



*Providers of management and resources to the fire and emergency services in the Middle East*

Monday, 18 March 2019

**Immediate Release**

**AssetCo plc**

*("AssetCo" or the "company")*

**Preliminary results for the year ended 30 September 2018**

**Statement by the Chairman, Tudor Davies**

**Introduction**

We are pleased to report the results for the year ended 30 September 2018 and the encouraging progress with our claim for professional negligence against our former auditors Grant Thornton. The case was decided in our favour; however, it is now subject to an application by Grant Thornton for permission to appeal to the Court of Appeal.

**Trading results**

Profit after taxation for the year ended 30 September 2018 was £1.4m (2017: £2.2m) on revenue of £22.9m (2017; £24.9m) with profitability being adversely impacted by the reduced revenues and an increase in the litigation costs incurred in our claim for negligence against Grant Thornton, which was heard in the High Court during June 2018.

The cash position remains strong with free cash balances of £16.8m (2017; £21.5m).

Our business in Abu Dhabi which, since commencement in April 2010, has been based on the provision of an outsourced fire services for the Presidential Special Guard; this ended on 17 December 2018 when our services were combined with the existing outsourced arrangements controlled by the Fire Battalion on behalf of the whole of the Abu Dhabi Military.

We are currently in discussions with the Presidential Special Guard and with other potential clients in UAE to provide training and other fire related services.

**Claim against Grant Thornton**

The claim for negligence against AssetCo's former auditors, Grant Thornton, culminated in a trial in June 2018, for which a Judgment in AssetCo's favour was handed down awarding the company damages of £22.4m plus an associated interest payment of approximately £6m and £5m on account of costs incurred.

On 21 February 2019 Grant Thornton's applications to the Trial Judge Mr Justice Bryan for permission to appeal, and their counterclaim and application for relief under Section 1157 of the Companies Act 2006 were all dismissed. Grant Thornton was ordered to pay the amounts due to AssetCo into Court, and these monies shall be released to AssetCo either upon the refusal of an application to the Court of Appeal or upon the dismissal of the appeal by the Court of Appeal.

On 15 March 2019, Grant Thornton served notice that they will apply to the Court of Appeal for permission to appeal against the judgement. AssetCo will oppose the application, but there is no fixed deadline for determination of the application.

**Outlook**

We shall keep shareholders informed of any developments regarding Grant Thornton's appeal and on the further development of the business in UAE.

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**AssetCo** is principally involved in the provision of management and resources to the fire and emergency services in the Middle East.

For further details, visit the website, [www.assetco.com](http://www.assetco.com)

Ticker: AIM: ASTO.L

Market cap: £45.3m

**AssetCo plc**  
**Income Statement**  
for the year ended 30 September 2018

	Notes	Year ended 30 September 2018 £000	Year ended 30 September 2017 £000
Revenue		22,888	24,881
Cost of sales		(16,645)	(17,738)
		-----	-----
<b>Gross profit</b>		<b>6,243</b>	<b>7,143</b>
Administrative expenses		(4,746)	(4,891)
		-----	-----
<b>Operating profit</b>		<b>1,497</b>	<b>2,252</b>
Finance income		5	8
Finance costs		(83)	(87)
		-----	-----
<b>Profit before tax</b>		<b>1,419</b>	<b>2,173</b>
Income tax expense		-	-
		-----	-----
<b>Profit for the year</b>		<b>1,419</b>	<b>2,173</b>
		-----	-----
<b>Earnings per share</b>			
Basic – pence	4	11.62	17.80
Diluted - pence	4	11.62	17.80

**AssetCo plc**  
**Statement of Comprehensive Income**  
for the year ended 30 September 2018

	Year ended 30 September 2018 £000	Year ended 30 September 2017 £000
<b>Recognised profit for the year</b>	<b>1,419</b>	<b>2,173</b>
<b>Other comprehensive income/(expense)</b>		
Exchange differences on translating foreign operations	760	(438)
	-----	-----
<b>Other comprehensive income/(expense), net of tax</b>	<b>760</b>	<b>(438)</b>
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<b>Total comprehensive income for the year</b>	<b>2,179</b>	<b>1,735</b>
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**AssetCo plc**  
**Statement of Financial Position**  
As at 30 September 2018

	Notes	At 30 September 2018 £000	At 30 September 2017 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		26	-
Cash held in respect of bonds		1,199	233
		-----	-----
<b>Total non-current assets</b>		<b>1,225</b>	<b>233</b>
		-----	-----
<b>Current assets</b>			
Inventories		-	-
Trade and other receivables		15,997	10,685
Cash and cash equivalents	5	16,800	21,530
Cash held in respect of bonds		941	102
		-----	-----
<b>Total current assets</b>		<b>33,738</b>	<b>32,317</b>
		-----	-----
<b>Total assets</b>		<b>34,963</b>	<b>32,550</b>
		-----	-----
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		4,993	4,759
		-----	-----
<b>Total current liabilities</b>		<b>4,993</b>	<b>4,759</b>
		-----	-----
<b>Total liabilities</b>		<b>4,993</b>	<b>4,759</b>
		-----	-----
<b>Shareholders' equity</b>			
Share capital		25,474	25,474
Share premium		64,941	64,941
Profit and loss account		(60,445)	(62,624)
		-----	-----
<b>Total equity</b>		<b>29,970</b>	<b>27,791</b>
		-----	-----
<b>Total equity and liabilities</b>		<b>34,963</b>	<b>32,550</b>
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The financial statements were authorised for issue by the board of directors on 16 March 2019 and were signed on its behalf by the chairman, Tudor Davies.

