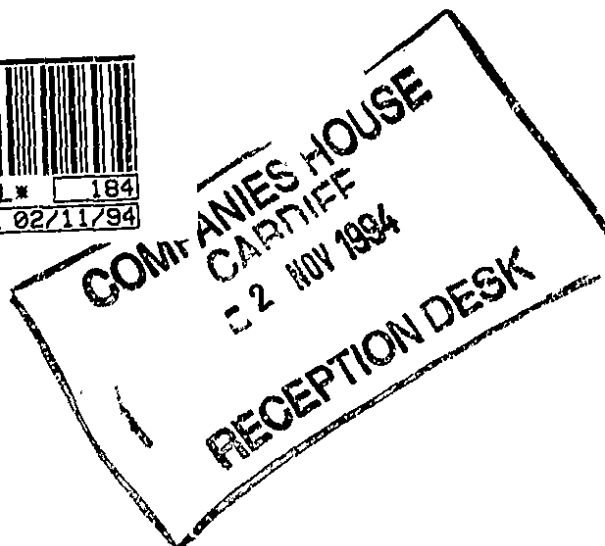
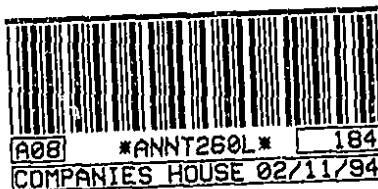


The Year in Brief

	1994 £000	1993 As restated £000
Turnover	29,349	28,813
Operating profit	957	472
Profit on ordinary activities before taxation	867	306
Profit on ordinary activities after taxation	500	184
Earnings per share	1.8p	0.7p
Dividends per share	2.5p	2.5p

Financial Calendar Key Dates

Annual Results Announced	June
Annual General Meeting	September
Final Dividend Payable	September
Half-Yearly Results Announced	December
Interim Dividend Payable	February



Chairman's Statement

Results. I am pleased to report a meaningful increase in pre-tax profit to £0.87m (1993 – £0.31m restated) for the 52 week period ended April 30th, 1994. This was achieved on a turnover of £29.35m (1993 – £28.81m). Particularly pleasing is the fact that direct exports doubled to 20% of total sales. Earnings per share increased to 1.8p (1993 – 0.7p restated).

The progression in pre-tax profit is in line with our expectations at the time of the interim report. The restated pre-tax profit figure for 1993 reflects an error in the valuation of stocks in one of the divisions, though it is important to note that this did not result in any financial loss to the company.

As we anticipated, trading conditions remained difficult throughout the year and only in the final quarter of the period was there a marginal upturn in demand. Notwithstanding the various constraints imposed during these recessionary times, the many positive investment moves that have been made – to establish new business and also upgrade the quality and performance capabilities of the plant and equipment – should augur well in an improving economic environment.

MSI-Defence Systems Ltd., produced a strong performance, despite the many radical influences that continue to bring about change in the defence sector. The manner in which the company has approached and adapted to such factors is highly commendable.

MSI-Mechforge Ltd., continued to develop as planned, and thereby significantly expanded its share of the international fork arm market. The acquisition by MSI in October 1993 of Ernst Wilhelms GmbH & Co., a German based fork arm supplier, established a broader and much improved trading position on the European mainland.

MSI-Transportation Systems Ltd., had a disappointing year in trading terms, owing to a much sharper decline in the demand for conveying equipment from the power generating industry, than had been anticipated in the period. That downturn was partly counteracted following the acquisition of a conveyor component manufacturer last October, that readily enhanced the growing level of product sales to the quarrying industry. In addition, there was a positive move to achieve an entrée into the business of manufacturing and supplying rides for the amusement park market. This new venture is already showing rewards and holds considerable promise for the future.

GLOBAL-MSI plc, – 50% owned – enhanced its renowned status in the developing European petrol station canopy market. The company has recently been awarded significant portions of pan-European long term supply arrangements for canopies, by two major international oil companies.

Considerable progress was made by MSI-Blantyre Ltd., following last year's effectively implemented re-organisation plan. MSI-Preconomy Ltd., has only recently returned to a stable and more dependable level of trading, following a number of reforms in that operation.

Conversely the result at MSI-Turned Parts Ltd., remained inadequate, despite the resolute efforts of a reinforced management team to combat the repercussions of the persistent low levels of demand, from the still depressed automotive sector. That said, the business continued to generate cash during the period.

A more informative overview of the activities and achievements of the principal subsidiary companies and the associate is reported upon separately under "Operational Review".

Prospects

As the results clearly show, we continue to reap the rewards of focusing

Chairman's Statement

Continued

attention on certain parts of the group where it is perceived we can achieve market leadership and thereby enhance shareholder value.

Clearly, many more exciting and demanding challenges lie ahead, as the business continues to undergo fundamental changes, and many of the individual operations develop and expand the newly created opportunities. The reducing level of dependence on the domestic market is a notable factor in the equation, for it would be imprudent to anticipate too marked an upturn in the domestic economy.

In conclusion, a certain measured optimism exists with regard to future prospects, and the board believes it appropriate to recommend the payment of a maintained level of dividend of 1.5p (1993 - 1.5p), which together with the interim dividend of 1.0p (1993 - 1.0p), makes a total payment to shareholders of 2.5p (1993 - 2.5p) per share for the year. The final dividend will be paid on September 12th, 1994, to ordinary shareholders registered at the close of business on August 18th, 1994.

Michael Bell

Michael Bell, Executive Chairman
June 28th, 1994



Operational Review

The group trades in a number of markets that include defence, materials handling, petroleum and automotive.

The common factor throughout the operations is the ability to identify, and then apply, the many available inherent, yet distinct, specialist design and engineering skills within MSI to meet specific requirements. Illustrative of such ability, is the current move to exploit a perceived market opportunity in amusement park rides.

Below are brief reviews of the activities and achievements of the principal operating subsidiaries and the associate representing the broad spectrum of products manufactured, services provided and markets served.

MSI-Defence Systems Ltd.

MSI-Defence Systems Ltd., has, for more than 80 years been highly regarded for the design and manufacture of naval defence equipment.

Today that technical leadership is exemplified by a wide range of products and support services that are supplied to the UK MOD and over 40 other navies worldwide. Products include stabilised naval gun systems, navigational and tactical plotting tables and optical fire directors. Support services fulfil two roles. Firstly, in the support of the company's products that are in service and for special assignments, in such matters as military diving, sea mine technology and underwater platforms and vehicles. Secondly, services are rendered to other organisations where our specialist expertise matches customers' particular requirements.

The need and willingness to team with other international companies, in the supply of both products and services, is regarded as of paramount importance. We believe closer links between companies to be essential in a market experiencing many uncertainties brought about by changes in the world political arena. For example, during the year the company reached agreement with Gichner Inc., of the USA, for the transfer of their customised tactical shelter technology. Gichner is unquestionably the world's leading supplier of such complex shelter packages (eg transportable control centres), capable of providing protection for both the electronic equipment and personnel therein, from external chemical and projectile attack. The arrangement will enable MSI-Defence Systems Ltd., to address the requirements of an essentially more mobile and flexible UK land and air force. Other new teaming arrangements that are in hand will also enhance the company's ability to satisfy other specific opportunities.

MSI-Mechforge Ltd.

MSI-Mechforge Ltd., is clearly acknowledged as Europe's No. 1 manufacturer of fork arms, for the fork lift truck and construction equipment industries. The company is credited with sole supplier status to many of the continent's manufacturers. MSI's acquisition, in October 1993, of one of Germany's noted manufacturers of fork arms, and the new "family" relationship with MSI-Mechforge, has established the very essence of a truly European company.

