

MS INTERNATIONAL plc

Results for the 52 weeks ended 30th April, 2016

Chairman's Statement

Results and Review

It is pleasing to report that the Group has continued to build on the good progress attained in the first half of the year, notwithstanding recessionary conditions in the global industrial manufacturing and heavy engineering sector which progressively deepened as the year unfolded.

For the year ended 30th April 2016, profit before taxation increased to £1.68m (2015 - £1.54m) on revenue up at £49.28m (2015 - £45.50m). Earnings per share amounted to 9.6p (2015 - 8.20p).

The balance sheet remains very strong, even after considerable investment, with net cash and short term deposits amounting to £12.76m (2015 - £17.15m) at the year end.

'Defence', as we anticipated, continued its recovery with a satisfying upward trajectory in revenue. This was most encouraging following the previous two years when we endured widespread constraints upon international defence budgets that resulted in a disappointingly subdued order intake and ensuing weaker revenues. Meanwhile our investment in products, facilities and personnel development has continued unabated and there are positive signs that we are beginning to reap the rewards of this important commitment.

'Forgings' manufactures on three continents producing a complete size-range of original equipment fork-arms for the forklift truck, construction, agricultural and quarrying equipment manufacturing industries together with after-market products. It experienced a most challenging time as many markets it serves were adversely impacted by the sheer scale of deepening recessionary conditions. As a consequence, the division's three business operations in the UK, USA and Brazil, had to contend with reduced weekly orders and revenue. Nevertheless, relentless tight control of costs and further investment in production efficiency drivers went some way towards countering the negative effects of the slowdown.

'Petrol Station Superstructures' traditional business of design, manufacture and construction of petrol station canopies, convenience stores and car-wash buildings across the UK, Eire and Eastern Europe also experienced a notable downturn in activity as many customers - the major oil companies, dealers and supermarket groups - deferred planned new build programmes. By contrast, Petrol Sign bv, acquired in June 2015, produced an exemplary performance emanating from an incredibly busy year restyling petrol station branding in mainland Western Europe. This success partially offset the effects of the slowdown on other parts of the division.

Outlook

Notwithstanding current negativity in some markets and the fact that growth is continuing to slow virtually everywhere, we have the desire, commitment and resources to maintain a positive stance and, most significantly, we have the ability to invest in the future with new products and facilities whilst reaching out to the opportunities that we perceive are accessible in areas that are new to us. In the meantime our priority is to go forward on all fronts and successfully contend with the existent tough market conditions.

'Defence' - despite the many global security fears, persisting or emerging, there is yet to be any meaningful evidence of the anticipated upturn in defence budgets by governments around the world. As is the case for many global suppliers of defence equipment and services, the fragility of this anticipated upturn remains a salient feature in our future business planning and expectations. Yet, during this prolonged period of market weakness, our response has been to continue investing in the business and that policy will be maintained, for there is little doubt that much is being achieved and we strongly believe that we are doing the right thing in order to grow the division. Our defence business already enjoys a world class reputation for both products and support services and in order to sustain and advance that status, the structure of the operation is being strengthened, new items are being added to the product portfolio and marketing has been intensified in both home and international markets.

'Forgings' - many of our global customers in the manufacture of mobile handling plant and equipment have already chronicled the negative effects of the economic downturn on their businesses. Clearly it may take some time for there to be any sign of a real recovery in these markets. Accordingly, our attention is focused on maintaining tight cost control and seeking any operational efficiencies to ensure that we maintain our highly creditable and enviable reputation as a strong, reliable and cost effective supplier. In the United States we are in the construction phase of a new manufacturing facility to replace the much smaller property nearby. In preparation for the relocation, additional state of the art plant and equipment is currently being assembled for installation in the new facility later this year.

Chairman's Statement

continued

'Petrol Station Superstructures' - the division is seeing a good number of the new station builds that customers postponed last year now being resurrected for construction in the current year. With the summer construction period approaching full swing, there has been a significant upturn in order intake over recent weeks from our traditional markets in the UK, Eire and Eastern Europe. Following the integration of Petrol Sign into the Group, two new 'Petrol Sign' branding business operations have been established one here in the UK and the other in Germany. In addition, a forecourt superstructures operation has been opened in The Netherlands to strengthen the company's market position in mainland Western Europe. We are greatly encouraged by the positive response of the petrol station forecourt market to our business expansion programmes.

