The Year in Brief

	1996 £000	1995 As restated £000
Turnover	**35,122**	29,641
Operating profit/(loss)	**929**	(756)
Profit/(loss) on ordinary activities before taxation	**510**	(893)
Profit/(loss) on ordinary activities after taxation	**309**	(866)
Earnings/(loss) per share	**1.1p**	(3.2p)
Dividends per share	**0.6p**	0.5p

Financial Calendar Key Dates

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

Chairman's Statement

Results

I am pleased to announce that the Group has continued to make good progress throughout the year, both in terms of meeting strategic objectives and achieving a substantial improvement in the trading performance. Pre-tax profit amounted to £0.51m (1995 – loss £0.89m) for the 52 weeks ended April 27th, 1996. This was achieved on turnover of £35.12m (1995 – £29.64m).

This turnaround of £1.4m at the profit before tax level resulted from an increase in sales of over 18% reflecting further growth both in the UK and overseas markets, and a much improved performance from the subsidiary companies that were of concern last year.

In my statement last year I referred to a systematic approach to developing the business and that a requisite uplift in critical mass should provide a notable leap forward. To that end we have made considerable headway. I also made reference to the fact that achieving that aim would not always be a straightforward process, but one requiring both persistence and long term commitment. In a year when many new developments were a salient feature, that has certainly proven to be the case. The cost in the short term of such progress is high, but the moves have taken us forward and created new opportunities to grow the business further.

The balance of our operating structure between component manufacturing and the contracting activities certainly proved an advantage during the year as the Group encountered varied market conditions. Although we have recently seen an improvement, our component businesses experienced a marked slow down in activity during the third quarter, which persisted into the fourth, as demand softened from domestic customers and a spreading weakness in European markets became apparent. The effect on our component businesses was quite dramatic, from working at full capacity in the earlier part of the year to one operating below capacity in the latter. However, by comparison, a converse situation evolved in our contract businesses, where there was a heavy workload in the final quarter which compensated and enabled the Group to achieve its overall sales performance.

Prospects

We will persist in our successful endeavours to develop new markets and invest in manufacturing resources essential for further growth, while constantly working to reinforce our competitive position in our selected markets, balancing both fixed costs and volumes. Last year was a period for introducing new products to enhance the Group's long term position and, whilst domestic and continental European markets in general have been flat in recent months, export potential outside the EU remains reasonably buoyant. The need to channel more resources into selected overseas markets is paramount in achieving our objectives, and we are actively pursuing these opportunities.

In recent weeks there has been a 'bottoming out' of the low level demand experienced in some markets during the second half that I have referred to above. That said a good measure of fragility still persists in certain markets.

The Group order book stands at a very healthy £23m (£21m), improving upon the new level of orders on hand established last year, when the value had more than doubled from prior years.

All-in-all we are confident of making further progress in the year 1996/97 and this leads the Board to recommend a 20% increase in this year's dividend to 0.6p (1995 – total 0.5p), almost twice covered by earnings per share of 1.1p.

Michael Bell

Michael Bell, Executive Chairman
June 25th, 1996

Directors and Advisers

Directors

Executive

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

Non Executive

Roger Lane-Smith – Age 50
Appointed a director on January 21st, 1983 he is chairman of Alsop Wilkinson, the group's solicitors and is also a director of a number of other companies.

John Lee DL FCA – Age 54
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
Independent Registrars Group Limited,
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 27th, 1996, and indications of future developments in the business are provided in the Chairman's Statement.

3 Results and Dividends

The profit for the period attributable to shareholders amounted to £309,000. It is recommended that a final dividend of 0.5 pence per share be paid.

4 Directors

The names of the directors of the company throughout the period are shown on page 3.

Roger Lane-Smith retires by rotation and, being eligible, offers himself for re-election. Roger Lane-Smith does not have a service contract with the company.

5 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 27th, 1996		At April 29th, 1995	
	Held Beneficially	As Trustee	Held Beneficially	As Trustee
Michael Bell	940,324	200,000*	940,324	378,500*
Roger Lane-Smith	53,000	200,000*	53,000	378,500*
John Lee	150,000	–	50,000	–
Michael O'Connell	31,000	–	31,000	–
David Pyle	365,600	–	365,600	–

*Joint holdings

The reduction in directors' interests as trustee of 178,500 shares is as a result of the maturing of a family trust.

At April 27th, 1996 Michael Bell held options on 1,657,000 ordinary shares (1995 – 1,777,000), Michael O'Connell held options on 1,105,000 ordinary shares (1995 – 1,335,000) and David Pyle held options on 1,105,000 ordinary shares (1995 – 1,185,000) under the company's executive and employee share option schemes. The fall in directors' options shown above is due to options under the company's executive share option schemes lapsing during the year. Full disclosure of directors' share options is given in the report of the Remuneration Committee on pages 8 and 9.

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.

Report of the Directors

6 Substantial Interests in Shares

On June 25th, 1996, the directors had been advised of the following notifiable interests:–

	% of share capital held
Abtrust Fund Managers Limited	13.7
The Trustee of the Group's pension scheme	10.9
The Trustee of the Group's employee share ownership trust	9.9
General Accident Linked Life Assurance Limited	7.3
Prudential Pensions Limited	4.0
Scottish Amicable Investment Managers Limited	3.5
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 notifiable shareholdings in excess of 3% on June 25th, 1996.