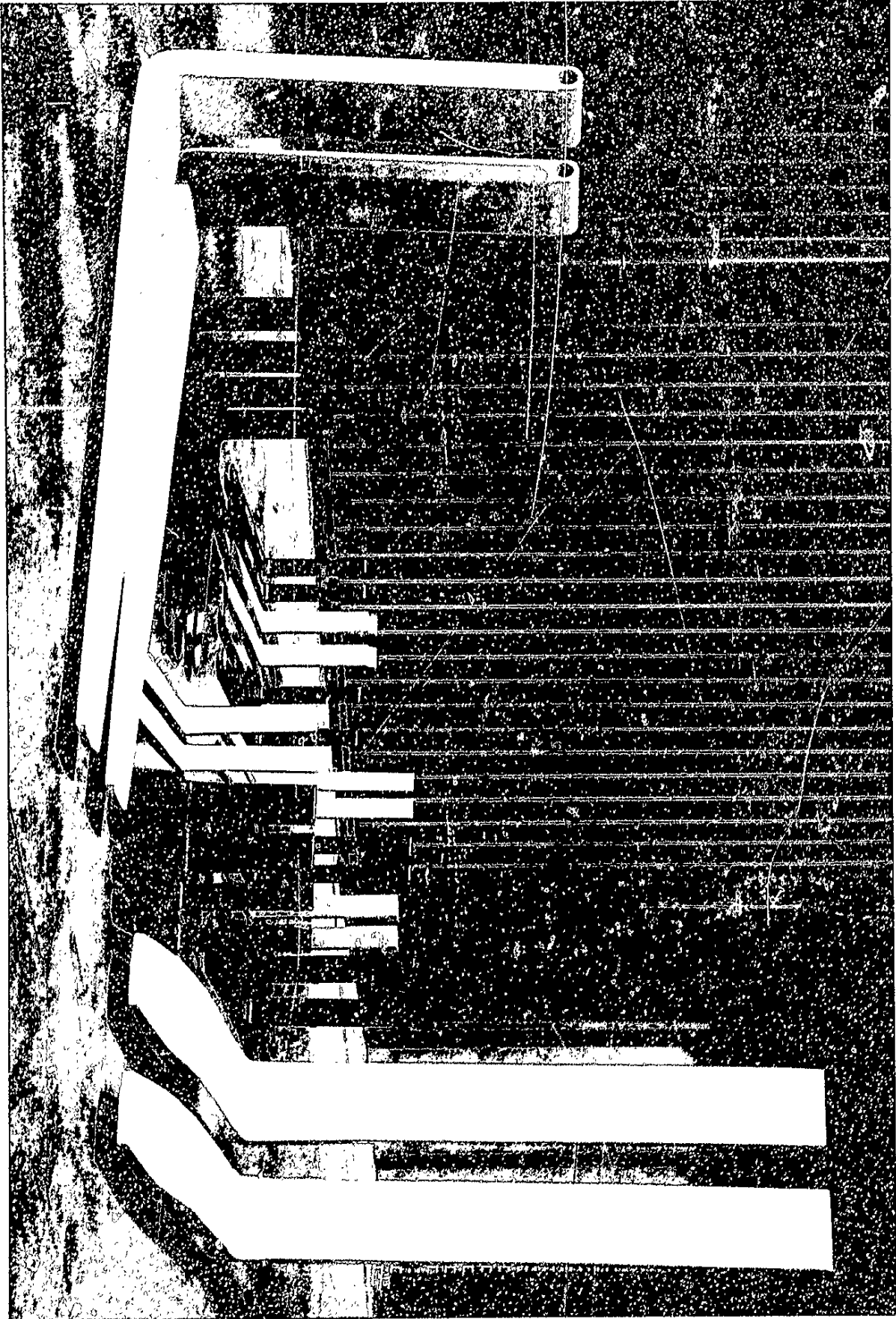
But it is not only in Europe that MSI-Mechforge Ltd., has been pro-active. Markets have been extended far beyond such boundaries, into new areas such as North America, Africa and South East Asia. We believe that the company - when measured on sales volume - to be ranked No. 4 in the world.

A wide range of naval diving support services are provided by MSI-Defence Systems Ltd.





“Gun practice time” – the MSF USS08 being put through it's paces aboard a minihunter.



Fork arms with lifting capacity through the range from 1 tonne to 52 tonnes are produced by MSH-Mechforge Ltd., and supplied to many of the world's leading fork truck manufacturers.

To support the recent sales initiative in the global market, a considerable investment programme is nearing completion, which will introduce certain state of the art manufacturing equipment into the plant, and also significantly increase the production capability.

MSI-Transportation Systems Ltd.

MSI-Transportation Systems Ltd., comprises a group of four companies that are in the midst of change, adapting to redirection and reorganisation. All four are in the process of expanding their operations to respond to perceived opportunities in new markets.

The acquisition by MSI of a conveyor idler and roller business, now trading as MSI-Westwood Dawes Ltd., has enhanced the established ability, of MSI-Mech Construction Ltd., to provide a project mechanical engineering service specialising in bulk materials handling within the group. As a result sales have improved in both the domestic and European markets. MSI-Mining Supplies Ltd., is also part of this grouping, manufacturing equipment both for the newly privatised and downsized state controlled coal mining industry.

The recent acquisition of a small niche business supplying the leisure sector, has facilitated the establishment of a platform from which to develop a new business, MSI-Supercar Leisure Ltd. This move provides an entrée into the amusement park rides market, to supply complete ride systems, from design concept through manufacture and installation, and after sales support.

"The very essence of quality" - conveyor rollers produced by MSI-Westwood Dawes Ltd.



GLOBAL-MSI plc.

GLOBAL-MSI plc, was formed in October 1993, the result of a joint venture agreement that merged, on an equal share basis, our former business of MSI-Forecourt Structures Ltd., with that of the privately-owned company, Global Canopies Ltd. The agreement has successfully brought together Global Canopies' 25 years of specialist experience, in the design and construction of canopies for petrol station forecourts, with our former subsidiary company's predominantly infrastructure products - access covers, interceptors, pump inlets and surrounds and cradles, and a much smaller based canopy operation.

The company is regarded by many as the leader in the European market. That high regard was exemplified recently, when the company was awarded a significant share, of pan-European long term supply agreements for canopies from two major international oil companies.

MSI-Turned Parts Ltd.

MSI-Turned Parts Ltd., manufactures medium to high volume precision machine parts mainly for the automotive industry.

The range of machining facilities is capable of matching component supply to suit customers' product sales patterns, from prototype, through batch production, returning to low volume for spares requirements. The company enjoys the requisite quality level status with major customers.

MSI-Preconomy Ltd.

MSI-Preconomy Ltd., designs and manufactures steel moulds and dies from which customers produce high quality "luxury finish" plastic components and non-ferrous parts for a number of industries but predominantly automotive.

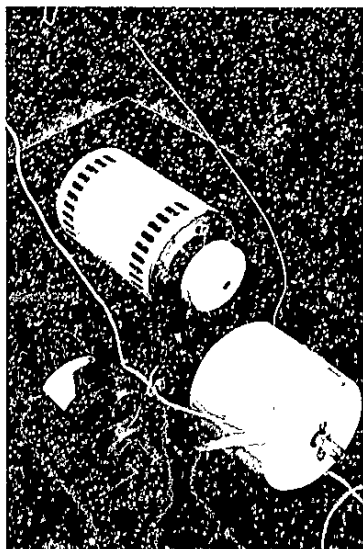
The business is one of a contracting nature, and a high standard of project management is essential - from conception through to pre-production sampling, satisfying the design criteria of the engineer and the artistic flair of the designer. A complex mould is the end product - which may perhaps weigh up to 15 tonnes - that is utilised to make the finished part, with not only the desired surface finish, but also mass production quantities for the component manufacturer - without interruption.

MSI-Blantyre Ltd.

