MS INTERNATIONAL plc

Results for 53 weeks ended 3rd May 2014

Chairman's Statement

Results and review

As highlighted in our 'Proposed move to AIM' document, dated 1st October 2013, the Company expected revenue for the year to be less and profit before tax to be appreciably less than reported for the comparable period because of the ongoing downturn in the global defence sector.

Nevertheless, the Group has traded better than our conservative projections at that time. Profit before tax was £2.93m (2013-£4.56m) for the 12 months to 3rd May 2014 on revenue of £47.13m (2013-£54.50m). Earnings per share were 14.6p (2013-22.5p).

Net cash and short term deposits at the year-end increased once again to a record high of £14.29m (2013-£13.45m) and this was after spending £2.96m on the purchase of 1,646,334 of the Company's shares into treasury at an average price of 180p as reported earlier in the year.

I am pleased to report a substantial increase in the Group order book which climbed to £46m (2013-£28m) at year-end although that relating to 'Defence' is phased for delivery through to 2020. By comparison both the 'Forgings' and 'Petrol Station Superstructures' divisions operate on short lead time order books of a few weeks. Group orders received during the year amounted to £65m (2013-£53m).

'Defence' which is the largest of the Group's three divisions, continued to be adversely impacted by the extremely tough times experienced by many suppliers to the global defence markets and saw a 30% fall in revenue. Unfortunately, that is the reality of the current market and having already substantially reduced costs in the previous period, we directed our focus last year on three key objectives. First, we ensured that we maintained our capabilities to meet and service current market requirements. Second, we intensified the investments that we are making in important product development programmes and third, we made sure that we are positioned to respond efficiently and effectively to any upturn in activity.

'Forgings' profits improved on last year, reflecting ongoing benefits from the sustained investment in plant, equipment and innovative technology in production processes initiated when its markets were less buoyant. This growth in profitability was achieved despite activity levels in some of the international markets remaining relatively constant.

'Petrol Station Superstructures' two businesses, operating from facilities in the UK and Poland, combined to increase both revenue and profitability having completed contracts in fourteen countries during the period, a record number and a truly outstanding performance.

Board

We are pleased to announce that David Hansell has been appointed to the Board on 3rd June 2014 as a Non-executive Director having retired from his position as Managing Director of MSI-Defence Systems.

He has some 50 years of experience in the division having started his apprenticeship in 1962 and, at some time or other, served in the majority of positions within the business. We are very pleased to retain his experience within the Group.

We have appointed a new Managing Director of MSI-Defence Systems who has joined us from a senior position in the defence equipment industry.

Outlook

Whilst the markets of our largest division, 'Defence', are contending with greatly reduced expenditure budgets it would be unrealistic to anticipate the current year being easier than last year. Conversely, both 'Forgings' and 'Petrol Station Superstructures' divisions hold improving strategic positions in their respective markets and should continue to prosper.

'Defence' would certainly benefit from a boost to the short to medium term order-book. We are hopeful that the weapon procurement phase for the current, substantial UK Royal Navy shipbuilding programme may not be too far away. Internationally, we are well placed in our marketing and positioned to bid effectively for any other new business that may arise, despite the uncertain market. Also, on a further positive note, we are receiving encouraging expressions of interest in a number of our new product developments which are coming to fruition. These will broaden our current product offering and are designed to meet identified requirements in selective markets around the world.

'Forgings' businesses are seeing what may be regarded as some early signs of a welcome, if delicate, upturn in activity and demand in certain global markets. Each production unit in the UK, the United States and Brazil is well equipped and capable of meeting any such sustainable growth. In the meantime we remain particularly sensitive to the effects of continuing exchange rate fluctuations in Brazil, which have led to a negative financial translation effect on our reported figures.

'Petrol Station Superstructures' has a rising international reputation as a high quality forecourt contractor, gaining market share at a time when many existing and new station developments are expanding their traditional refuelling services by opening sophisticated retail buildings on the forecourt. Such market developments, when added to the more conventional forecourt structures, should create further opportunities for the business in the future.