Overall, the Group now has some very positive initiatives in place and, despite the current difficult worldwide trading environment, much is being achieved and some very interesting opportunities are opening up.

All matters considered the Board recommends the payment of a maintained final dividend of 6.5p per share (2015 - 6.5p), making the total for the year of 8p (2015 - 8p). The final dividend is expected to be paid on 21st July 2016 to those shareholders on the register at the close of business on 24th June 2016

Michael Bell
9th June 2016

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Consolidated income statement

For the 52 weeks ended 30th April, 2016

	2016	2015
	Total	Total
	£000	£000
Revenue	49,282	45,503
Cost of sales	(36,413)	(34,763)
Gross profit	12,869	10,740
Distribution costs	(3,104)	(2,357)
Administrative expenses	(7,909)	(6,643)
Group operating profit	(11,013)	(9,000)
Finance revenue	47	70
Finance costs	(5)	(32)
Other finance costs - pensions	(216)	(237)
	(174)	(199)
Profit before taxation	1,682	1,541
Taxation	(98)	(188)
Profit for the period attributable to equity holders of the parent	1,584	1,353
Earnings per share: basic and diluted	9.6p	8.2p

Consolidated and company statement of comprehensive income

For the 52 weeks ended 30th April, 2016

	Group		Company	
	2016	2015	2016	2015
	Total	Total	Total	Total
	£000	£000	£000	£000
Profit for the period attributable to equity holders of the parent	1,584	1,353	1,755	955
Exchange differences on retranslation of foreign operations	228	(106)	-	-
Net other comprehensive profit/(loss) to be reclassified to profit or loss in subsequent periods	228	(106)	-	-
Remeasurement losses on defined benefit pension scheme	(826)	(964)	(826)	(964)
Deferred taxation on remeasurement losses on defined benefit scheme	165	193	165	193
Change in taxation rates	(153)	-	(153)	-
Net other comprehensive loss not being reclassified to profit or loss in subsequent periods	(814)	(771)	(814)	(771)
Total comprehensive income for the period attributable to equity holders of the parent	998	476	941	184

Consolidated and company statement of changes in equity

	Issued capital	Capital redemption reserve	Other reserves	Revaluation reserve	Special reserve	Foreign exchange reserve	Treasury shares	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(a) Group									
At 3rd May, 2014	1,840	901	2,815	4,146	1,629	(183)	(3,059)	21,054	29,143
Profit for the period	-	-	-	-	-	-	-	1,353	1,353
Other comprehensive loss	-	-	-	-	-	(106)	-	(771)	(877)
Total comprehensive (loss)/income	-	-	-	-	-	(106)	-	582	476
Dividends paid	-	-	-	-	-	-	-	(1,320)	(1,320)
At 2nd May, 2015	1,840	901	2,815	4,146	1,629	(289)	(3,059)	20,316	28,299
Profit for the period	-	-	-	-	-	-	-	1,584	1,584
Other comprehensive income/(loss)	-	-	-	-	-	228	-	(814)	(586)
Total comprehensive income	-	-	-	-	-	228	-	770	998
Dividends paid	-	-	-	-	-	-	-	(1,320)	(1,320)
Change in taxation rates	-	-	-	83	-	-	-	-	83
Depreciation of buildings revaluation	-	-	-	(7)	-	-	-	7	-
At 30th April, 2016	1,840	901	2,815	4,222	1,629	(61)	(3,059)	19,773	28,060
(b) Company									
At 3rd May, 2014	1,840	901	1,565	4,240	1,629	-	(3,059)	18,690	25,806
Profit for the period	-	-	-	-	-	-	-	955	955
Other comprehensive loss	-	-	-	-	-	-	-	(771)	(771)
Total comprehensive income	-	-	-	-	-	-	-	184	184
Dividends paid	-	-	-	-	-	-	-	(1,320)	(1,320)
At 2nd May, 2015	1,840	901	1,565	4,240	1,629	-	(3,059)	17,554	24,670
Profit for the period	-	-	-	-	-	-	-	1,755	1,755
Other comprehensive loss	-	-	-	-	-	-	-	(814)	(814)
Total comprehensive income	-	-	-	-	-	-	-	941	941
Dividends paid	-	-	-	-	-	-	-	(1,320)	(1,320)
Dividend received from subsidiary	-	-	-	-	-	-	-	171	171
Change in taxation rates	-	-	-	83	-	-	-	-	83
Depreciation of buildings revaluation	-	-	-	(7)	-	-	-	7	-
At 30th April, 2016	1,840	901	1,565	4,316	1,629	-	(3,059)	17,353	24,545