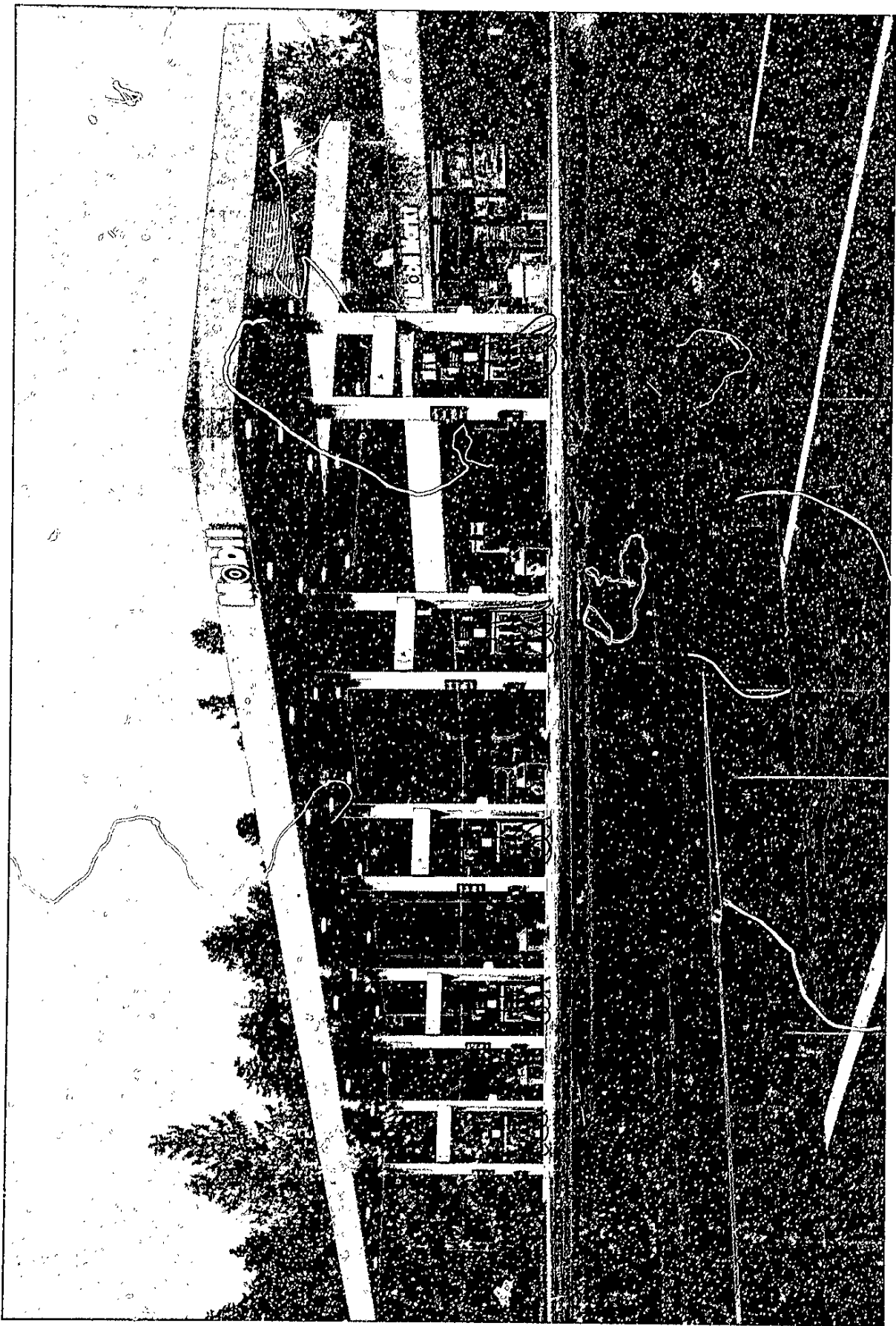
MSI-Blantyre Ltd., designs and manufactures fractional horsepower AC induction motors from 5W up to 1100W rating. The company specialises in customising designs to suit individual customer requirements. Motors are manufactured to the various British, European and International Standards, including UL and CSA.

Typical applications for the motors include drive axial fans, air conditioning units, pumps, cash dispensing machines and document handling devices.

Part of the range of electric motors produced by MSI-Blantyre Ltd



One of the many petrol filling station canopies designed and constructed by GLOBAL-MISJ plc. was this one for Mobil at Steiermark in Austria.



Directors and Advisers

Directors

Executive

Michael Bell ARICS (Executive Chairman)
Michael O'Connell FCA
David Pyle (Secretary)

Non Executive

Roger Lane-Smith - Age 48
Appointed a director on January 21st, 1983 he is chairman of Alsop Wilkinson, the group's solicitors and also a director of a number of other companies.

John Lee FCA - Age 52
Appointed a director on June 27th, 1990, a former government minister at Defence, Employment and Tourism. He is chairman of Christie Hospital NHS Trust and a non executive director of Paterson Zochonis plc. He is the chairman of the Association of Visitor Attractions and member of the English Tourist Board.

Registered Office

Carr Hill,
Balby,
Doncaster,
South Yorkshire,
DN4 8DH.

Auditors

Ernst & Young

Bankers

Yorkshire Bank plc

Merchant Bankers

NatWest Markets Corporate Finance Limited

Registrars and Transfer Office

Barclays Registrars,
Bourne House,
34 Beckenham Road,
Beckenham,
Kent,
BR3 4TU

Solicitors

Alsop Wilkinson

Stockbrokers

Greig, Middleton & Co. Limited

Report of the Directors

1 Principal Activities of the Group

The group is engaged in the design and manufacture of a wide range of diverse, specialist engineering products and the provision of related services.

2 Business Review

A review of the operations of the company and its subsidiary and associate undertakings during the period, their position at April 30th, 1994 and indications of future developments in the business are provided in the Chairman's Statement and Operational Review.

On January 29th, 1994 the company divisionalised the activities of MSI-Computer Systems Ltd. and MSI-Site Services Ltd. and on April 30th, 1994 the company divisionalised the activities of MSI-Blantyre Ltd. and MSI-Quality Forgings Ltd., acquiring the trade, assets and liabilities of all four subsidiaries. With effect from the date of divisionalisation these subsidiaries operate under agency agreements with the company.

There have been no other events to the date of this report which have materially affected the company.

3 Results and Dividends

The profit for the period attributable to shareholders amounted to £500,000. It is recommended that a final dividend of 1.5p per share be paid, which, together with the interim dividend of 1.0p, makes a total of 2.5p per share for the period. The dividend absorbs £685,000 leaving a loss for the period of £185,000.

4 Fixed Assets

Changes in fixed assets during the period are set out in note 10 on the accounts.

5 Directors

The names of the directors of the company throughout the period are shown on page 10.

David Pyle retires by rotation and, being eligible, offers himself for re-election. David Pyle entered into a service contract with the company with effect from July 1st, 1989 under which he is entitled to four years prior notice in writing of termination of his employment as a director of the company.

6 Directors' Interests

The interests of the directors in the shares of the company, according to the register required to be kept under section 325 of the Companies Act 1985, were as follows:-

	10p ORDINARY SHARES			
	At April 30th, 1994		At May 1st, 1993	
	Held Beneficially	As Trustee	Held Beneficially	As Trustee
Michael Bell	940,324	378,500*	940,324	378,500*
Roger Lane-Smith	53,000	378,500*	53,000	378,500*
John Lee	21,500	-	21,500	-
Michael O'Connell	31,000	-	31,000	-
David Pyle	365,600	-	365,600	-

* Joint holdings

At April 30th, 1994 Michael Bell held options on 1,777,000 ordinary shares (1993 - 1,645,000), Michael O'Connell held options on 1,335,000 ordinary shares (1993 - 1,247,000) and David Pyle held options on 1,185,000 ordinary shares (1993 - 1,097,000) under the company's executive and employee share option schemes.

None of the directors had a significant interest in any contract or arrangement to which the company or a subsidiary was party during the period.

There has been no movement in directors' holdings between May 1st, 1994 and June 28th, 1994.

Report of the Directors

7 Substantial Interests in Shares

On June 28th, 1994, the directors had been advised of the following notifiable interests:-

	% of share capital held
Popeshead Nominees Limited	9.6
The Trustee of the Group's employee share ownership trust	8.9
The Trustee of the Group's pension scheme	8.9
MSS Nominees Limited	5.4
Provident Mutual Life Assurance Association	3.8
Glyn Mills Nominees (Lombard Street Limited)	3.6
Scottish Amicable Nominees Limited	3.5
29 Gracechurch Street Nominees Limited	3.4
Prudential Pensions Limited	3.4
Mrs Patricia Snipe	3.3

Apart from these, and the holdings of Michael Bell and his family, the directors have not been formally notified of any other shareholdings in excess of 3% on June 28th, 1994.

8 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.

During the period the company and various subsidiaries maintained profit related pay schemes to encourage employees' involvement in the performance of the company in which they are employed.

9 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.

10 Directors Liability Insurance

The company has continued to provide liability insurance for its directors and officers as permitted by section 310(3) of the Companies Act 1985.

11 Close Company Status

As far as the directors are aware, the close company provisions of the Income and Corporation taxes Act 1988, as amended, do not apply to the company. There has been no change in this respect since the end of the financial period.

12 Market Value of Land and Buildings

The directors have consulted professional valuers and following an informal review are advised that, in line with property values generally, the value of the group's freehold property has fallen below that shown in the accounts. The directors believe that this is a temporary shortfall reflecting the current economic climate. It is not intended to dispose of any group property.

13 Special Business at the Annual General Meeting

Resolution 5 in the Notice of Annual General Meeting, which will be proposed as a Special Resolution, empowers the directors to purchase up to 2,740,000 shares (approximately 10% of the issued share capital of the company), through market purchases on The London Stock Exchange. Before the Board would use its authority to purchase shares in the company, pursuant to the powers given in this resolution, it undertakes that it will only do so if there will be a resultant increase in the earnings per share. There is no intention at the present time to exercise this power, if obtained.

Resolution 6, which will be proposed as an Ordinary Resolution, renews the authority contained in the Articles of Association for the directors to issue the authorised but unissued share capital. No issue will be made which will effectively alter control of the company without consent of shareholders in General Meeting.