7 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.

8 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.

9 Creditor Payment Policy

It is the group's policy to abide by the terms of payment agreed with suppliers of all goods and services properly invoiced to the group. The terms may be the suppliers' standard terms or such other terms agreed with the supplier for specific transactions as appropriate.

10 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.

11 Admission of shares to CREST

On June 19th, 1996 the directors passed a resolution to enable the company's shares to join CREST. It is anticipated that the holding and transfer of shares by means of the CREST system will become available during March 1997. The notice to shareholders concerning the introduction of the CREST system is set out on page 27.

12 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 25th, 1996

Corporate Governance

The Board of directors, comprising the Executive Chairman, two executive and two non-executive directors, meets regularly throughout the year. The directors believe that the composition of the Board is well balanced and suited to the size of the group. In consequence, it is felt inappropriate at this time to appoint a third non-executive director.

The 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. The company expects to benefit from their experience well into the future and in consequence their appointment is not for a specific term.

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 has an Audit Committee and a Remuneration Committee both comprising the non-executive directors, and chaired by John Lee. Each of these Committees operates within defined terms of reference. The report of the remuneration committee is set out on pages 8 and 9.

During the period the service contracts of the executive directors have been amended. The 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 amending their respective service contracts, that provision be made for termination by either party giving to the other not less than two years prior notice, in respect of Michael O'Connell and David Pyle and three years prior notice in respect of Michael Bell. Notice may be given at any time. The service contracts prior to amendment included provision for four years prior notice for all three executive directors. The executive directors received no compensation for this reduction in notice period.

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

It is the Board's view that the company complies with the Cadbury Code of Best Practice save where indicated by the above disclosures.

Internal Financial Control

The board is responsible for establishing and maintaining the group's system of internal financial control. Internal control systems are designed to meet the particular needs of the company concerned bearing in mind the resources available and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material mis-statement or loss. The key procedures which the directors have established with a view to providing effective internal financial control are as follows:

The board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the board. There is a clearly decentralised structure which delegates authority, responsibility and accountability, including responsibility for internal financial control, to management of the operating companies.

Responsibility levels and delegation of authority and authorisation levels throughout the group are set out in the corporate accounting and procedures manual.

There is a comprehensive system for reporting financial results. Monthly accounts are prepared on a timely basis. They include profit and loss account, balance sheet, cashflow and capital expenditure reporting with comparisons to budget and forecast. The budget is prepared annually and revised forecasts are produced monthly.

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

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

The audit committee has reviewed the effectiveness of the system of internal control as it operated during the year and reported their conclusions to the board.

Report by the Auditors

To MS International plc on Corporate Governance Matters

In addition to our audit of the accounts we have reviewed the directors' statement set out on page 6 on the company's compliance with the Code of Best Practice specified for our review by The London Stock Exchange. The objective of our review is to draw attention to any non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 "Disclosures relating to corporate governance" issued by the Auditing Practices Board, and assessed whether the directors' statements on going concern and internal financial control are consistent with the information of which we are aware from our audit work on the accounts. The bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the group's system of internal financial control or its corporate governance procedures nor on the ability of the company to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control and going concern on page 6 in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are consistent with the information of which we are aware from our audit work on the accounts.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the above directors' statement appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review.

Ernst & Young
Chartered Accountants

Sheffield
June 25th, 1996

Report of the Remuneration Committee

Constitution and composition

The remuneration committee was established in 1994, in order to review the remuneration of the company's executive directors. It was constituted to comprise the non-executive directors and be chaired by John Lee.

Compliance

Although the provisions of the Code of Best Practice issued by the Study Group on Directors' Remuneration ("The Greenbury Code") formally take effect for accounting periods beginning on or after December 31st, 1995, the company has attempted to adopt the provisions of the Greenbury Code early. The constitution and operation of the remuneration committee is in compliance with principles which are now incorporated in Section A of the best practice provisions derived from the Greenbury Code, as amended by the Listing Rules of the London Stock Exchange. The remuneration committee also confirms that full consideration has been given to the best practice provisions set out in Section B, annexed to the Listing Rules, in determining the remuneration packages for directors for 1996/97. The Auditors' Report on Corporate Governance Matters set out on page 7 confirms that its scope covers the disclosures contained in this report that are specified for audit by the London Stock Exchange.

Policy on remuneration of executive directors

The remuneration committee aims to ensure that remuneration packages offered are competitive and designed to attract, retain and motivate executive directors of the right calibre.

The salary for each director is determined by the remuneration committee taking into account the performance of the individual in the previous year, current business prospects and the rates of salary for similar jobs in comparable companies. Each of the executive directors has the use of a fully expensed company car, receives death in service benefit cover, private health and disability insurance, and is a member of the company's defined benefit pension plan. Performance related share options may, from time to time, be granted as an incentive to eligible executive directors.

Emoluments of Directors

Directors' remuneration in respect of the period ended April 27th, 1996 was as follows:

	Basic Salary and Fees £	Other Benefits £	Performance Related Bonus £	Pension Contributions £	**Total 1996 £**	Total 1995 £	Total 1994 £
Michael Bell	154,391	15,415	–	–	**169,806**	158,407	184,619
Roger Lane-Smith	14,277	–	–	–	**14,277**	11,635	8,900
John Lee	18,000	–	–	–	**18,000**	16,500	16,000
Michael O'Connell	89,391	15,238	–	–	**104,629**	97,415	115,521
David Pyle	89,391	7,288	–	–	**96,679**	90,490	113,192

There are no 1996 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 contribution rate of 12.9% of pensionable pay in his calculations (see note 8 on the accounts).

