



**PENNANT INTERNATIONAL GROUP PLC**  
**(AIM: PEN)**

**Pre-close Trading Update**

Pennant International Group plc (“Pennant” or “the Group”), 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, issues the following Trading Update in respect of the financial year ended 31 December 2014.

The Board is pleased to report that its strategy, applied across the Group, of increasing shareholder value through organic growth built on customer focus, innovation and diversification has again been successful with all trading divisions within the Group enjoying another profitable year. As a result underlying pre-tax profits for the Group are expected to be in line with market expectations on revenues slightly below expectations.

The reported profit after tax for the year is now expected to be significantly ahead of current market expectations. This is because the Group has successfully made claims in respect of Research and Development Qualifying Expenditure for the periods ending 31 December 2012 and 31 December 2013. This has resulted in a cash refund of approximately £0.645m and an increase in the allowable tax losses carried forward within the Group to £0.833m.

A further claim in respect of the year ending 31st December 2014 will be submitted in due course. As a result of these claims, the expectation is that the Group will now pay no tax in 2014 and that a tax credit will be recognised in respect of the period.

A formal review of the Group's property portfolio has also recently been completed. As a result the decision has been taken to restate Tangible Fixed Assets as at the 31st December 2014 to Market Value, in line with International Financial Reporting Standards. This will result in an uplift of approximately £1.1m in the value of the Group's net assets at the year-end.

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