Resolution 7, which will be proposed as a Special Resolution, extends the directors' authority to issue shares in the company for cash. This resolution, in accordance with the Investors Protection Committee Guidelines, is limited to 5% of the issued ordinary share capital and is for a maximum period of 15 months. There is no intention at the present time to exercise this power if obtained.

14 Auditors

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

By Order of the Board,
DAVID PYLE, Secretary

June 28th, 1994

Corporate Governance

The report of the Cadbury Committee on the financial aspects of corporate governance, incorporating a Code of Best Practice, was published on December 1st, 1992. The Committee's central recommendation was that boards of all listed companies registered in the UK should comply with the Code and should report, in respect of years ending after June 30th, 1993, their compliance with the Code and give reasons for any areas of non-compliance.

The directors welcome the Cadbury Committee Report and the Code of Best Practice and refer below to the level of current compliance.

The Board of directors, comprising the Executive Chairman, two executive and two non-executive directors, meets regularly throughout the year. The company has appointed non-executive directors to the Board for many years. The current non-executive directors have considerable relevant experience in their duties and have significant commercial interests outside the group, leading to a source of strong independent judgement. They have not been appointed for a specific term as the company expects to benefit from their experience well into the future.

The Board is responsible for overall group strategy, acquisition and divestment policy, approval of major capital expenditure projects and reviews the trading performance and annual budgets of its operating subsidiaries and associate. Day to day control of subsidiary and associate companies' operations is vested in individual company managing directors, supported by their respective finance directors.

The company established an Audit Committee on January 17th, 1994 and a Remuneration Committee some years ago, both comprising the non-executive directors, and chaired by John Lee. Each of these Committees operates within defined terms of reference. The company sees no benefit in appointing a third non-executive director to serve on these Committees.

In 1989, a Committee of non-executive directors determined that, given the long lengths of service of the three executive directors and their intimate knowledge and experience of the group's operations, it was in the best interests of the company in renewing their respective service contracts, that provision be made for termination by either party giving to the other not less than four years prior notice, which may be given at any time.

Appropriate details of directors' total emoluments are shown in note 3 on the accounts.

It is the Board's view that save where indicated by the above disclosures and with the exception of those proposals that await guidance from the accounting and auditing profession, the company complies with the Code of Best Practice.

The company's auditors, Ernst & Young, have reviewed this statement insofar as it relates to the specific paragraphs of the Cadbury Committee's Code of Best Practice specified for their review. The auditors have reported to the directors that, based on their review, they concur with the directors' statement.

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Accounting Policies

1 Accounting Convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain freehold property. The accounts comply with applicable UK accounting standards.

2 Basis of Consolidation

The group profit and loss account and balance sheet include the audited accounts of the company and all its subsidiary undertakings, all of which are companies, made up to the end of the financial period. The group profit and loss account includes the results of companies and businesses acquired or disposed of during the period from the deemed date of acquisition or up to the effective date of disposal. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only. Goodwill arising on consolidation represents the shortfall in the fair value of net assets of companies and businesses acquired, over the purchase consideration, and is written off direct to reserves on acquisition.

3 Associated Undertaking

The group's share of profits less losses of the associated undertaking is included in the consolidated profit and loss account, and the group's share of the net assets is included in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the undertaking concerned made up to the end of the financial period, as adjusted to reflect group accounting policies.

4 Foreign Currencies

- (a) Exchange differences arising from normal trading transactions are accounted for in arriving at the operating profit.
- (b) The results of overseas subsidiaries are translated at an average rate for the period for inclusion in the consolidated profit and loss account.
- (c) Assets and liabilities of overseas subsidiaries are translated at the rates of exchange prevailing at the balance sheet date for inclusion in the consolidated balance sheet.
- (d) Exchange differences arising on translation of the group's net investment in overseas subsidiaries, including loans, and on associated foreign currency borrowings in so far as they are matched by those overseas investments are dealt with through reserves.

5 Depreciation

Depreciation is calculated to write off the cost or valuation of tangible fixed assets over the expected useful lives of the assets concerned in equal annual instalments. The principal annual rates used for this purpose are:

Freehold Buildings, 2% Plant and equipment, 12½% Motor Vehicles, 33⅓%

Freehold land is not depreciated.

6 Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value, on a first in, first out basis. In the case of work in progress and finished goods, cost comprises direct expenditure together with production related overheads calculated on the basis of a normal level of activity. Provision is made for obsolescent, slow-moving and defective stocks.

Progress payments received and receivable are deducted from the balance sheet value of stocks and work in progress to which they relate. Any excess progress payments are included in creditors.

7 Contracts

Profit is taken when the manufacture of equipment to be provided under the terms of a short-term contract is completed, despatched or held for despatch. Long-term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract. Allowance is made for contract price adjustments to the extent that they can be ascertained and are not in dispute and provision is made on specific contracts for known or expected losses and rectification and maintenance costs where appropriate.

8 Leasing and Hire Purchase Commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over their expected useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

9 Deferred Taxation

Provision is made for deferred taxation using the liability method on all timing differences to the extent that it is probable that the liability will crystallise.

10 Pension Scheme

The group operates a defined benefit pension scheme for UK employees.

Regular annual cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method which calculates the cost of fully providing the members' pension entitlements accruing over the next twelve months.

Actuarial variations are amortised using the percentage of pensionable salaries method.

Notional interest on the pension prepayment carried forward in debtors is deducted in arriving at the adjusted regular annual cost.

11 Turnover

Turnover (which excludes VAT and sales between group companies), comprises the following:-

- (a) sales (other than contract sales) of goods and services at invoice value and;
- (b) contract sales value of work completed in the year determined where appropriate by reference to the total estimated contract sales value.

Group Profit and Loss Account

For the 52 weeks ended April 30th, 1994

	Note	1994 £000	1993 As restated £000
Turnover – Continuing operations	1	27,332	28,813
– Acquisitions	1	2,017	–
		29,349	28,813
Operating profit – Continuing operations	1/2	1,032	472
– Acquisitions	1/2	(75)	–
		957	472
Exceptional items – Continuing operations			
Profit on sale of tangible fixed assets		46	41
Loss on sale of MSI-Ulvertech Limited		–	(85)
Share of loss of associated undertaking	12	(15)	–
Profit on ordinary activities before interest		988	428
Interest receivable		36	4
Interest payable	4	(157)	(126)
Profit on ordinary activities before taxation		867	306
Tax on profit on ordinary activities	5	(367)	(122)
Profit on ordinary activities after taxation		500	184
Dividends	6	(685)	(685)
Loss for the period		(185)	(501)
Earnings per share	7	1.8p	0.7p

Movements in reserves are shown in notes 20 and 22.

Group Statement of Recognised Gains and Losses

Profit for the financial period		500	184
Prior year adjustment	21	(103)	–
Total gains recognised since last annual report		397	184

Historical cost profits and losses

There is no material difference between the result as disclosed in the profit and loss account and the result which would have been reported had the group prepared the accounts on an unmodified historical cost basis.

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Balance Sheets

At April 30th, 1994

	Note	Group		Company	
		1994 £000	1993 As restated £000	1994 £000	1993 As restated £000
Assets Employed					
Fixed assets					
Tangible assets	10	10,205	8,968	7,418	6,821
Investment in subsidiary undertakings	11	-	-	9,045	8,944
Investment in associated undertaking	12	641	-	641	-
		10,846	8,968	17,104	15,765
Current assets					
Stocks	13	3,596	2,823	2,652	1,948
Debtors	14	7,306	6,947	8,039	7,176
Group pension scheme prepayment - due after more than one year	9	6,990	6,990	6,990	6,990
Cash at bank and in hand		44	446	26	231
		17,936	17,206	17,707	16,345
Creditors - amounts falling due within one year	15	10,608	7,659	17,616	14,396
Net current assets		7,328	9,547	91	1,949
Total assets less current liabilities		18,174	18,515	17,195	17,714
Creditors - amounts falling due after more than one year	16	293	21	25	13
Provisions for liabilities and charges	17	2,427	2,469	2,398	2,356
Total assets less liabilities		15,454	16,025	14,772	15,345
Capital and Reserves					
Called up share capital	18	2,741	2,741	2,741	2,741
Revaluation reserve		2,368	2,368	1,187	1,187
Other reserves		4,683	4,683	4,683	4,683
Special reserve		1,539	1,925	1,655	1,925
Merger reserve		-	-	2,887	2,887
Profit and loss account		4,123	4,308	1,619	1,922
Shareholders' funds	20	15,454	16,025	14,772	15,345

Movements in reserves are shown in notes 20 and 22.

These accounts were approved by the Board of Directors on June 28th, 1994.