Consolidated statements of financial position

At 30th April, 2016

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
ASSETS				
Non-current assets				
Property, plant and equipment	15,955	14,563	12,869	12,608
Intangible assets	5,671	3,818	4	13
Investments in subsidiaries	-	-	14,170	11,741
Deferred income tax asset	1,376	1,376	1,376	1,376
	23,002	19,757	28,419	25,738
Current assets				
Inventories	7,043	8,464	5,808	7,393
Trade and other receivables	8,996	9,454	9,655	9,252
Income tax receivable	118	40	-	-
Prepayments	784	590	682	495
Cash and short-term deposits	12,758	17,148	11,017	16,199
	29,699	35,696	27,162	33,339
TOTAL ASSETS	52,701	55,453	55,581	59,077
EQUITY AND LIABILITIES				
Equity				
Equity share capital	1,840	1,840	1,840	1,840
Capital redemption reserve	901	901	901	901
Other reserve	2,815	2,815	1,565	1,565
Revaluation reserve	4,222	4,146	4,316	4,240
Special reserve	1,629	1,629	1,629	1,629
Currency translation reserve	(61)	(289)	-	-
Treasury shares	(3,059)	(3,059)	(3,059)	(3,059)
Retained earnings	19,773	20,316	17,353	17,554
	28,060	28,299	24,545	24,670
Non-current liabilities				
Defined benefit pension liability	7,644	6,877	7,644	6,877
Deferred income tax liability	1,590	1,283	987	984
	9,234	8,160	8,631	7,861
Current liabilities				
Trade and other payables	15,253	18,994	22,270	26,454
Income tax payable	154	-	135	92
	15,407	18,994	22,405	26,546
TOTAL EQUITY AND LIABILITIES	52,701	55,453	55,581	59,077

Cash flow statements

For the 52 weeks ended 30th April, 2016

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Profit before taxation	1,682	1,541	1,880	943
<i>Adjustments to reconcile profit before taxation to net cash in flow from operating activities</i>				
Depreciation charge	1,060	1,117	861	931
Amortisation charge	609	317	9	8
Impairment in investment in subsidiary undertaking	-	-	28	88
Administration expenses-pension fund	320	316	320	316
Profit on sale of fixed assets	(98)	(78)	(91)	(75)
Finance costs	174	199	170	178
Foreign exchange gains	83	65	-	-
Decrease/(increase) in inventories	2,394	(302)	1,585	(143)
Decrease/(increase) in receivables	840	(1,194)	(403)	(976)
Increase in prepayments	(194)	(143)	(187)	(132)
Decrease in payables	(1,981)	(389)	(1,705)	(38)
(Decrease)/increase in progress payments	(2,479)	4,158	(2,479)	4,198
Pension fund payments	(595)	(529)	(595)	(529)
Cash generated from operating activities	1,815	5,078	(607)	4,769
Interest received	42	38	46	59
Taxation (paid)/received	(134)	(288)	16	(41)
Net cash inflow/(outflow) from operating activities	1,723	4,828	(545)	4,787
Investing activities				
Acquisition of Petrol Sign bv	(2,612)	-	(2,438)	-
Investment in Petrol Sign GmbH	-	-	(19)	-
Purchase of property, plant and equipment	(2,330)	(833)	(1,172)	(693)
Sale of property, plant and equipment	149	187	141	184
Net cash outflow from investing activities	(4,793)	(646)	(3,488)	(509)
Financing activities				
Dividends paid	(1,320)	(1,320)	(1,320)	(1,320)
Dividend received from subsidiary	-	-	171	-
Net cash outflow from financing activities	(1,320)	(1,320)	(1,149)	(1,320)
(Decrease)/Increase in cash and cash equivalents	(4,390)	2,862	(5,182)	2,958
Opening cash and cash equivalents	17,148	14,286	16,199	13,241
Closing cash and cash equivalents	12,758	17,148	11,017	16,199

