



16 June 2016

**Pennant International Group plc
Contract Award and Trading Update**

***Second Contract Award from Lockheed Martin Mission Systems Corporation in H1 2016
&
Trading in both 2016 and 2017 now expected to exceed current market expectations***

Pennant International Group plc ("Pennant"), the Aim quoted supplier of integrated logistic support solutions, products and services, principally to the defence, rail, aerospace and naval sectors and to Government Departments, is pleased to announce that its wholly owned subsidiary, Pennant Training Systems Limited, has been awarded a further contract with Lockheed Martin Corporation MST (LMC) the majority of which is scheduled for delivery in 2017. This follows the award of a contract for the development of training for aircrew and engineering staff announced on 5 February 2016 with an initial value of £0.2 million with an option for additional works which, if exercised by the LMC, would increase the aggregate value of the contract to in excess of £2.2 million.

The new contract is to provide a Rotary Wing Rear Crew Winch Trainer (RCWT) in support of Rear Crew Training for the United Kingdom Military Flight Training System (UKMFTS). The RCWT is a representative cabin of the Maritime Advanced Rotary Training Aircraft and will support all aspects of Winch Operator training.

Pennant's CEO Chris Snook said *"This is a significant second contract win for Pennant from the Lockheed Martin Corporation this year. It represents very important repeat business from one of the world's leading aerospace and defence contractors and is proof positive of the skills, expertise and international reputation of the Group. We look forward to further developing the relationship and to delivering a training solution that will ensure that Winch personnel are trained safely and effectively."*

Trading Update and Outlook

Following today's contract announcement and the phasing of other recently announced contract awards, the Group's Order Book now stands at more than £45 million with delivery currently scheduled as to £17 million in FY 2016, £18 million in FY2017 and £10 million in FY2018. The fulfillment of the order book will absorb additional working capital. As a result and being mindful of other future growth opportunities the Directors have decided that it is in the Company's best interests to retain cash and therefore have decided to suspend the payment of dividends until further notice.

The Company expects to return to profitability in the six months ending 30 June 2016, an outcome which is significantly better than the equivalent period last year. In addition, the Directors expect a further substantial improvement in trading in the second half and based on the level of the confirmed order book are confident that trading will exceed current market expectations for each of the financial years ending 31 December 2016 and 2017.

Results for the six months ending 30 June 2016 are expected to be released in the second half of September 2016.

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