Michael Bell
Michael O'Connell } Directors

Michael Bell

M. O'Connell

Auditors' report page 30.

Group Cashflow Statement

For the 52 weeks ended April 30th, 1994

	Note	1994		1993	
		£000	£000	£000	£000
Net cash inflow from continuing operations	25		921		4,091
Returns on investments and servicing of finance					
Interest received		36		4	
Interest paid		(141)		(142)	
Dividends paid		(685)		(685)	
<hr/>					
Net cash outflow from returns on investment and servicing of finance			(790)		(823)
Corporation tax paid			(22)		(101)
Investing activities					
Purchase of tangible fixed assets		(952)		(1,005)	
Purchase of subsidiary undertakings and businesses net of bank overdrafts acquired	19	(1,480)		-	
Reorganisation costs in subsidiary undertakings acquired		(245)		-	
Investment in associated undertaking	12	(277)		-	
Sale of tangible fixed assets		60		151	
Net proceeds from/(costs of) sale of subsidiary undertaking		25		(85)	
Cost of litigation settlement		-		(1,000)	
<hr/>					
Net cash outflow from investing activities			(2,869)		(1,939)
<hr/>					
Net cash (outflow)/inflow before financing			(2,760)		1,228
<hr/>					
Financing					
Capital repayments under finance lease and hire purchase contracts			29		19
<hr/>					
Net cash outflow from financing	26		29		19
(Decrease)/increase in cash and cash equivalents	27		(2,789)		1,209
<hr/>					
			(2,760)		1,228
<hr/>					
The net assets disposed of on sale of subsidiary undertaking comprised:					
Fixed assets			-		82
Stocks			-		33
Debtors			-		10
<hr/>					
Satisfied by debtor due after more than one year			-		125
<hr/>					

Auditors' report page 30.

Notes on the Accounts

1 Turnover and Operating Profit

	1994 £000	1993 As restated £000
(a) Summary		
Turnover	29,847	29,339
Less inter company turnover	(498)	(526)
<hr/>		
Cost of sales	29,349 (21,962)	28,813 (22,523)
<hr/>		
Gross profit	7,387	6,290
<hr/>		
Net operating expenses		
Distribution costs	(1,622)	(1,442)
Administrative expenses	(4,808)	(4,376)
<hr/>		
	(6,430)	(5,818)
<hr/>		
Operating profit	957	472

(b) The total figures in 1994 include the following amounts in respect of acquisitions: cost of sales £1,374,000, distribution costs £79,000 and administrative expenses £639,000.

(c) The class of business of the group is engineering. In the opinion of the directors, the disclosure of any analysis of this class of business would be seriously prejudicial to the interests of the group.

	1994		1993	
	£000	%	£000	%
(d) Geographical analysis of turnover by destination				
United Kingdom	23,359	79.6	25,630	89.0
Europe – EEC	3,572	12.2	1,972	6.8
Americas	1,382	4.7	477	1.7
Europe – Non EEC	663	2.2	561	1.9
Australia and Asia	261	0.9	99	0.3
Africa	112	0.4	74	0.3
<hr/>				
	29,349	100.0	28,813	100.0

2 Operating Profit

	1994 £000	1993 £000
Operating profit is stated after charging:		
Depreciation	1,109	1,094
Auditors' remuneration		
As auditors – UK (Company £40,000, 1993 £48,000)	60	75
As auditors – overseas	7	–
Non audit work – UK	63	59
Non-audit work – overseas	32	–
Hire of plant and machinery	93	124
Other operating leases	93	106
Lancer Boss bad debt	126	–
Redundancy and closure costs	406	148

Notes on the Accounts

Continued

3 Emoluments of Directors

	1994 £000	1993 £000
Fees	25	17
Remuneration	387	342
Performance related bonuses	26	-
	438	359

The emoluments, excluding pension contributions, of the chairman who is also the highest paid director are as follows:

	1994 £	1993 £
Remuneration	171,614	142,342
Performance related bonus	13,005	-
	184,619	142,342

There are no 1994 company pension contributions for group employees, including main board directors. In arriving at the regular pension cost for the group, the actuary has used a notional 13% of pensionable pay before adjusting for notional interest (see note 9).

The performance related bonuses are calculated in relation to the group's profit on ordinary activities before taxation.

On September 8th, 1993 options under the employee share option scheme were granted. These included options over 308,000 ordinary shares granted to executive directors. These options are exercisable between September 8th, 1995 and September 7th, 2000 at an option price of 22p per share.

Emoluments of directors, excluding pension contributions, fell in the following ranges:

	Number of Directors 1994	Number of Directors 1993
Emoluments up to £5,000	-	1
£5,001 to £10,000	1	-
£10,001 to £15,000	-	1
£15,001 to £20,000	1	-
£20,001 to £25,000	-	2
£25,001 to £30,000	1	-
£30,001 to £35,000	1	-
£35,001 to £40,000	-	1
£40,001 to £45,000	1	-

4 Interest Payable

	1994 £000	1993 £000
On loans and overdrafts wholly repayable within five years	130	118
Finance lease and hire purchase contracts	17	6
On short term loan from associated undertaking	5	-
Other	5	2
	157	126

5 Tax on Profit on Ordinary Activities

	1994 £000	1993 As restated £000
The charge/(credit) for taxation comprises:		
United Kingdom corporation tax		
Current at the rate of 33% (1993 - 33%)	426	201
Deferred	(55)	(31)
	371	170
Prior periods	(4)	(48)
	367	122

There is no effect on the tax charge/(credit) in respect of exceptional items.

Notes on the Accounts

Continued

6 Dividends

	1994 £000	1993 £000
On ordinary shares:		
Interim of 1.0p per share – paid (1993 – 1.0p)	274	274
Final of 1.5p per share – proposed (1993 – 1.5p)	411	411
	685	685

7 Earnings Per Share

The calculation of earnings per share is based on:

- (a) group profit on ordinary activities after taxation of £500,000 (1993 – restated profit £184,000) and,
 (b) 27,469,929 ordinary shares in issue during the period (1993 – 27,406,929).

8 Employee Information

	1994 Number	1993 Number
The average number of employees, including executive directors, during the period was:		
Production	420	437
Technical	58	64
Distribution	27	22
Administration	88	94
	593	617
	1994 £000	1993 £000
Their employment costs were as follows:		
Wages and salaries	9,253	9,183
Social Security costs	904	772
Other Pension costs (see note 9)	–	–
	10,157	9,955

9 Pension Scheme

The group operates a pension scheme for all eligible UK employees providing benefits based on final pensionable pay. The assets of the scheme are held in a separate trustee administered fund.

Pension costs have been accounted for in accordance with UK Accounting Standard No. 24 "Accounting for Pension Costs" (SSAP 24). The latest valuation of the scheme, for this purpose, was made on January 1st, 1994 (previous valuation January 1st, 1992) by a professionally qualified actuary using the projected unit method. The major assumption used in the valuation is that, over the long term, the return on the scheme's assets will exceed salary increases by 2% per annum. The surplus arising on valuation amounts to £5,308,000 (1992 – £7,007,000).

The market value of the scheme's assets at January 1st, 1994 amounted to £23,052,000 (1992 – £15,207,000). The actuarial value of the assets was sufficient to cover 136% (1992 – 163%) of the benefits that had accrued to members after allowing for expected future increases in pensionable earnings to normal retirement dates.

The existing prepayment of £6,990,000 continues to be carried forward, having been credited to reserves in 1989, after adjusting for deferred taxation at 33% of £2,307,000. After allowing for notional interest on the prepayment of £6,990,000 and amortisation of the actuarial variation arising from the 1994 valuation of £1,682,000, there is no regular pension cost for the group in 1994 (1993 – £nil). The actuary has indicated that no employer's contributions will need to be made to the scheme for some years.

In general, the scheme does not provide entitlement to increases in pensions in the course of payment. There are inherent uncertainties surrounding the timing and implementation of the pension increase clauses of the Social Security Act 1990. In consequence, the actuary has not, in his figures, taken account of any additional regular cost which may arise in the future or of the effect on the current surplus.

The pension scheme operated for employees of the German subsidiary undertaking is closed to new members. The liability to provide benefits to existing employees has been assessed in accordance with SSAP 24 by a professionally qualified actuary in the sum of £133,000. This amount is carried forward in creditors. There is no regular pension cost in 1994.