The financial information set out above does not constitute the Company's statutory accounts for the periods ended 30th April, 2016 or 2nd May, 2015 but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Registrar of Companies, and those for 2016 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

1 Segment information

The following table presents revenue and profit and certain assets and liability information regarding the Group's divisions for the periods ended 30th April, 2016 and 2nd May, 2015. The reporting format is determined by the differences in manufacture and services provided by the Group. The Defence division is engaged in the design, manufacture and service of defence equipment. The Forgings division is engaged in the manufacture of forgings. The Petrol Station Superstructures division is engaged in the design, manufacture, construction, branding, maintenance and restyling of petrol station superstructures.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

	Defence		Forgings		Petrol Station Superstructures		Total	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Revenue								
External	21,907	17,010	11,922	15,120	15,453	13,373	49,282	45,503
Total revenue	21,907	17,010	11,922	15,120	15,453	13,373	49,282	45,503
Segment result								
Net finance costs	1,787	(247)	(343)	1,250	412	737	1,856 (174)	1,740 (199)
Profit before taxation							1,682	1,541
Taxation							(98)	(188)
Profit for the period							1,584	1,353
Segmental assets								
Unallocated assets (see below)	24,607	28,460	5,250	6,299	12,132	5,209	41,989 10,712	39,968 15,485
Total assets							52,701	55,453
Segmental liabilities								
Unallocated liabilities (see below)	10,411	14,407	1,378	1,609	3,454	2,045	15,243 9,398	18,061 9,093
Total liabilities							24,641	27,154
Capital expenditure	214	82	1,443	526	550	168		
Depreciation	233	217	362	424	911	276		

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

Following the acquisition of Petrol Sign bv, management have revised the allocation of certain costs which has led to a restatement of the prior year segment result for the three divisions. The total segment result of the Group for the prior year remains unchanged.

Geographical analysis

The following table presents revenue and expenditure and certain assets and liabilities information by geographical segment for the periods ended 30th April, 2016 and 2nd May, 2015. The Group's geographical segments are based on the location of the Group's assets. Revenue from external customers is based on the geographical location of its customers.

	Europe		North America		Rest of the World		Total	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Revenue								
External	39,238	36,255	3,935	4,810	6,109	4,438	49,282	45,503
Non-current assets	21,683	19,457	1,246	192	73	108	23,002	19,757
Current assets	27,544	34,063	1,483	1,432	672	201	29,699	35,696
Liabilities	22,675	26,876	1,531	259	435	19	24,641	27,154
Capital expenditure	1,261	698	1,069	135	-	-	2,330	833

Information about major customers

	2016 £000	2015 £000
Revenue from major customers arising from sales reported in the Defence segment:		
Customer 1	10,042	-
Customer 1	-	10,715

2 Employee Information

The average number of employees, including executive directors, during the period was:

	2016 Number	2015 Number
Production	237	210
Technical	68	65
Distribution	31	27
Administration	59	54
	395	356

(a) Staff costs

Their, including executive directors, employment costs were as follows:

	2016 £000	2015 £000
Wages and salaries	11,558	11,967
Social Security costs	1,227	1,313
Other pension costs	412	506
	13,197	13,786

(b) Directors' emoluments

Aggregate directors' emoluments

	2016 £000	2015 £000
	1,130	1,141

3 Taxation

The charge for taxation comprises:

Current tax

	2016 £000	2015 £000
United Kingdom corporation tax	83	19
Tax over provided in previous years	(82)	(5)
Foreign corporation tax	150	286
Group current tax	151	300

Deferred tax		
Origination and reversal of temporary differences	(54)	(50)
Adjustments in respect of prior years	37	(62)
Impact of reduction in deferred tax rate to 18%	(36)	-
Group deferred tax	(53)	(112)
Tax on profit	98	188
Tax relating to items charged or credited to other comprehensive income		
Deferred tax		
Deferred tax on remeasurement losses on pension scheme current year	(165)	(193)
Impact of reduction in deferred tax rate to 18%	153	-
Income tax in the statement of comprehensive income	(12)	(193)