As stated above, it would be unrealistic to predict any early change for the better in market conditions for 'Defence'. Fortunately, the long term order book provides a good base load of business for future years and we are seeing encouraging signs from the market for our new product development activities. Our other two divisions should continue to prosper and added to that the Group net cash position is at a record level. Therefore, the Board believes it appropriate to recommend the payment of a maintained final dividend of 6.5p per share (2013-6.5p) making the total for the year of 8.0p per share (2013-8.0p). The final dividend is expected to be paid on 18th July 2014 to those shareholders on the register at the close of business on 27th June 2014.

Michael Bell
3rd June, 2014

For further information please contact

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Consolidated income statement

For the 53 weeks ended 3rd May, 2014

	Notes	**2014 Total £000**	2013 Total £000 restated*
Revenue	2	**47,130**	54,494
Cost of sales		**(34,266)**	(39,310)
Gross profit		**12,864**	15,184
Distribution costs		**(2,707)**	(2,547)
Administrative expenses		**(6,954)**	(7,857)
		(9,661)	(10,404)
Group operating profit	2	**3,203**	4,780
Finance revenue		**48**	83
Finance costs		**(69)**	(112)
Other finance costs - pensions		**(254)**	(188)
		(275)	(217)
Profit before taxation		**2,928**	4,563
Taxation	4	**(354)**	(480)
Profit for the period attributable to equity holders of the parent		**2,574**	4,083
Earnings per share: basic and diluted	5	**14.6p**	22.5p

* The consolidated financial statements as at 3rd, May, 2014, have been restated to reflect amendments to IAS 19, employee benefits, as detailed in note 1.

Group and company statement of comprehensive income

For the 53 weeks ended 3rd May, 2014

	Group		Company	
	2014	2013	**2014**	2013
	Total	Total	**Total**	Total
	£000	£000	**£000**	£000
		restated*		restated*
Profit for the period attributable to equity holders of the parent	**2,574**	4,083	**1,605**	3,550
Exchange differences on retranslation of foreign operations	**(244)**	71	**-**	-
Net other comprehensive (loss)/profit to be reclassified to profit or loss in subsequent periods	**(244)**	71	**-**	-
Remeasurement gains/(losses) on defined benefit pension scheme	**952**	(2,640)	**952**	(2,640)
Deferred taxation on actuarial gains/losses on defined benefit scheme	**(396)**	566	**(396)**	566
Revaluation surplus on land and buildings	**1,939**	-	**2,056**	-
Deferred taxation on revaluation surplus on land and buildings	**(446)**	-	**(473)**	-
Net other comprehensive profit/(loss) not being reclassified to profit or loss in subsequent periods	**2,049**	(2,074)	**2,139**	(2,074)
Total comprehensive income for the period attributable to equity holders of the parent	**4,379**	2,080	**3,744**	1,476

* The consolidated financial statements as at 3rd, May, 2014, have been restated to reflect amendments to IAS 19, employee benefits, as detailed in note 1.

