

SRT MARINE SYSTEMS PLC
(AIM: SRT)
(“SRT” or the “Company”)

MDM Contract Update

SRT Marine Systems plc (‘SRT’) has been advised by its customer that the contract to supply an MDM system in SE Asia contracted in March 2016 has been postponed and is expected to recommence during the end customer’s new fiscal year which begins on 1st March 2018.

SRT’s European based customer who is the prime contractor to the Asian government entity has been formally advised by the end customer that, the postponement is due to internal project review and budget issues in their current fiscal year.

The letter from the end customer to SRT’s customer, which has been shared with SRT, provides explicit confirmation of their desire for the system, the continued validity of the contract and associated payments, along with the revised timescales. Although the formal communication by the end customer is clear and re-assuring, given the significantly extended timescales, in line with appropriate accounting practice the Board believes that it is prudent to consider the project indefinitely suspended from an accounting point of view.

The net effect of this will be an exceptional profit and loss account impairment charge of £1.5m in the current financial year (Year ending 31st March 2018). This figure includes the write back of associated accrued project costs such as equipment as well as all Directors bonuses that were accrued but not paid in the last financial year. (Year ending 31st March 2017). The associated net receivable of 2.2m is written off within this impairment charge. Upon recommencement of the project these monies will be paid, contractual deliverables completed along with associated revenues.

Simon Tucker, CEO of SRT Marine Systems plc said: “The receipt of this news was both surprising and disappointing. This is the only project where SRT is not actively engaged with the end customer at a senior decision making level and thus we must rely entirely on our customer for information and instruction. There is a clear imperative for the country in question to significantly enhance their maritime domain awareness and this fact is reflected in the formal letter from the end customer which confirms the validity of the contract and that the project will recommence in their new financial year. However with an indeterminate restart date and therefore payment date it is right that we maintain a prudent accounting approach and make a full provision at this time. However I note the clear and formal commitment from the end customer to this project and to move forward with it during 2018. Thus this remains a very significant pending project for SRT.”

ENDS

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About SRT Marine Systems plc:

SRT develops, manufactures and supplies maritime vessel tracking technology and turn-key system solutions to marine stakeholders across the globe with a particular expertise in AIS. The Company's products and solutions are used by individual vessel owners, port authorities, maritime infrastructure owners, coast guards and national security agencies to enhance their maritime domain awareness. Applications include the tracking of commercial and leisure vessels; sustainable fishery; anti-collision; search and rescue; waterway management, port and coast security; pollution management; and environmental management.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.