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

Report of the Remuneration Committee

Directors' share options

No options under the company's executive share option schemes or employee share option scheme have been granted to or exercised by main board directors during the year ended April 27th, 1996. Details of directors' options at April 27th, 1996 and April 29th, 1995 are set out below. The market price of the company's shares at April 27th, 1996 was 27p and the range during the period was 21p to 39p.

	Exercise Price	Michael Bell	Michael O'Connell	David Pyle	Total
1984 – Approved scheme					
Exercisable between:					
August 11th, 1990 to August 10th, 1997	93p	55,000	35,000	35,000	125,000
January 4th, 1991 to January 3rd, 1998	63p	24,000	17,000	17,000	58,000
July 6th, 1991 to July 5th, 1998	111p	158,000	105,000	105,000	368,000
Total 1984 Approved scheme		**237,000**	**157,000**	**157,000**	**551,000**
1988 – Unapproved scheme					
Exercisable between:					
September 2nd, 1993, to September 1st, 1998	107p	495,000	330,000	330,000	1,155,000
December 16th, 1993 to December 15th, 1998	113p	85,000	58,000	58,000	201,000
Total 1988 Unapproved scheme		**580,000**	**388,000**	**388,000**	**1,356,000**
Employee share ownership trust					
Exercisable between:					
February 10th, 1994 to February 9th, 1999	21p	417,000	279,000	279,000	975,000
April 28th, 1994 to April 27th, 1999	22p	291,000	193,000	193,000	677,000
September 8th, 1995 to September 7th, 2000	22p	132,000	88,000	88,000	308,000
Total Employee share ownership trust		**840,000**	**560,000**	**560,000**	**1,960,000**
Total share options at April 27th, 1996		**1,657,000**	**1,105,000**	**1,105,000**	**3,867,000**
Options lapsed during the year					
1984 – Approved scheme					
Exercisable between:					
August 29th, 1988 to August 28th, 1995	47p	–	75,000	–	75,000
January 22nd, 1989 to January 21st, 1996	70p	120,000	155,000	80,000	355,000
Total Options lapsed during the year		**120,000**	**230,000**	**80,000**	**430,000**
Total share options at April 29th, 1995		**1,777,000**	**1,335,000**	**1,185,000**	**4,297,000**

The exercise of options under the 1988 unapproved scheme is subject to the earnings per share growth of the company being sufficient to place the company in the top quartile of companies comprising the FTSE 100 index by reference to average rate of growth in earnings per share over a five year period ending on the date the options are exercised.

On behalf of the Board,
John Lee,
Chairman, Remuneration Committee,
June 25th, 1996

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 those 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 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.

Report of the Auditors

To the Members of MS International plc

We have audited the accounts on pages 11 to 24 and 26, 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 11. We have also examined the amounts disclosed relating to the emoluments and share options of the directors which form part of the report to shareholders by the remuneration committee on pages 8 and 9.

Respective responsibilities of directors and auditors

As described above, 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 27th, 1996 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst Young

Ernst & Young
Chartered Accountants
Registered Auditor

Sheffield
June 25th, 1996

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 result 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 Government Grants
Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

8 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.

9 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 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.

10 Deferred Taxation
Provision is made for deferred taxation using the liability method on all timing differences, including differences relating to pensions, to the extent that it is probable that the liability will crystallise.

11 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 regular annual cost.

12 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 27th, 1996

	Note	1996 £000	1995 As restated £000
Turnover – Continuing operations	1	**35,122**	29,641
Operating profit/(loss) – Continuing operations	1/2	**929**	(756)
Share of (loss)/profit of associated undertaking	11	**(28)**	258
		901	(498)
Exceptional items – Continuing operations			
Profit on sale of tangible fixed assets		**39**	22
Profit/(loss) on ordinary activities before interest		**940**	(476)
Interest receivable		**–**	4
Interest payable	3	**(430)**	(421)
Profit/(loss) on ordinary activities before taxation		**510**	(893)
Tax on profit/(loss) on ordinary activities	4	**(201)**	27
Profit/(loss) on ordinary activities after taxation		**309**	(866)
Dividends	5	**(164)**	(137)
Retained profit/(loss) for the period		**145**	(1,003)
Earnings/(loss) per share	6	**1.1p**	(3.2p)

Movements in reserves are shown in notes 19 and 20.

Group Statement of Recognised Gains and Losses

	Note	1996 £000	1995 As restated £000
Profit/(loss) for the financial period		**309**	(866)
Translation differences on foreign currency net investments		**7**	(64)
Prior year adjustment	12	**11**	–
Total gains/(losses) recognised since last annual report		**327**	(930)

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.

Auditors' report page 10.