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 28th April, 2012	1,840	901	2,815	2,511	1,629	(10)	(100)	18,819	**28,405**
Profit for the period	-	-	-	-	-	-	-	4,083	**4,083**
Other comprehensive loss	-	-	-	-	-	71	-	(2,074)	**(2,003)**
Total comprehensive income	-	-	-	-	-	71	-	2,009	**2,080**
Dividends paid (note 6)	-	-	-	-	-	-	-	(1,452)	**(1,452)**
Change in taxation rates	-	-	-	21	-	-	-	-	**21**
At 27th April, 2013 (restated *)	1,840	901	2,815	2,532	1,629	61	(100)	19,376	**29,054**
Profit for the period	-	-	-	-	-	-	-	2,574	**2,574**
Other comprehensive profit/(loss)	-	-	-	1,493	-	(244)	-	556	**1,805**
Total comprehensive income	-	-	-	1,493	-	(244)	-	3,130	**4,379**
Dividends paid (note 6)	-	-	-	-	-	-	-	(1,452)	**(1,452)**
Purchase of own shares (note 9)	-	-	-	-	-	-	(2,959)	-	**(2,959)**
Change in taxation rates	-	-	-	121	-	-	-	-	**121**
At 3rd May, 2014	**1,840**	**901**	**2,815**	**4,146**	**1,629**	**(183)**	**(3,059)**	**21,054**	**29,143**
(b) Company									
At 28th April, 2012	1,840	901	1,565	2,511	1,629	-	(100)	17,646	**25,992**
Profit for the period	-	-	-	-	-		-	3,550	**3,550**
Other comprehensive loss	-	-	-	-	-	-	-	(2,074)	**(2,074)**
Total comprehensive income	-	-	-	-	-	-	-	1,476	**1,476**
Dividends paid (note 6)	-	-	-	-	-	-	-	(1,452)	**(1,452)**
Change in taxation rates	-	-	-	21	-	-	-	-	**21**
At 27th April, 2013	1,840	901	1,565	2,532	1,629	-	(100)	17,670	**26,037**
Profit for the period	-	-	-	-	-	-	-	1,605	**1,605**
Other comprehensive loss	-	-	-	1,583	-	-	-	556	**2,139**
Total comprehensive income	-	-	-	1,583	-	-	-	2,161	**3,744**
Dividends paid (note 6)	-	-	-	-	-	-	-	(1,452)	**(1,452)**
Dividend received from subsidiary	-	-	-	-	-	-	-	311	**311**
Purchase of own shares (note 9)	-	-	-	-	-	-	(2,959)	-	**(2,959)**
Change in taxation rates	-	-	-	125	-	-	-	-	**125**
At 3rd May, 2014	**1,840**	**901**	**1,565**	**4,240**	**1,629**	-	**(3,059)**	**18,690**	**25,806**

* The consolidated financial statements as at 3rd, May, 2014, have been restated to reflect amendments to IAS 19, employee benefits, as detailed in note 1.

Consolidated statements of financial position

At 3rd May, 2014

	Notes	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
ASSETS					
Non-current assets					
Property, plant and equipment		**15,127**	13,755	**12,955**	11,133
Intangible assets		**4,135**	4,451	**21**	30
Investments in subsidiaries		**-**	-	**11,829**	11,869
Deferred income tax asset		**-**	280	**167**	807
		19,262	18,486	**24,972**	23,839
Current assets					
Inventories		**8,162**	6,536	**7,250**	5,656
Trade and other receivables	7	**8,260**	13,065	**8,276**	13,838
Income tax receivable		**51**	-		
Prepayments		**447**	520	**363**	419
Cash and short-term deposits	8	**14,286**	13,447	**13,241**	12,515
		31,206	33,568	**29,130**	32,428
TOTAL ASSETS		**50,468**	52,054	**54,102**	56,267
EQUITY AND LIABILITIES					
Equity					
Equity share capital	9	**1,840**	1,840	**1,840**	1,840
Capital redemption reserve	9	**901**	901	**901**	901
Other reserve	9	**2,815**	2,815	**1,565**	1,565
Revaluation reserve	9	**4,146**	2,532	**4,240**	2,532
Special reserve	9	**1,629**	1,629	**1,629**	1,629
Currency translation reserve	9	**(183)**	61	**-**	-
Treasury shares	9	**(3,059)**	(100)	**(3,059)**	(100)
Retained earnings	9	**21,054**	19,376	**18,690**	17,670
		29,143	29,054	**25,806**	26,037
Non-current liabilities					
Defined benefit pension liability		**5,889**	6,766	**5,889**	6,766
Deferred income tax liability		**211**	-	**-**	-
		6,100	6,766	**5,889**	6,766
Current liabilities					
Trade and other payables		**15,225**	16,143	**22,294**	23,302
Income tax payable		**-**	91	**113**	162
		15,225	16,234	**22,407**	23,464
TOTAL EQUITY AND LIABILITIES		**50,468**	52,054	**54,102**	56,267