Notes on the Accounts

Continued

10 Tangible Fixed Assets

	Freehold Property £000	Short Leasehold Property £000	Plant and Equipment £000	Total £000
(a) Group				
Cost or valuation				
At May 1st, 1993	5,865	30	8,619	14,514
Additions	85	1	866	952
Disposals	-	-	(257)	(257)
Acquisitions	1,195	-	480	1,675
Assets transferred to associated undertaking	-	-	(543)	(543)
Foreign exchange adjustments	(2)	-	-	(2)
At April 30th, 1994	7,143	31	9,165	16,339
Accumulated depreciation				
At May 1st, 1993	287	14	5,245	5,546
Depreciation charge for the period	85	3	1,021	1,109
Disposals	-	-	(219)	(219)
Assets transferred to associated undertaking	-	-	(303)	(303)
Foreign exchange adjustments	-	-	1	1
At April 30th, 1994	372	17	5,745	6,134
Net book value at April 30th, 1994	6,771	14	3,420	10,205
Analysis of cost or valuation:				
At professional valuation 1989	5,360	-	-	5,360
At cost	1,783	31	9,165	10,979
	7,143	31	9,165	16,339
(b) Company				
Cost or valuation				
At May 1st, 1993	5,213		4,238	9,451
Additions	79		465	544
Acquisition of Westwood Dawes assets	-		45	45
Intra-group transfers	-		40	40
Disposals	-		(133)	(133)
Divisionalisation of subsidiary undertakings	429		1,609	2,038
Assets transferred to associated undertaking	-		(543)	(543)
At April 30th, 1994	5,721		5,721	11,442
Accumulated depreciation				
At May 1st, 1993	242		2,388	2,630
Depreciation charge for the period	65		557	622
Intra-group transfers	-		(10)	(10)
Disposals	-		(119)	(119)
Divisionalisation of subsidiary undertakings	35		1,169	1,204
Assets transferred to associated undertaking	-		(303)	(303)
At April 30th, 1994	342		3,682	4,024
Net book value at April 30th, 1994	5,379		2,039	7,418
Analysis of cost or valuation:				
At professional valuation 1989	3,465		-	3,465
At cost	2,256		5,721	7,977
	5,721		5,721	11,442

Notes on the Accounts

Continued

10 Tangible Fixed Assets (continued)

- (c) Depreciation has not been charged on freehold land which is included at a book value of £2,717,000 (company £2,235,000) at April 30th, 1994.
- (d) Plant and equipment with a net book value of £283,000 (company £50,000) is the subject of hire purchase contracts. Depreciation of £30,000 (company £9,000) was charged on these assets during the period.
- (e) Freehold property has been the subject of a series of professional valuations over the years. The revalued amounts have been included in the accounting records and particulars of historical cost have not been maintained. Accordingly, in the opinion of the directors, it is not practicable to determine what the net book value of these properties would now be if a strict historical cost basis of accounting for these assets had been used.

11 Investment in Subsidiary Undertakings

Principal subsidiary undertakings are set out on page 32.

	1994 £000	1993 £000
At May 1st	8,944	11,199
Acquisition of Supercar (Leisure) Limited (note 19)	41	-
Disposal of subsidiary undertakings	-	(273)
Release of provision against subsidiary undertakings	-	273
Movement in provisions for diminution in value	60	(2,255)
At April 30th	9,045	8,944

At April 30th, 1994 provisions for diminution in value amounted to £8,106,000 (1993 £8,166,000).

12 Investment in Associated Undertaking

The group holds a 50% interest in the issued ordinary share capital of GLOBAL-MSI plc, a company which is registered in England and Wales but which operates throughout Europe.

	Group £000	Company £000
At May 1st	-	-
Investment in associated undertaking - shares	50	50
Investment in associated undertaking - long term loans	629	629
Share of retained loss of associated undertaking	(15)	-
Profit on sale of fixed assets transferred to associated undertaking	(23)	-
Provision for diminution in value	-	(38)
At April 30th	641	641

At April 30th, 1994 provisions for diminution in value amounted to £38,000.

The initial investment in the associated undertaking comprised:

Fixed assets transferred at valuation	287	287
Stocks transferred at book value	115	115
Cash	277	277
	679	679

13 Stocks

	Group		Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Raw materials and consumables	1,824	1,424	1,482	1,105
Work in progress	1,786	1,613	1,240	947
Finished goods	311	227	62	157
Progress payments	3,921	3,264	2,784	2,209
	(325)	(441)	(132)	(261)
	3,596	2,823	2,652	1,948

Notes on the Accounts

Continued

14 Debtors – Amounts Falling Due Within One Year

	Group		Company	
	1994	1993	1994	1993
	As restated		As restated	
	£000	£000	£000	£000
Trade debtors	5,525	6,239	4,209	4,774
Amounts recoverable on contracts	1,170	–	1,170	–
Amounts owed by subsidiary undertakings	–	–	2,025	1,781
Amounts owed by associated undertaking	58	–	58	–
Other debtors	243	263	193	241
Prepayments and accrued income	310	293	235	244
Corporation tax recoverable	–	152	–	17
Recoverable advance corporation tax	–	–	119	119
	7,306	6,947	8,039	7,176

Other debtors at April 30th, 1994 include £60,000 (company £60,000) owing from the purchaser of MSI-Ulvertech Ltd., which is due after more than one year (1993 group and company £125,000).

15 Creditors – Amounts Falling Due Within One Year

	Group		Company	
	1994	1993	1994	1993
	As restated		As restated	
	£000	£000	£000	£000
Bank overdrafts	2,406	19	2,483	15
Trade creditors	4,520	4,144	3,776	3,234
Amounts owed to subsidiary undertakings	–	–	8,601	8,071
Amounts owed to associated undertaking	25	–	25	–
Corporation tax	244	–	280	–
Other taxation and social security costs	580	892	364	724
Proposed dividend	411	411	411	411
Other creditors	1,161	369	722	317
Obligations under finance leases and hire purchase contracts	94	29	18	12
Accruals	930	1,073	860	955
Progress payments	237	732	76	657
	10,608	7,659	17,616	14,396

The bank overdrafts are secured by fixed and floating charges over the assets of the company and certain subsidiary undertakings.

16 Creditors – Amounts Falling Due After More Than One Year

	Group		Company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Other creditors	95	–	–	–
Obligations under finance leases and hire purchase contracts wholly repayable within five years	198	21	25	13
	293	21	25	13

Notes on the Accounts

Continued

17 Provisions for Liabilities and Charges

Deferred taxation

	Group £000	Company £000
At May 1st		
(Release)/charge in period	2,469	2,356
Divisionalisation of subsidiary undertakings	(55)	3
Prior periods	—	22
	13	17
At April 30th	2,427	2,398

	1994		1993	
	Full potential liability £000	Provision made £000	Full potential liability £000	Provision made £000
(a) Group				
Taxation deferred by capital allowances	788	244	791	260
Taxation deferred by other timing differences	—	—	33	33
Taxation on group pension scheme prepayment	2,307	2,307	2,307	2,307
Recoverable advance corporation tax	3,095	2,551	3,131	2,600
Losses and charges	(119)	(119)	(119)	(119)
	(6)	(5)	(20)	(12)
	2,970	2,427	2,992	2,469

	1994		1993	
	Full potential liability £000	Provision made £000	Full potential liability £000	Provision made £000
(b) Company				
Taxation deferred by capital allowances	626	91	501	49
Taxation on group pension scheme prepayment	2,307	2,307	2,307	2,307
Recoverable advance corporation tax	2,933	2,398	2,808	2,356
	(119)	—	(119)	—
	2,814	2,398	2,689	2,356

18 Called up Share Capital

	1994 £000	1993 £000
Ordinary shares of 10p each		
Authorised – 35,000,000 shares (1993 – 35,000,000 shares)	3,500	3,500
Allotted, issued and fully paid – 27,406,929 shares (1993 – 27,406,929 shares)	2,741	2,741

At April 30th, 1994 options, over unissued shares in the company, existed under the company's executive share option schemes as follows:

Exercisable between:	Number of ordinary shares	Option price per share
August 29th, 1988 and August 28th, 1995	75,000	47p
January 22nd, 1989 and January 21st, 1996	355,000	70p
August 11th, 1990 and August 10th, 1997	125,000	93p
January 4th, 1991 and January 3rd, 1998	58,000	63p
July 6th, 1991 and July 5th, 1998	368,000	111p
September 2nd, 1993 and September 1st, 1998	1,155,000	107p
December 16th, 1993 and December 15th, 1998	201,000	113p

The company has authority, granted at the 1993 Annual General Meeting, to purchase a maximum of 2,740,000 Ordinary Shares in the company at a minimum price of 10p each and a maximum price equal to 105 per cent of the average middle market quotations for Ordinary Shares as derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day the ordinary shares are purchased. This authority expires at the conclusion of the 1994 Annual General Meeting unless renewed prior to such time although the company may make a contract prior to the expiry of the authority which will or may be executed after the authority expires.