Balance Sheets

At April 27th, 1996

	Note	Group 1996 £000	Group 1995 As restated £000	Company 1996 £000	Company 1995 As restated £000
Assets Employed					
Fixed assets					
Tangible assets	9	**10,822**	10,843	**8,207**	7,976
Investment in subsidiary undertakings	10	**–**	–	**9,111**	9,075
Investment in associated undertaking	11	**695**	719	**679**	679
Investment in own shares	12	**598**	598	**598**	598
		12,115	12,160	**18,595**	18,328
Current assets					
Stocks	13	**3,741**	3,604	**3,014**	2,737
Debtors	14	**9,692**	7,922	**10,562**	8,387
Group pension scheme prepayment – due after more than one year	8	**6,990**	6,990	**6,990**	6,990
Cash at bank and in hand		**293**	38	**292**	25
		20,716	18,554	**20,858**	18,139
Creditors – amounts falling due within one year	15	**15,691**	13,758	**23,328**	20,500
Net current assets/(liabilities)		**5,025**	4,796	**(2,470)**	(2,361)
Total assets less current liabilities		**17,140**	16,956	**16,125**	15,967
Creditors – amounts falling due after more than one year	16	**197**	151	**–**	2
Provisions for liabilities and charges	17	**2,441**	2,455	**2,344**	2,360
Total assets less liabilities		**14,502**	14,350	**13,781**	13,605
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		**4,626**	4,619	**4,654**	4,681
Special reserve		**1,487**	1,487	**1,606**	1,606
Merger reserve		**–**	–	**2,887**	2,887
Profit and loss account		**3,280**	3,135	**706**	503
Shareholders' funds	19	**14,502**	14,350	**13,781**	13,605

Movements in reserves are shown in notes 19 and 20.

These accounts were approved by the Board of Directors on June 25th, 1996.

Michael Bell
Michael O'Connell } Directors

Michael Bell

M. O'Connell

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Group Cashflow Statement

For the 52 weeks ended April 27th, 1996

	Note	1996 £000	1996 £000	1995 As restated £000	1995 As restated £000
Net cash inflow/(outflow) from continuing operations	23		**2,499**		(156)
Returns on investments and servicing of finance					
Interest received		**–**		4	
Interest paid		**(461)**		(387)	
Dividend received from associated undertaking		**–**		100	
Dividends paid		**(164)**		(411)	
Net cash outflow from returns on investment and servicing of finance			**(625)**		(694)
Corporation tax paid			**(44)**		(246)
Investing activities					
Purchase of tangible fixed assets		**(1,512)**		(1,520)	
Purchase of subsidiary undertakings and businesses net of bank overdrafts acquired		**–**		(146)	
Deferred consideration on acquisition of Ernst Wilhelms		**(67)**		(220)	
Reorganisation costs in subsidiary undertakings acquired		**–**		(57)	
Additional loan to associated undertaking		**(55)**		–	
Sale of tangible fixed assets		**98**		116	
Deferred receipts from sale of MSI–Ulvertech Limited		**36**		27	
RSA grant received		**100**		200	
Purchase of own shares		**–**		(66)	
Net cash outflow from investing activities			**(1,400)**		(1,666)
Net cash inflow/(outflow) before financing			**430**		(2,762)
Financing					
Capital repayments under finance lease and hire purchase contracts			**92**		87
Net cash outflow from financing	24		**92**		87
Increase/(decrease) in cash and cash equivalents	25		**338**		(2,849)
			430		(2,762)

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Notes on the Accounts

1 Turnover and Operating Profit/(Loss)

	1996 £000	1995 As restated £000
(a) Summary		
Turnover	**36,300**	30,546
Less inter company turnover	**(1,178)**	(905)
	35,122	29,641
Cost of sales	**(27,935)**	(23,883)
Gross profit	**7,187**	5,758
Net operating expenses		
Distribution costs	**(2,192)**	(1,943)
Administrative expenses	**(4,066)**	(4,571)
	(6,258)	(6,514)
Operating profit/(loss)	**929**	(756)

(b) 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 or any other segmental information would be seriously prejudicial to the interests of the group.

2 Operating Profit/(Loss)

	1996 £000	1995 As restated £000
Operating profit/(loss) is stated after charging:		
Depreciation	**1,312**	1,212
Auditors' remuneration		
As auditors – UK (company £54,000, 1995 £50,000)	**65**	62
As auditors – overseas	**12**	17
Non audit work – UK	**48**	62
Non audit work – overseas	**6**	5
Hire of plant and machinery	**65**	44
Other operating leases	**125**	135
Redundancy and closure costs	**70**	775
and after crediting:		
Foreign exchange gains	**5**	68
RSA grant release	**63**	23

3 Interest Payable

	1996 £000	1995 As restated £000
On bank loans and overdrafts	**371**	351
Finance lease and hire purchase contracts	**10**	20
Employee share ownership trust	**44**	35
Other interest	**5**	15
	430	421

Notes on the Accounts

Continued

4 Tax on Profit/(Loss) on Ordinary Activities

	1996 £000	1995 £000
The charge/(credit) for taxation comprises:		
United Kingdom corporation tax		
Current at the rate of 33% (1995 – 33%)	**230**	(49)
Deferred	**(22)**	(57)
	208	(106)
Prior periods	**(3)**	(1)
Share of associate's tax	**(4)**	80
	201	(27)

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

5 Dividends

	1996 £000	1995 £000
On ordinary shares:		
Interim of 0.1p per share – paid (1995 – 0.0p)	**27**	–
Final of 0.5p per share – proposed (1995 – 0.5p)	**137**	137
	164	137

6 Earnings/(Loss) Per Share

The calculation of earnings/(loss) per share is based on:

(a) group profit on ordinary activities after taxation of £309,000 (1995 – restated loss £866,000) and,

(b) 27,406,929 ordinary shares in issue during the period (1995 – 27,406,929).