Cash flow statements

For the 53 weeks ended 3rd May, 2014	Notes	Group 2014 £000	Group 2013 £000 Restated	Company 2014 £000	Company 2013 £000 Restated
Profit before taxation		**2,928**	4,563	**1,709**	3,862
Adjustments to reconcile profit before taxation to net cash in flow from operating activities					
Depreciation charge		**1,227**	1,372	**1,028**	1,180
Amortisation charge		**316**	347	**9**	39
Impairment in investment in subsidiary undertaking		**-**	-	**40**	-
Administration expenses-pension fund		**350**	300	**350**	300
Profit on sale of fixed assets		**(124)**	-	**(130)**	
Finance costs		**275**	217	**236**	156
Foreign exchange(losses)/gains		**(136)**	9	**-**	-
(Increase)/decrease in inventories		**(1,626)**	1,288	**(1,594)**	1,070
Decrease/(increase) in receivables		**4,805**	(857)	**5,562**	(81)
Decrease in prepayments		**73**	84	**56**	108
(Decrease)/increase in payables		**(2,550)**	3,266	**(2,877)**	3,511
Increase/(decrease) in progress payments		**1,632**	(2,118)	**1,869**	(2,140)
Pension fund payments		**(529)**	(529)	**(529)**	(529)
Cash generated from operating activities		**6,641**	7,942	**5,729**	7,476
Interest (paid)/received		**(21)**	(29)	**18**	32
Taxation paid		**(708)**	(1,809)	**(257)**	(1,505)
Net cash inflow from operating activities		**5,912**	6,104	**5,490**	6,003
Investing activities					
Purchase of property, plant and equipment		**(940)**	(1,252)	**(842)**	(620)
Sale of property, plant and equipment		**342**	10	**178**	1
Net cash outflow from investing activities		**(662)**	(1,242)	**(664)**	(619)
Financing activities					
Dividends paid	**6**	**(1,452)**	(1,452)	**(1,452)**	(1,452)
Dividend received from subsidiary		**-**	-	**311**	-
Purchase of own shares		**(2,959)**	-	**(2,959)**	-
Investment in subsidiary		**-**	-	**-**	(418)
Net cash outflow from financing activities		**(4,411)**	(1,452)	**(4,100)**	(1,870)
Increase in cash and cash equivalents		**839**	3,410	**726**	3,514
Opening cash and cash equivalents		**13,447**	10,037	**12,515**	9,001
Closing cash and cash equivalents	**8**	**14,286**	13,447	**13,241**	12,515

The financial information set out above does not constitute the Company's statutory accounts for the periods ended 3rd May, 2014 or 27th April, 2013 but is derived from those accounts. Statutory accounts for 2013 have been delivered to the Registrar of Companies, and those for 2014 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) IAS 19 "Employee Benefits" was amended in June 2011. The impact on the Group has been to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability and to transfer the costs of administrating the pension scheme from a deduction from expected return on plan assets into other operating expenses.

For the year to 27th April, 2013, the restatement on implementation of IAS 19R has reduced operating profit by £300,000, increased net financing costs by £143,000 and increased other comprehensive income by £443,000.

For the year to 3rd May, 2014, the implementation of IAS 19R has reduced operating profit by £350,000, increased net financing costs by £238,000 and increased other comprehensive income by £588,000.

(2) Segment information

The following table presents revenue and profit and certain assets and liability information regarding the Group's divisions for the periods ended 3rd May, 2014 and 27th April, 2013. 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 and construction 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	
	2014 £000	2013 £000	**2014 £000**	2013 £000	**2014 £000**	2013 £000	**2014 £000**	2013 £000 Restated
Revenue								
External	**19,445**	27,968	**14,058**	14,295	**13,627**	12,231	**47,130**	54,494
Total revenue	**19,445**	27,968	**14,058**	14,295	**13,627**	12,231	**47,130**	54,494
Segment result	**926**	2,934	**591**	359	**1,686**	1,487	**3,203**	4,780
Net finance costs							**(275)**	(217)
Profit before taxation							**2,928**	4,563
Taxation							**(354)**	(480)
Profit for the period							**2,574**	4,083
Segmental assets	**24,619**	27,153	**6,658**	6,654	**6,341**	5,585	**37,618**	39,392
Unallocated assets							**12,850**	12,662
Total assets							**50,468**	52,054
Segmental liabilities	**10,234**	10,459	**2,763**	2,681	**3,778**	4,158	**16,775**	17,298
Unallocated liabilities							**4,550**	5,702