(b) Factors affecting the tax charge for the year

The tax assessed for the period differs to the standard rate of corporation tax in the UK (20%) (2015 - 21%). The differences are explained below:

	2016	2015
	£000	£000
Profit before tax	1,682	1,541
Profit multiplied by standard rate of corporation tax of 20% (2015 - 21%)	336	324
Expenses not deductible for tax purposes	(157)	(69)
Adjustment in respect of prior periods	(45)	(67)
Impact of reduction in deferred tax rate to 18%	(36)	-
Total tax charge for the period	98	188

4 Earnings per share

The calculation of basic earnings per share is based on:

(a) Profit for the period attributable to equity holders of the parent of £1,584,000 (2015 - £1,353,000).

(b) 16,504,691 (2015 - 16,504,691) Ordinary shares, being the weighted average number of Ordinary shares in issue.

This represents 18,396,073 (2015 - 18,396,073) being the weighted average number of Ordinary shares in issue less 1,891,382 (2015 - less 1,891,392) being the weighted average number of shares both held within the ESOT 245,048 (2015 - 245,048) and purchased by the Company 1,646,334 (2015 - 1,646,334).

5 Dividends paid and proposed	2016	2015
	£000	£000
Declared and paid during the year		
On Ordinary shares		
Final dividend for 2015 : 6.50p (2014 - 6.50p)	1,073	1,073
Interim dividend for 2016 : 1.50p (2015 - 1.50p)	247	247
	1,320	1,320
Proposed for approval by shareholders at the AGM		
Final dividend for 2016 : 6.50p (2015 - 6.50p)	1,073	1,073

6 Trade and other receivables

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade receivables	7,744	7,772	6,578	6,646
Retentions on contracts	1,188	1,681	1,188	1,681
Amounts owed by subsidiary undertakings	-	-	1,874	924
Other receivables	64	1	15	1
	8,996	9,454	9,655	9,252
Gross amounts due from customers for contract work - included above	1,861	2,172	1,666	1,905

The aggregate amount of costs incurred and recognised profits to date on contracts is £10,775,000 (2015 - £13,280,000).

(a) Trade receivables are denominated in the following currencies

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Sterling	6,019	6,545	6,019	6,545
Euro	983	236	559	101
US dollar	361	643	-	-
Other currencies	381	348	-	-
	7,744	7,772	6,578	6,646

Trade receivables are non-interest bearing and are generally on 30 days terms and are shown net of provision for impairment. The aged analysis of trade receivables not impaired is as follows:

Group	Total £000	Not past due £000	< 30 days £000	30-60 days £000	60-90 days £000	> 90 days £000
2016	7,744	6,026	1,424	269	9	16
2015	7,772	6,328	1,224	98	105	17

As at 30th April, 2016 trade receivables at a nominal value of £102,000 (2015 - £52,000) were impaired and fully provided. Bad debts of £51,000 (2015 - £151,000) were recovered and bad debts of £24,000 (2015 - £42,000) were incurred.

Company	Total £000	Not past due £000	< 30 days £000	30-60 days £000	60-90 days £000	> 90 days £000
2016	6,578	5,182	1,158	238	-	-
2015	6,646	5,604	905	57	80	-

As at 30th April, 2016 trade receivables at a nominal value of £39,000 (2015 - £39,000) were impaired and fully provided. Bad debts of £8,000 (2015 - £143,000) were recovered and bad debts of £23,000 (2015 - £15,000) were incurred.

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

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Sterling	1,188	1,681	1,188	1,681
Euro	-	-	-	-
US dollar	-	-	-	-
Other currencies	-	-	-	-
	1,188	1,681	1,188	1,681

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

Group	Total	Up to 6 months	6 - 12 months	12 - 18 months	18 - 24 months
	£000	£000	£000	£000	£000
2016	1,188	1,188	-	-	-
2015	1,681	1,681	-	-	-
Company					
2016	1,188	1,188	-	-	-
2015	1,681	1,681	-	-	-

7 Cash

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Cash at bank and in hand	7,420	9,884	5,715	8,935
Short term deposits	5,338	7,264	5,302	7,264
	12,758	17,148	11,017	16,199

8 Reserves

Share Capital

The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising 10p Ordinary shares.