Notes on the Accounts

Continued

19 Acquisitions

During the period the company acquired 100% of the issued share capital of Supercar (Leisure) Limited and purchased certain fixed assets and stocks of the Westwood Dawes business. A subsidiary, MS International (Group Services) Limited, acquired 100% of the issued share capital of Ernst Wilhelms GmbH & Co., a company incorporated in Germany.

The net assets acquired on purchase comprised:

	Acquired by			Total £000
	Company Supercar (Leisure) Limited £000	Westwood Dawes Business £000	Group Ernst Wilhelms GmbH & Co £000	
Book value of assets acquired				
Fixed assets	44	45	334	423
Stocks	87	91	532	710
Debtors	51	-	279	330
Creditors and provisions	(108)	-	(656)	(763)
Bank overdrafts	(54)	-	(461)	(515)
	20	136	29	185
Adjustments to reflect fair value				
Provision for redundancy and reorganisation costs	-	-	(296)	(296)
Revaluation of fixed assets	-	-	1,052	1,052
Capitalisation of assets subject to finance leases	-	-	200	200
Introduction of finance lease obligations	-	-	(271)	(271)
Fair value of net assets acquired	20	136	714	870
Consideration payable	41	406	809	1,256
Goodwill arising on consolidation transferred to special reserve (note 20)	21	270	95	386
Consideration satisfied by				
Cash	41	406	518	965
Deferred consideration – other creditors due within one year	-	-	196	196
– other creditors due after more than one year	-	-	95	95
	41	406	809	1,256

During the period, £245,000 of the provision for redundancy and reorganisation costs has been utilised.

The pre-acquisition results of the businesses acquired were not material to the group.

The effect of the above acquisitions on the group's operating cashflow is not material.

Notes on the Accounts

Continued

20 Movement on Reserves and reconciliation of movements in Shareholders' Funds

Movements in reserves are as follows:

(a) Group	Share capital £000	Share premium £000	Special reserve £000	Other reserves £000	Profit and loss account £000	Total £000
At May 2nd, 1992	2,741	1,925	—	7,051	4,809	16,526
Profit attributable to members	—	—	—	—	287	287
Dividends	—	—	—	—	(685)	(685)
Cancellation of share premium account	—	(1,925)	1,925	—	—	—
At May 1st, 1993 as originally reported	2,741	—	1,925	7,051	4,411	16,128
Prior year adjustment (see note 21)	—	—	—	—	(103)	(103)
At May 1st, 1993 as restated	2,741	—	1,925	7,051	4,308	16,025
Profits attributable to members	—	—	—	—	500	500
Dividends	—	—	—	—	(685)	(685)
Goodwill on consolidation written off (see note 19)	—	—	(386)	—	—	(386)
At April 30th, 1994	2,741	—	1,539	7,051	4,123	15,454
(b) Company	Share capital £000	Share premium £000	Special reserve £000	Other reserves £000	Profit and loss account £000	Total £000
At May 2nd, 1992	2,741	1,925	—	8,757	4,975	18,398
Loss attributable to members	—	—	—	—	(2,265)	(2,265)
Dividends	—	—	—	—	(685)	(685)
Cancellation of share premium account	—	(1,925)	1,925	—	—	—
At May 1st, 1993 as originally reported	2,741	—	1,925	8,757	2,025	15,448
Prior year adjustment (see note 21)	—	—	—	—	(103)	(103)
At May 1st, 1993 as restated	2,741	—	1,925	8,757	1,922	15,345
Profit attributable to members	—	—	—	—	382	382
Dividends	—	—	—	—	(685)	(685)
Goodwill on acquisition of Westwood Dawes business written off (see note 19)	—	—	(270)	—	—	(270)
At April 30th, 1994	2,741	—	1,655	8,757	1,619	14,772

The company cancelled its share premium account by special resolution as confirmed by an order of the High Court of Justice, Chancery Division on March 24th, 1993. On cancellation, a like amount was credited to a special non-distributable reserve against which the goodwill arising on business acquisitions during the period has been written off.

21 Prior year adjustment

During the period the directors identified a fundamental error in accounting for the valuation of stocks at a division of the company amounting to a £154,000 overstatement. This amount net of corporation tax of £51,000 has been treated as a prior year adjustment and the 1993 figures restated accordingly.

22 Profit and Loss account

In accordance with the exemption allowed by section 230(3) of the Companies Act 1985 the company has not presented its own profit and loss account. The profit for the financial period dealt with in the accounts of the company was £382,000 (1993 -- restated loss £2,368,000).

At April 30th, 1994 the group's share of post acquisition retained losses of the associated undertaking amounted to £15,000.

The total amount of goodwill written off to group reserves on business acquisitions continuing within the group, amounts to £8,068,000. As permitted by section 131 of the Companies Act 1985, the premium on the ordinary shares issued in connection with the acquisition of certain subsidiary undertakings was credited to merger reserve against which £2,887,000 of the total goodwill was written off. Goodwill of £386,000 (Company £270,000) has been written off against the special reserve this year. The remaining £4,795,000 was written off to profit and loss account in prior periods.

Notes on the Accounts

Continued

23 Lease Commitments

The annual commitment under non-cancellable operating leases is as follows:

	Group		Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Leases expiring:				
Within one year	8	5	8	5
Between two and five years	18	30	18	18
Over five years -- leasehold buildings	65	65	--	--
-- other	1	--	1	--
	<u>92</u>	<u>100</u>	<u>27</u>	<u>23</u>

24 Capital Commitments

	Group		Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Contracted	397	--	397	--
Authorised by the directors but not contracted	103	30	103	30
	<u>500</u>	<u>30</u>	<u>500</u>	<u>30</u>

25 Reconciliation of Operating Profit to Net Cash Inflow from Continuing Operations

	1994 £000	1993 As restated £000
Operating profit -- continuing operations	957	472
Depreciation charge -- continuing operations	1,109	1,094
(Increase)/decrease in stocks	(63)	801
(Increase)/decrease in debtors	(215)	644
(Decrease)/increase in creditors	(256)	640
(Decrease)/increase in progress payments	(611)	440
	<u>921</u>	<u>4,091</u>

26 Analysis of Changes in Financing during the period

	Finance lease and hire purchase obligations	
	1994 £000	1993 £000
At May 1st	50	69
Cash outflows from financing	(29)	(19)
Finance lease obligations of subsidiary undertaking acquired	271	--
	<u>292</u>	<u>50</u>

27 Cash and Cash Equivalents

	1994	Change	1993	Change	1992
	£000	in period £000	£000	in period £000	£000
Cash at bank and in hand	44	(402)	446	289	157
Bank overdrafts	(2,406)	(2,387)	(19)	920	(939)
	<u>(2,362)</u>	<u>(2,789)</u>	<u>427</u>	<u>1,209</u>	<u>(782)</u>

Notes on the Accounts

Continued

28 Contingent Liabilities

In accordance with group banking arrangements, the company has given unlimited secured guarantees in respect of overdrafts of certain subsidiary undertakings which at April 30th, 1994 amounted to £702,000 (1993 - £779,000).

The company is contingently liable in respect of guarantees, indemnities and performance bonds given by subsidiary undertakings in the ordinary course of business amounting to £530,000 at April 30th, 1994 (1993 - £530,000).

Certain subsidiary undertakings have given guarantees, indemnities and performance bonds in the ordinary course of business amounting to £2,000,000 at April 30th, 1994 (1993 - £1,569,000).

The company has guaranteed the overdraft of the trustee of the group's employee share ownership trust. At April 30th, 1994 this amounted to £650,000 (1993 - £650,000).

The company is contingently liable in respect of a guarantee given to the vendor of Ernst Wilhelms GmbH & Co. amounting to £215,000 at April 30th, 1994.

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

Report of the Auditors

To the Members of MS International plc

We have audited the accounts on pages 15 to 29 and page 32, which have been prepared under the historical cost convention as modified by the revaluation of certain freehold property and on the basis of the accounting policies set out on page 15.