7 Employee Information

	1996 Number	1995 Number
The average number of employees, including executive directors, during the period was:		
Production	**480**	462
Technical	**62**	55
Distribution	**30**	28
Administration	**93**	92
	665	637

	1996 £000	1995 £000
Their employment costs were as follows:		
Wages and salaries	**11,484**	10,605
Social Security costs	**1,024**	942
Other pension costs (see note 8)	**–**	–
	12,508	11,547

Notes on the Accounts
Continued

8 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, 1995, 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 £5,652,000.

The market value of the scheme's assets at January 1st, 1995 amounted to £19,800,000. The actuarial value of the assets was sufficient to cover 138% 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 1995 valuation of £1,338,000, there is no pension cost for the group in 1996 (1995 – £nil).

The pension scheme operated for employees of the German subsidiary undertaking is closed to new members. The liability to provide benefits to existing employees was assessed in 1994 in accordance with SSAP 24 by a professionally qualified actuary in the sum of £117,000. This sum is carried forward in creditors.

9 Tangible Fixed Assets

(a) Group	Freehold Property £000	Short Leasehold Property £000	Plant and Equipment £000	Total £000
Cost or valuation				
At April 30th, 1995	7,310	33	10,241	17,584
Additions	269	14	1,114	1,397
Disposals	–	–	(548)	(548)
Foreign exchange adjustments	(41)	–	(14)	(55)
At April 27th, 1996	7,538	47	10,793	18,378
Accumulated depreciation				
At April 30th, 1995	473	20	6,248	6,741
Depreciation charge for the period	101	2	1,209	1,312
Disposals	–	–	(489)	(489)
Foreign exchange adjustments	–	–	(8)	(8)
At April 27th, 1996	574	22	6,960	7,556
Net book value at April 27th, 1996	6,964	25	3,833	10,822
Analysis of cost or valuation:				
At professional valuation 1989	5,360	–	–	5,360
At cost	2,178	47	10,793	13,018
	7,538	47	10,793	18,378

Notes on the Accounts

Continued

9 Tangible Fixed Assets (continued)

(b) Company	Freehold Property £000	Plant and Equipment £000	Total £000
Cost or valuation			
At April 30th, 1995	5,739	6,561	12,300
Additions	269	841	1,110
Intra-group transfers	–	22	22
Disposals	–	(375)	(375)
At April 27th, 1996	6,008	7,049	13,057
Accumulated depreciation			
At April 30th, 1995	421	3,903	4,324
Depreciation charge for the period	80	780	860
Intra-group transfers	–	10	10
Disposals	–	(344)	(344)
At April 27th, 1996	501	4,349	4,850
Net book value at April 27th, 1996	5,507	2,700	8,207
Analysis of cost or valuation:			
At professional valuation 1989	3,465	–	3,465
At cost	2,543	7,049	9,592
	6,008	7,049	13,057

(c) Depreciation has not been charged on freehold land which is included at a book value of £3,045,000 (company £2,504,000) at April 27th, 1996.

(d) Plant and equipment with a net book value of £130,000 (company £11,000) is the subject of hire purchase contracts. Depreciation of £65,000 (company £7,000) 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.

10 Investment in Subsidiary Undertakings

Principal subsidiary undertakings are set out on page 26.

	Company 1996 £000	Company 1995 £000
At April 30th, 1995	**9,075**	9,045
Investment in Ernst Wilhelms GmbH & Co. transferred from subsidiary	**–**	22
Movement in provisions for diminution in value	**36**	8
At April 27th, 1996	**9,111**	9,075

At April 27th, 1996 provisions for diminution in value amounted to £8,062,000 (1995 – £8,098,000).

Notes on the Accounts

Continued

11 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 April 30th, 1995	719	679
Share of loss of associated undertaking	(28)	–
Share of tax of associated undertaking	4	–
At April 27th, 1996	695	679

At April 27th, 1996 provisions for diminution in value amounted to £nil (1995 – £nil).

12 Investment in Own Shares

	Group £000	Company £000
At April 27th, 1996 and April 30th, 1995	598	598

At April 27th, 1996 provisions for diminution in value amounted to £nil (1995 – £nil).

During 1992 the company established an Employee Share Ownership Trust ("ESOT"). The trustee of the ESOT is Cater Allen Nominees (Jersey) Limited, an independent company registered in Jersey. The ESOT provides for the issue of options over ordinary shares in the company to group employees, including executive directors, at the discretion of the remuneration committee.

The trust has purchased an aggregate 2,720,350 ordinary shares, which represents 9.9% of the issued share capital of the company at an aggregate cost of £598,000. The market value of the shares at April 27th, 1996 was £734,000. The ESOT is financed by a bank overdraft which is guaranteed by the company. The company has made payments of £25,000 into the ESOT bank account during the period to enable the ESOT to remain within agreed bank facilities. Options over 2,374,000 shares have been granted to group employees, including 1,960,000 to executive directors.