Capital redemption reserve

The balance classified as capital redemption reserve represents the nominal value of issued share capital of the Company, repurchased.

Other reserve

This is the revaluation reserve previously arising under UK GAAP which is now part of non-distributable retained reserves.

Revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same assets previously recognised in equity. This also includes the impact of the change in related deferred tax due to the change in corporation tax (20% to 18%).

Special reserve

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

Currency translation reserve

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

Treasury Shares

	2016	2015
	£000	£000
Employee Share Ownership Trust	100	100
Shares in treasury (see below)	2,959	2,959
	3,059	3,059

During 1991 the Company established an Employee Share Ownership Trust ("ESOT"). The trustee of the ESOT is Appleby Trust (Jersey) Ltd, an independent company registered in Jersey. The ESOT provides for the issue of options over Ordinary shares in the Company to Group employees, including executive directors, at the discretion of the Remuneration Committee.

The trust has purchased an aggregate 245,048 (2015 - 245,048) Ordinary shares, which represents 1.3% (2015 - 1.3%) of the issued share capital of the Company at an aggregate cost of £100,006. The market value of the shares at 30th April, 2016 was £448,000 (2015 - £346,000). The Company has made payments of £Nil (2015 - £Nil) into the ESOT bank accounts during the period. No options over shares (2015 – Nil) have been granted during the period. Details of the outstanding share options, for Directors are included in the Directors’ remuneration report.

The assets, liabilities, income and costs of the ESOT have been incorporated into the Company’s financial statements. Total ESOT costs charged to the income statement in the period amounts to £7,000 (2015 - £4,000). During the period no options on shares were exercised (2015 - Nil) and no shares were purchased (2015 – Nil).

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

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

9 Petrol Sign bv

On the 17th June, 2015 the Company acquired the entire issued share capital of Petrol Sign bv, a Company based in The Netherlands from Lambooi Holdings B.V. The consideration for the acquisition was €3,400,000 and was paid in cash on completion.

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

The fair values of the identifiable assets and liabilities of Petrol Sign bv as at the date of acquisition were:

	£000
Fair value recognised on acquisition	
Customer relationships	1,332
Order backlog	178
Non-compete	43
Trade name	147
Plant and equipment	171
Inventories	973
Receivables	382
Payables	(719)
Bank Overdraft	(174)
Income tax	(58)
Deferred tax	(425)
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Total identifiable net assets at fair value	1,850
Goodwill arising on acquisition	588
	<hr/>
Total purchase consideration transferred	2,438
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Analysis of net cash acquired	
Cash purchase consideration	(2,438)
Cash and short term deposits acquired	(174)
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Net cash acquired with subsidiary	(2,612)
	<hr/>

The goodwill of £588,000 comprises certain intangible assets that cannot be individually separated from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce. Goodwill is allocated entirely to the petrol station superstructures unit. None of the goodwill is expected to be deductible for income tax purposes.

Transaction costs of £104,000 have been expensed and included in administration costs.

From the date of acquisition Petrol Sign bv has contributed £4,726,000 of revenue and a profit of £405,000 to the profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year the consolidated profit of the Group would have been £1,692,000 and the revenue of the Group would have been £49,309,000

The preliminary announcement is prepared on the same basis as set out in the previous year's accounts.

The Directors confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the undertakings included in the consolidation taken as a whole; and

(b) the Chairman's Statement includes a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The preliminary announcement was approved by the Board on 9th June, 2016 and the above responsibility statement was signed on its behalf by Michael Bell, Executive Chairman and Michael O'Connell, Group Finance Director.

Copies of this announcement are available from the Company's registered office at MS INTERNATIONAL plc, Balby Carr Bank, Doncaster, DN4 8DH, England. The full Annual Report and Accounts will be posted to shareholders shortly and will be available on our website at www.msiplc.com and will be delivered to the Registrar of Companies after it has been laid before the Company in general meeting.