000	43,968	1.2282	898
Total	74,000	60,102	1.2312	1,207

16. Share-based payments

During the period, a total of 12,000 share options have been granted to employees under the MS INTERNATIONAL plc Company Share Option Plan. These options are exercisable in three equal amounts at three, four and five years after the date of grant at an exercise price of £9.90 and are not subject to any share price performance conditions.

Share options totalling 260,673 have been exercised during the period. This includes 25,000 options exercised under the MS INTERNATIONAL plc Long Term Incentive Plan at an exercise price of £0 per share, and a further 235,673 options exercised under the MS INTERNATIONAL Plc Company Share Option Scheme at an exercise price of £1.41 per share.

175,670 of the options were satisfied by transferring shares from treasury and the remaining 85,003 options were satisfied by transferring shares from The Employee Share Ownership Trust ("ESOT").

The following table illustrate the number and weighted average exercise prices (WAEP) of share options during the year:

	Long-term Incentive Plan		Company Share Option Plan		Total	
	Number	WAEP	Number	WAEP	Number	WAEP
Outstanding at 30th April 2023	250,000	-	1,020,000	£1.44	1,270,000	£1.16
Granted in period	-	-	122,700	£7.16	122,700	£7.16
Exercised in period	(100,000)	-	(220,007)	£1.41	(320,007)	£0.97
Outstanding at 31st October 2023	150,000	-	922,693	£2.21	1,072,693	£1.90
Granted in period	-	-	-	-	-	-
Exercised in period	-	-	(4,000)	£1.41	(4,000)	£1.41
Outstanding at 30th April 2024	150,000	-	918,693	£2.21	1,068,693	£1.90
Granted in period	-	-	12,000	£9.90	12,000	£9.90
Exercised in period	(25,000)	-	(235,673)	£1.41	(260,673)	£1.27
Outstanding at 31st October 2024	125,000	-	695,020	£2.62	820,020	£2.22

The Group recognised a total charge during the period of £36,000 (2023 - £19,000) in relation to equity-settled share-based payment transactions. At 31st October 2024 there were 125,000 (2023 - 150,000) and 207,004 (2023 - 113,337) share options exercisable in the LTIP and

CSOP share option schemes respectively.



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