Total liabilities							**21,325**	23,000
Capital expenditure	**134**	107	**450**	463	**121**	665		
Depreciation	**189**	315	**454**	466	**330**	348		

Geographical analysis

The following table presents revenue and expenditure and certain assets and liabilities information by geographical segment for the periods ended 3rd May, 2014 and 27th April, 2013. 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	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Revenue								
External	**32,803**	37,703	**4,487**	6,339	**9,840**	10,452	**47,130**	54,494
Non-current assets	**19,026**	18,090	**61**	105	**175**	291	**19,262**	18,486
Current assets	**29,682**	31,595	**1,191**	1,020	**856**	953	**31,729**	33,568
Liabilities	**20,805**	22,021	**390**	193	**653**	786	**21,848**	23,000
Capital expenditure	**904**	1,206	**-**	6	**36**	40	**940**	1,252

Information about major customers	**2014**	2013
Revenue from major customers arising from sales reported in the Defence segment:	**£000**	£000
Customer 1	**10,796**	-
Customer 1	**-**	14,741

(3) Employee Information

	2014	2013
	Number	Number
The average number of employees, including executive directors, during the period was:		
Production	199	223
Technical	62	69
Distribution	25	25
Administration	51	56
	337	373

(a) Staff costs

	2014	2013
Their, including executive directors, employment costs were as follows:	**£000**	£000
Wages and salaries	**11,162**	12,396
Social Security costs	**1,302**	1,467
Other pension costs	**408**	721
	12,872	14,584

(b) Directors' emoluments

	2014	2013
	£000	£000
Aggregate directors' emoluments	**1,114**	1,368

(4)
(a) Taxation

The charge for taxation comprises:	**2014**	2013
	£000	£000
Current tax		
United Kingdom corporation tax	**236**	618
Tax over provided in previous years	**(32)**	(230)
Foreign corporation tax	**381**	290
Group current tax	**585**	678
Deferred tax		
Origination and reversal of temporary differences	**(72)**	44
Adjustments in respect of prior years	**(67)**	(207)
Impact of reduction in deferred tax rate (23% to 20%)	**(92)**	(35)
Group deferred tax	**(231)**	(198)
Tax on profit	**354**	480

Tax relating to items charged or credited to other comprehensive income		
Deferred tax		
Deferred tax on remeasurement gains/losses on pension scheme current year	**219**	(634)
Impact of reduction in deferred tax rate (23% to 20%)	**177**	68
Deferred taxation on revaluation surplus on land and buildings	**446**	
Income tax in the statement of comprehensive income	**842**	(566)

(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 U.K. (24%). The differences are explained below:

	2014	2013
	£000	£000
Profit before tax	**2,928**	4,563
Profit multiplied by standard rate of corporation tax of 23% (2013 - 24%)	**673**	1,095
Effects of:		
Expenses not deductible for tax purposes	**(128)**	(147)
Adjustment in respect of prior periods	**(99)**	(433)
Impact of reduction in deferred tax rate (23% to 20%)	**(92)**	(35)
Total tax charge for the period	**354**	480

(5) Earnings per share

The calculation of basic and diluted earnings per share is based on:

(a) Profit for the period attributable to equity holders of the parent of £2,574,000 (2013 - £4,083,000);

(b) 17,603,561 (2013 - 18,151,025) Ordinary shares, being the diluted weighted average number of Ordinary shares in issue.