Following publication of UITF 13 "Accounting for Employee Share Ownership Trusts" the assets, liabilities, income and costs of the ESOT have been incorporated into the company's financial statements. Total ESOT costs charged to profit and loss account in 1996, net of dividends received on the shares of £16,000 (1995 – £34,000), amounts to £34,000 (1995 – £4,000) of which the interest expenses amounted to £44,000 (1995 – £35,000). The bank overdraft of the ESOT at April 27th, 1996 amounted to £590,000 (1995 – £581,000). Adjustments in respect of prior periods have been treated as a prior year adjustment and comparative figures adjusted accordingly. As a result the previously reported profit for 1995 has been reduced by £4,000. The cumulative effect for periods prior to 1995 is a £15,000 increase in previously reported profits.

13 Stocks

	Group		Company	
	1996	1995	**1996**	1995
	£000	£000	**£000**	£000
Raw materials and consumables	**1,802**	1,700	**1,597**	1,464
Work in progress	**3,286**	1,893	**2,856**	1,148
Finished goods	**394**	456	**95**	222
	5,482	4,049	**4,548**	2,834
Progress payments	**(1,741)**	(445)	**(1,534)**	(97)
	3,741	3,604	**3,014**	2,737

Notes on the Accounts

Continued

14 Debtors – Amounts Falling Due Within One Year

	Group		Company	
	1996	1995	**1996**	1995
	£000	£000	**£000**	£000
Trade debtors	**8,461**	6,976	**7,273**	5,625
Amounts owed by subsidiary undertakings	**–**	–	**2,178**	1,918
Amounts owed by associated undertaking	**29**	17	**29**	18
Short term loan to associated undertaking	**55**	–	**55**	–
Other debtors	**484**	302	**402**	249
Prepayments and accrued income	**663**	478	**625**	392
Corporation tax recoverable	**–**	–	**–**	36
Recoverable advance corporation tax	**–**	149	**–**	149
	9,692	7,922	**10,562**	8,387

Other debtors at April 29th, 1995 include £22,000 (company £22,000) due from the purchaser of MSI-Ulvertech Ltd. and £21,000 (company £21,000) RSA grant receivable, which were due after more than one year.

15 Creditors – Amounts Falling Due Within One Year

	Group		Company	
	1996	1995	**1996**	1995
		As restated		As restated
	£000	£000	**£000**	£000
Bank overdrafts	**5,763**	5,894	**5,697**	5,670
Trade creditors	**5,825**	4,212	**5,400**	3,667
Amounts owed by subsidiary undertakings	**–**	–	**8,559**	8,656
Corporation tax	**41**	15	**77**	–
Other taxation and social security costs	**797**	795	**604**	561
Proposed dividend	**137**	137	**137**	137
Other creditors	**550**	1,155	**491**	556
Obligations under finance leases and hire purchase contracts	**57**	84	**2**	23
Accruals	**1,006**	1,012	**886**	892
Deferred income	**338**	198	**338**	198
Progress payments	**1,177**	256	**1,137**	140
	15,691	13,758	**23,328**	20,500

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	
	1996	1995	**1996**	1995
	£000	£000	**£000**	£000
Other creditors	**118**	–	**–**	–
Obligations under finance leases and hire purchase contracts wholly repayable between one and two years	**12**	63	**–**	2
Obligations under finance leases and hire purchase contracts wholly repayable between two and five years	**67**	88	**–**	–
	197	151	**–**	2

Notes on the Accounts

Continued

17 Provisions for Liabilities and Charges

Deferred taxation

	Group £000	Company £000
At April 30th, 1995	2,455	2,360
Release in period	(22)	(2)
Prior periods	45	63
Movement in advance corporation tax	(37)	(77)
At April 27th, 1996	2,441	2,344

	1996 Full potential liability	**1996** Provision made	1995 Full potential liability	1995 Provision made
(a) Group	**£000**	**£000**	£000	£000
Taxation deferred by capital allowances	**759**	**211**	744	188
Taxation on group pension scheme prepayment	**2,307**	**2,307**	2,307	2,307
	3,066	**2,518**	3,051	2,495
Recoverable advance corporation tax	**(77)**	**(77)**	(40)	(40)
	2,989	**2,441**	3,011	2,455

	1996 Full potential liability	**1996** Provision made	1995 Full potential liability	1995 Provision made
(b) Company	**£000**	**£000**	£000	£000
Taxation deferred by capital allowances	**652**	**114**	600	53
Taxation on group pension scheme prepayment	**2,307**	**2,307**	2,307	2,307
	2,959	**2,421**	2,907	2,360
Recoverable advance corporation tax	**(77)**	**(77)**	(40)	–
	2,882	**2,344**	2,867	2,360

18 Called up Share Capital

	1996 £000	1995 £000
Ordinary shares of 10p each		
Authorised – 35,000,000 shares (1995 – 35,000,000 shares)	**3,500**	3,500
Allotted, issued and fully paid – 27,406,929 shares (1995 – 27,406,929 shares)	**2,741**	2,741

At April 27th, 1996 options over unissued shares in the company existed under the company's executive share option schemes as follows:

	Number of ordinary shares	Option price per share
Exercisable between:		
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 1995 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% 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 1996 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 Movement on Reserves and reconciliation of movements in Shareholders' Funds

Movements in reserves are as follows:

(a) Group

	Share capital £000	Special reserve £000	Other reserves £000	Profit and loss account £000	Total £000
At May 1st, 1994 as originally reported	2,741	1,539	7,051	4,123	15,454
Prior year adjustment (see note 12)	–	–	–	15	15
At May 1st, 1994 as restated	2,741	1,539	7,051	4,138	15,469
Loss attributable to members (net of £4,000 prior year adjustment)	–	–	–	(866)	(866)
Dividends	–	–	–	(137)	(137)
Foreign exchange adjustment on retranslation of overseas investments	–	–	(64)	–	(64)
Goodwill on consolidation written off	–	(52)	–	–	(52)
At April 30th, 1995	2,741	1,487	6,987	3,135	14,350
Profit attributable to members	–	–	–	309	309
Dividends	–	–	–	(164)	(164)
Foreign exchange adjustment on retranslation of overseas investments	–	–	7	–	7
At April 27th, 1996	2,741	1,487	6,994	3,280	14,502

(b) Company

	Share capital £000	Special reserve £000	Other reserves £000	Profit and loss account £000	Total £000
At May 1st, 1994 as originally reported	2,741	1,655	8,757	1,619	14,772
Prior year adjustment (see note 12)	–	–	–	15	15
At May 1st, 1994 as restated	2,741	1,655	8,757	1,634	14,787
Loss attributable to members (net of £4,000 prior year adjustment)	–	–	–	(994)	(994)
Dividends	–	–	–	(137)	(137)
Foreign exchange adjustment on retranslation of overseas investments	–	–	(2)	–	(2)
Goodwill on acquisition of John Holding business written off	–	(49)	–	–	(49)
At April 30th, 1995	2,741	1,606	8,755	503	13,605
Profit attributable to members	–	–	–	367	367
Dividends	–	–	–	(164)	(164)
Foreign exchange adjustment on retranslation of overseas investments	–	–	(27)	–	(27)
At April 27th, 1996	2,741	1,606	8,728	706	13,781

20 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 £367,000 (1995 – restated loss £994,000).

At April 27th, 1996 the group's share of post acquisition retained profits of the associated undertaking amounted to £39,000 (1995 – £63,000).

The total amount of goodwill written off to group reserves on business acquisitions continuing within the group, amounts to £8,120,000. 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 with the balance being written off to profit and loss account. Goodwill of £438,000 (company £319,000) has been written off against the special reserve in previous years. The remaining £4,795,000 was written off to profit and loss account in prior periods.

Notes on the Accounts

Continued

21 Lease Commitments

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

	Group		Company	
	1996	1995	**1996**	1995
	£000	£000	**£000**	£000
Leases expiring:				
Within one year	**7**	4	**7**	4
Between two and five years	**43**	44	**42**	44
Over five years – leasehold buildings	**65**	65	**–**	–
– other	**–**	3	**–**	3
	115	116	**49**	51

22 Capital Commitments

	Group		Company	
	1996	1995	**1996**	1995
	£000	£000	**£000**	£000
Contracted	**–**	298	**–**	206

23 Reconciliation of Operating Profit/(Loss) to Net Cash Inflow/(Outflow) from Continuing Operations

	1996	1995 As restated
	£000	£000
Operating profit/(loss) – continuing operations	**929**	(756)
Depreciation charge – continuing operations	**1,312**	1,212
Foreign exchange gains	**(5)**	(68)
RSA grant release	**(63)**	(23)
(Increase)/decrease in stocks	**(1,444)**	12
Increase in debtors	**(1,809)**	(451)
Increase/(decrease) in creditors	**1,362**	(221)
Increase in progress payments	**2,217**	139
Net cash inflow/(outflow) from continuing operations	**2,499**	(156)

24 Analysis of Changes in Financing during the period

	Finance lease and hire purchase obligations	
	1996	1995
	£000	£000
At 30th April, 1995	**235**	292
Cash outflows from financing	**(92)**	(87)
Effect of foreign exchange rates	**(7)**	30
At April 27th, 1996	**136**	235

25 Analysis of Changes in Cash and Cash Equivalents during the period

	1996	1995 As restated
	£000	£000
At April 30th, 1995	**(5,856)**	(2,874)
Net cash inflow/(outflow) before adjusting for the effect of foreign exchange rates	**338**	(2,849)
Effect of foreign exchange rates	**48**	(133)
At April 27th, 1996	**(5,470)**	(5,856)

Notes on the Accounts

Continued

26 Cash and Cash Equivalents

	1996	Change in period	1995 As restated	Change in period As restated	1994 As restated
	£000	£000	£000	£000	£000
Cash at bank and in hand	**293**	255	38	(6)	44
Bank overdrafts	**(5,763)**	131	(5,894)	(2,976)	(2,918)
	(5,470)	386	(5,856)	(2,982)	(2,874)

27 Contingent Liabilities

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 £40,000 at April 27th, 1996 (1995 – £32,000).

The company is contingently liable in respect of guarantees, indemnities and performance bonds given in the ordinary course of business amounting to £1,759,000 at April 27th, 1996 (1995 – £1,547,000).

