

12 January 2018

PETARDS GROUP PLC
(“Petards” or the “Group”)

Trading Update

Petards, the AIM quoted developer of advanced security and surveillance systems, is pleased to provide an update on trading following the end of its financial year on 31 December 2017.

The Group’s profit before tax for the year ended 31 December 2017 is expected to be above market expectations due to the positive net effect of exceptional items arising in the year. The Group expects to report 2017 revenues to be up year on year to £15.6 million. However, some delays in programmes to develop additional software functionality for *eyeTrain* systems has resulted in approximately £1 million of revenues being deferred into 2018. These relate to scheduled deliveries of both software and equipment and accordingly profit before tax from trading operations will be lower than previously expected.

Set against this, the 2017 results include two exceptional items. First, the Group has received and accepted an offer to settle a historic matter, unrelated to the current trading activities of the Group, which arose over ten years ago. Under the settlement the Group will receive a total of £702,000 in cash comprising an amount of £362,000 plus compensatory interest of £340,000. The Board considers this to be a very satisfactory outcome. The terms of the settlement preclude the Group from providing further details.

The second exceptional item is also unrelated to the current trading activities of the Group. The Board has decided that any future activities that the Group may undertake in the US will not be conducted through its present US subsidiary which has been dormant for several years. In accordance with International Accounting Standards, the £211,000 deficit on the Group’s currency translation reserve will be reclassified from equity to income and shown as an expense. The reclassification has no impact on the Group’s net assets or cash.

Raschid Abdullah, Chairman of Petards Group plc said:

“It was pleasing that in December we completed both the full conversion of the Group’s £1,480,000 outstanding loan notes into Petards ordinary shares and have subsequently received the settlement of £702,000. As a result, the Group’s balance sheet has been substantially strengthened with the removal of the loan note liability that was due for redemption in September 2018 and its cash resources have been increased this week following receipt of the £702,000.

While it is disappointing that delays in the development programmes for new *eyeTrain* products has deferred some revenues into 2018, the Group continues to trade profitably and enters 2018 with an order book of £18 million. Over £12 million of this is scheduled for delivery in the coming year and the Board remains confident of the Group’s future prospects.”

This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company’s obligations under Article 17 of those Regulations.

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