Respective responsibilities of directors and auditors

As described on page 14 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

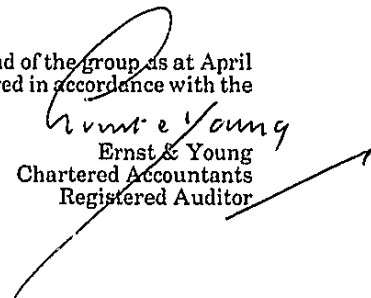
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at April 30th, 1994 and of the result of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Sheffield
June 28th, 1994


Ernst & Young
Chartered Accountants
Registered Auditor

Summary of Group Results 1990-1994

	1994 £000	1993 As restated £000	1992 £000	1991 £000	1990 £000
TURNOVER					
Continuing Activities	29,847	29,339	31,441	33,445	32,899
Discontinued Activities	-	-	-	5,814	4,771
Intercompany sales	(498)	(526)	(907)	(745)	(688)
Sales to external customers	29,349	28,813	30,534	35,514	36,982
PROFIT AND LOSS ACCOUNT					
Operating profit					
Continuing Activities	957	472	330	731	3,611
Discontinued Activities	-	-	-	(84)	263
Exceptional items	957	472	330	647	3,874
Share of retained loss of associated undertaking	46	(44)	(1,673)	1,916	5
Interest	(15)	-	-	-	-
	(121)	(122)	(174)	(611)	(170)
Profit/(loss) on ordinary activities before taxation	867	306	(1,517)	1,952	3,709
Tax on profit/(loss) on ordinary activities	(367)	(122)	20	82	(1,295)
Profit/(loss) on ordinary activities after taxation	500	184	(1,497)	2,034	2,414
Minority interests	-	-	(8)	(21)	(119)
Profit/(loss) available for dividends and retention	500	184	(1,505)	2,013	2,295
Dividends	(685)	(685)	(685)	(685)	(1,140)
(Loss)/retained profit	(185)	(501)	(2,190)	1,328	1,155
BALANCE SHEETS					
Assets employed					
Tangible fixed assets	10,205	8,968	9,249	9,735	11,191
Investment in associated undertaking	641	-	-	-	-
Net current assets (excluding bank overdrafts and group pension scheme prepayment)	2,744	2,576	3,738	10,803	5,122
Group pension scheme prepayment (net of deferred taxation)	4,683	4,683	4,683	4,683	4,543
	18,273	16,227	17,670	25,221	20,856
Financed by					
Ordinary share capital	2,741	2,741	2,741	2,741	2,741
Reserves	12,713	13,284	13,785	17,348	15,977
Shareholders' funds	15,454	16,025	16,526	20,089	18,718
Creditors - amounts falling due after more than one year	293	21	36	69	93
Provisions for liabilities and charges	120	162	169	155	188
Bank loans and overdrafts	2,406	19	939	4,492	1,462
Minority interests	-	-	-	416	395
	18,273	16,227	17,670	25,221	20,856

The above summary of group results for 1990 has not been fully restated in accordance with FRS3.

Principal Operating Subsidiaries

MSI-Blantyre Ltd. M. C. H. Penfold, Esq. BSc(Hons) Managing Director	54/58 South Avenue, Blantyre Industrial Estate, Blantyre, Glasgow, Lanarkshire G72 0UZ	Design and manufacture of sub-fractional electric motors.
MSI-Defence Systems Ltd. G. P. Hough, Esq. Managing Director	Salhouse Road, Norwich, Norfolk NR7 9AY	Design, manufacture and service of naval defence equipment.
MSI-Mechforge Ltd. A. C. Sanders, Esq. BSc(Hons) Managing Director	Carr Hill, Balby, Doncaster, South Yorkshire DN4 8DH	Manufacture of fork arms for the fork lift truck and construction equipment industries.
MSI-Preconomy Ltd. S. E. Skarpe, Esq. BEng, CEng, MIMechE Managing Director	Eastfield Side, Sutton-in-Ashfield, Nottinghamshire NG17 4JQ	Design and manufacture of steel moulds for the plastic and die-casting industries.
MSI-Transportation Systems Ltd. S. D. Farmer, Esq. BSc(Hons) Managing Director	Carr Hill, Balby, Doncaster, South Yorkshire DN4 8DH	Design and manufacture of bulk material handling equipment and structural steelwork. Manufacture and refurbishment of mining equipment. Design and manufacture of amusement park rides.
MSI-Turned Parts Ltd. R. King, Esq. MSc Director & General Manager	Ferro Fields, Brixworth, Northampton, Northamptonshire NN6 9UA	Manufacture of precision engineering components.
Ernst Wilhelms GmbH & Co. A. C. Sanders, Esq. BSc(Hons) Managing Director	Post Fach 2120, D-53791, Lohmar, Germany	Manufacture of fork arms for the fork lift truck and construction equipment industries.

Associated Company

GLOBAL-MSI plc M. G. Froud, Esq. Managing Director	Carr Hill, Balby, Doncaster, South Yorkshire DN4 8DH and Cannon Lane, Tonbridge, Kent TN9 1PP	Design and manufacture of petrol station forecourt canopies and infrastructure products.
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NOTES

- 100% of the equity is held in all cases, except for the associated company GLOBAL-MSI plc, where only 50% is held. The equity is held by MS International plc in all cases with the exception of MSI-Blantyre Ltd., where the equity is held by MSI-Defence Systems Ltd. and Ernst Wilhelms GmbH & Co. where the equity is held by MS International (Group Services) Ltd.
- All companies are registered in England and Wales with the exception of MSI-Blantyre Ltd. and Ernst Wilhelms GmbH & Co., which are registered in Scotland and Germany respectively and all operate principally in the United Kingdom except for Ernst Wilhelms GmbH & Co. which operates principally in Germany. All companies have been included in the group consolidated accounts.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the thirty fourth Annual General Meeting of the members of MS International plc will be held at Doncaster Moat House, Warmsworth, Doncaster at 12 noon on September 7th, 1994 to transact the following business:

1. To receive and adopt the directors' report and the audited accounts for the 52 weeks ended April 30th, 1994.
2. To declare a final dividend.
3. To re-elect D. Pyle as a director.
4. To reappoint Ernst & Young as auditors and to authorise the directors to fix their remuneration.
5. To consider as a Special Resolution:

That the company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of Ordinary Shares of 10p in the capital of the company ("Ordinary Shares") provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 2,740,000 (representing approximately 10% of the company's issued share capital);
- (b) the minimum price which may be paid for Ordinary Shares is 10p per Ordinary Share;
- (c) the maximum price which may be paid for Ordinary Shares is an amount equal to 105 per cent of the average of the middle market quotations for Ordinary Shares as derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the Ordinary Shares are purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the company, unless such authority is renewed prior to such time; and
- (e) the company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract.

6. To consider as a Ordinary Resolution:

That the directors be and they are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the company to allot relevant securities up to a maximum of 7,593,071 Ordinary Shares of 10p each during the period commencing on the date of the passing of this resolution for a period expiring (unless previously renewed, varied or revoked by the company in General Meeting) five years after the passing of this Resolution but so that this authority shall allow the company to make offers or agreements before the expiry of this authority which would or might require securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer or agreement. Words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this Resolution.

7. To consider as a Special Resolution:

That the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94 of the Act) as if sub-section (1) of Section 89 of the Act did not apply to such allotment provided that this power shall be limited:

- (a) to the allotment of shares, or where such securities are not shares, the shares in respect of which such securities confer the right to convert into or subscribe for shares (as the case may be) up to a maximum of 1,370,346 Ordinary Shares of 10p each;
- (b) to any allotment of equity securities in connection with a rights issue to holders of equity securities in proportion (as nearly as may be) to their then holdings subject only to the directors having a right to make such arrangements in connection with such rights issue as they deem necessary or expedient:
 - (i) to deal with equity securities representing fractional entitlements; and
 - (ii) to deal with equity securities which the directors consider it necessary or expedient to exclude from the offer on account of either legal problems under law of any territory or the requirements of any recognised regulatory body or any other Stock Exchange

and shall expire fifteen months after the passing of this Resolution or on the conclusion of the next annual general meeting of the company after the passing of this Resolution, whichever first occurs, save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power hereby conferred had not expired.

8. To transact any other ordinary business of the company.

By Order of the Board
David Pyle
Secretary



Carr Hill,
Balby,
Doncaster,
South Yorkshire,
DN4 8DH
July 27th, 1994

See the notes on page 34.

Notice of Meeting

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. The appointment of a proxy will not preclude a member from attending the meeting and voting in person if he/she wishes.
2. Dividend warrants will be posted on September 9th, 1994 to those members registered on the books of the company on August 18th, 1994.
3. In accordance with the requirements of the London Stock Exchange, there will be available for inspection at the registered office of the company during the usual hours of business from the date of this notice and at Doncaster Mount House, Warmsworth, Doncaster for fifteen minutes prior to and until the conclusion of the Annual General Meeting:
 - (a) Particulars of transactions of directors in the shares of the company, and
 - (b) copies of all contracts of service whereunder directors of the company are employed by the company or any subsidiary (other than contracts expiring or determinable by the employing company without payment of compensation within one year).