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

Summary of Group Results 1992–1996

	1996 **£000**	1995 £000	1994 £000	1993 £000	1992 £000
TURNOVER					
Continuing Activities	**36,300**	30,546	29,847	29,339	31,441
Intercompany Sales	**(1,178)**	(905)	(498)	(526)	(907)
Sales to external customers	**35,122**	29,641	29,349	28,813	30,534
PROFIT AND LOSS ACCOUNT					
Operating profit/(loss)					
Continuing Activities	**929**	(756)	1,006	530	328
Share of (loss)/profit of associated undertaking	**(28)**	258	(15)	–	–
	901	(498)	991	530	328
Exceptional items	**39**	22	46	(44)	(1,673)
Interest	**(430)**	(417)	(157)	(161)	(189)
Profit/(loss) on ordinary activities before taxation	**510**	(893)	880	325	(1,534)
Tax on profit/(loss) on ordinary activities	**(201)**	27	(367)	(122)	20
Profit/(loss) on ordinary activities after taxation	**309**	(866)	513	203	(1,514)
Minority interests	**–**	–	–	–	(8)
Profit/(loss) available for dividends and retention	**309**	(866)	513	203	(1,522)
Dividends	**(164)**	(137)	(685)	(685)	(685)
Retained profit/(loss)	**145**	(1,003)	(172)	(482)	(2,207)
BALANCE SHEETS					
Assets employed					
Tangible fixed assets	**10,822**	10,843	10,205	8,968	9,249
Investment in associated undertaking	**695**	719	641	–	–
Investment in own shares	**598**	598	532	532	497
Net current assets (excluding bank overdrafts and group pension scheme prepayment)	**3,798**	3,700	2,739	2,573	3,730
Group pension scheme prepayment (net of deferred taxation)	**4,683**	4,683	4,683	4,683	4,683
	20,596	20,543	18,800	16,756	18,159
Financed by					
Ordinary share capital	**2,741**	2,741	2,741	2,741	2,741
Reserves	**11,761**	11,609	12,728	13,286	13,768
Shareholders' funds	**14,502**	14,350	15,469	16,027	16,509
Creditors – amounts falling due after more than one year	**197**	151	293	21	36
Provisions for liabilities and charges	**134**	148	120	162	169
Bank overdrafts	**5,763**	5,894	2,918	546	1,445
	20,596	20,543	18,800	16,756	18,159

Comparative figures have been restated in accordance with UITF 13 "Accounting for employee share ownership trusts".

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-John Holding Ltd. P. D. Kirkham, Esq. BSc, MSc General Manager	Carr Hill, Balby, Doncaster, South Yorkshire DN4 8DH	Open die forgings.
MSI-Materials Handling Ltd. R. E. Gibbons, Esq. BSc Managing Director	Carr Hill, Balby, Doncaster, South Yorkshire DN4 8DH	Design and manufacture of bulk material handling equipment and structural steel-work. Design and manufacture of amusement park rides.
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. Sharpe, 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-Turned Parts Ltd. G. J. Gibbons, Esq. BSc(Hons), ACMA 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	Sales 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	Design and manufacture of petrol station forecourt canopies and infrastructure products.

NOTES

1. 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.

2. 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 to Shareholders

NOTIFICATION OF DIRECTORS' RESOLUTION RELATING TO THE CREST SYSTEM

This is to give you notice, in accordance with the Uncertified Securities Regulations 1995 ("the Regulations"), that, on June 19th, 1996 the Company resolved by a resolution of its Directors that title to the Ordinary Shares of 10p each in the capital of the Company, in issue or to be issued, may be transferred by means of a relevant system.

The resolution of the Directors will become effective immediately prior to CRESTCo Limited granting permission for the shares concerned to be transferred by means of the CREST system.

Explanatory Note

The above notice is the notice that the Company is obliged to give to its members, under the Regulations, of the passing of a "Directors' Resolution" (as defined in the Regulations) in relation to its Ordinary Shares.

The Directors' Resolution will enable the Company's Ordinary Shares to join CREST in due course. The Shares have not become transferable by means of the CREST system merely by virtue of the passing of the Directors' Resolution, nor will they become so by virtue of the Directors' Resolution becoming effective; the permission of the operator of the system, CRESTCo Limited, must also be given before the Shares can become so transferable. It is expected that the Company's Shares will enter the CREST system in March 1997.

The effect of the Directors' Resolution is to disapply, in relation to the Ordinary Shares, those provisions of the Company's Articles of Association that are inconsistent with the holding and transfer of those Shares in CREST.

Shareholders should note that, under the Regulations, they have the right, by ordinary resolution, to reverse the effect of the Directors' Resolution, and prevent the Shares becoming transferable by means of CREST or any other relevant system. The circumstances in which this right may be exercised are set out in paragraph 16(6) of the Regulations.

There is no action shareholders are obliged to take as a result of the above notice, since entry into CREST is voluntary and shareholders' existing rights are not changed. Whilst most large investors will use CREST, private shareholders can keep their certificates if they wish. If you are in any doubt as to the effect of the admission of the Company's Shares to CREST, you should seek your own personal advice from your independent professional adviser.

A copy of the Explanatory leaflet published by CREST is enclosed with the Annual Report.

By Order of the Board

David Pyle
Secretary
July 12th, 1996

Notice of Meeting

NOTICE IS HEREBY GIVEN that the thirty sixth Annual General Meeting of the members of MS International plc will be held at Doncaster Moat House, Warmsworth, Doncaster at 12.00 noon on August 5th, 1996 to transact the following business:

1. To receive and adopt the directors' report and the audited accounts for the 52 weeks ended April 27th, 1996.
2. To declare a final dividend.
3. To re-elect R. Lane-Smith 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% of the average of the middle market prices shown in the quotations for Ordinary Shares in 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 an 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
July 12th, 1996

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

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 6th, 1996 to those members registered on the books of the company on August 13th, 1996.

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 Moat 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).

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