This represents 18,396,073 (2013 - 18,396,073) being the weighted average number of Ordinary shares in issue less 792,512 (2013 - less 245,048) being the weighted average number of shares both held within the ESOT 245,048 (2013-245,048) and purchased by the Company 547,464(2013-nil).

(6) Dividends paid and proposed

	2014	2013
	£000	£000
Declared and paid during the year		
On Ordinary shares		
Final dividend for 2013 : 6.50p (2012 - 6.50p)	**1,180**	1,180
Interim dividend for 2013 : 1.50p (2012 - 1.50p)	**272**	272
	1,452	1,452
Proposed for approval by shareholders at the AGM		
Final dividend for 2014 : 6.50p (2012 - 6.50p)	**1,073**	1,180

(7) Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade receivables	**5,572**	10,467	**4,326**	9,323
Retentions on contracts	**2,644**	2,590	**2,644**	2,590
Amounts owed by subsidiary undertakings	**-**	-	**1,264**	1,923
Other receivables	**44**	8	**42**	2
	8,260	13,065	**8,276**	13,838
Gross amounts due from customers for contract work - included above	**821**	2,977	**200**	2,671

The aggregate amount of costs incurred and recognised profits to date on contracts is £17,407,000 (2013 - £12,774,000).

(a) Trade receivables are denominated in the following currencies

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Sterling	**4,105**	8,691	**4,105**	8,691
Euro	**510**	304	**221**	219
US dollar	**245**	856	**-**	413
Other currencies	**712**	616	**-**	-
	5,572	10,467	**4,326**	9,323

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	Not past due	< 30 days	30-60 days	60-90 days	> 90 days
	£000	£000	£000	£000	£000	£000
2014	**5,572**	**3,686**	**1,058**	**159**	**49**	**620**
2013	10,467	8,597	937	253	490	190

As at 3rd May, 2014 trade receivables at a nominal value of £184,000 (2013 - £328,000) were impaired and fully provided. Bad debts of £ 165,000 were recovered and bad debts of £21,000 (2013 - £11,000) were incurred.

Company						
2014	**4,326**	**2,666**	**922**	**96**	**28**	**614**
2013	9,323	7,831	647	189	481	175

As at 3rd May, 2014 trade receivables at a nominal value of £168,000 (2013 - £328,000) were impaired and fully provided. Bad debts of £165,000 were recovered and bad debts of £5,000 (2013 - nil) were incurred.

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

	Group		**Company**	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Sterling	**2,644**	1,222	**2,644**	1,222
Euro	**-**	54	**-**	54
US dollar	**-**	1,314	**-**	1,314
Other currencies	**-**	-	**-**	-
	2,644	2,590	**2,644**	2,590

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
2014	**2,644**	**2,644**	**-**	-	-
2013	2,590	2,569	21	-	-
Company					
2014	**2,644**	**2,644**	**-**	**-**	**-**
2013	2,590	2,569	21	-	-

(8) Cash

	Group		**Company**	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Cash at bank and in hand	**4,786**	12,942	**3,741**	12,010
Short term deposits	**9,500**	505	**9,500**	505
	14,286	13,447	**13,241**	12,515

(9) 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 (23% to 20%).

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

	2014	2013
	£000	£000
Employee Share Ownership Trust	**100**	100
Shares in treasury (see below)	**2,959**	-
	3,059	100

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 (2013- 245,048) Ordinary shares, which represents 1.3% (2013 - 1.3%) of the issued share capital of the Company at an aggregate cost of £100,006. The market value of the shares at 3rd May, 2014 was £508,000 (2013 - £512,048. The Company has made payments of £Nil (2013 - £Nil) into the ESOT bank accounts during the period. No options over shares (2013 – 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 £4,000 (2013 - £5,000). During the period no options on shares were exercised (2013 - Nil) and no shares were purchased (2013 – 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. (note 28)	**1,722**
30th January, 2014 646,334 shares	**1,237**
	2,959

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 3rd June, 2014 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 delivered to the Registrar of Companies after it has been laid before the Company in general meeting.