**AssetCo plc****Statement of Changes in Equity**  
for the year ended 30 September 2018

	Share capital £000	Share premium £000	Profit and loss account £000	Total Equity £000
<b>Balance at 30 September 2016</b>	25,474	64,941	(64,359)	26,056
Profit for the year	-	-	2,173	2,173
<b>Other comprehensive income:</b>				
Exchange differences on translation	-	-	(438)	(438)
<b>Total comprehensive income for the year</b>	-	-	1,735	1,735
<b>Balance at 30 September 2017</b>	25,474	64,941	(62,624)	27,791
Profit for the year	-	-	<b>1,419</b>	<b>1,419</b>
<b>Other comprehensive expense:</b>				
Exchange differences on translation	-	-	<b>760</b>	<b>760</b>
<b>Total comprehensive income for the year</b>	-	-	<b>2,179</b>	<b>2,179</b>
<b>Balance at 30 September 2018</b>	<b>25,474</b>	<b>64,941</b>	<b>(60,445)</b>	<b>29,970</b>

**AssetCo plc**  
**Statement of Cash Flows**  
for the year ended 30 September 2018

	Notes	Year ended 30 September 2018 £000	Year ended 30 September 2017 £000
<b>Cash flows from operating activities</b>			
Cash (outflow)/inflow from operations	6	(3,453)	3,094
Cash deposited in respect of bonds		(3,631)	(104)
Cash released in respect of bonds		2,028	3,246
Finance costs		(83)	(87)
		-----	-----
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(5,139)</b>	<b>6,149</b>
		-----	-----
<b>Cash flows from investing activities</b>			
Finance income		5	8
Purchases of property, plant and equipment		(26)	-
		-----	-----
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(21)</b>	<b>8</b>
		-----	-----
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		21,530	15,470
Exchange differences on translation		430	(97)
		-----	-----
<b>Cash and cash equivalents at end of year</b>		<b>16,800</b>	<b>21,530</b>
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**AssetCo plc**  
**Notes to the Financial Statements**  
for the year ended 30 September 2018

**1. Legal status and activities**

AssetCo plc (“AssetCo or the “company”) is a public limited liability company incorporated and domiciled in England and Wales. The address of its registered office is Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA. As at period end, the company has no subsidiaries. AssetCo plc shares are listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange.

AssetCo is principally involved in the provision of management and resources to the fire and rescue emergency services in international markets. It currently trades through a branch in the United Arab Emirates (“UAE”) and its strategy is to continue the development of this business into new markets in the Middle East following the end of the contract with the Abu Dhabi government on 17 December 2018.

This preliminary announcement has been presented in sterling to the nearest thousand pounds (£’000) except where otherwise indicated, as are the financial statements, which were authorised for issue by the board of directors on 16 March 2019.

**2. Basis of preparation**

The financial information included in the preliminary announcement for year to 30 September 2018 has been audited and an unqualified audit report has been issued. The preliminary financial statements represent extracts from those audited accounts but do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Group's financial statements have been prepared in accordance with IFRS as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS, under the historical cost convention. The same accounting policies, presentation and methods of computation are followed in the preliminary financial statements as were applied in the Group's financial statements for the year ended 30 September 2018.

**3. Segmental reporting**

The core principle of IFRS 8 ‘Operating Segments’ is to require an entity to disclose information that enables users of the financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates. Segmental information is therefore presented in respect of the company’s geographical settlement. No secondary segmental information has been provided as, in the view of the directors, the company operates in only one segment, being the provision of management and resources to fire and emergency services. The directors consider the chief operating decision maker is the board.

The amounts provided to the board with respect to net assets are measured in a manner consistent with that of the financial statements. The company is domiciled in the UK and operates a branch in the UAE. Revenue by destination is not materially different from revenue by origin shown above. All revenue relates to services. Unallocated comprises the head office.

**Analysis of revenue and results by geographical settlement**  
Year ended 30 September 2018

	UAE £000	Unallocated £000	Continuing Operations £000
<b>Revenue</b>			
Revenue to external customers	22,888	-	22,888
Total revenue	<u>22,888</u>	<u>-</u>	<u>22,888</u>
<b>Segment result</b>			
EBITDA and operating profit	5,624	(4,127)	1,497
Finance income	-	5	5
Finance costs	(83)	-	(83)
Profit before tax	<u>5,541</u>	<u>(4,122)</u>	<u>1,419</u>
Income tax	-	-	-
Profit for the year	<u>5,541</u>	<u>(4,122)</u>	<u>1,419</u>
<b>Segment assets and liabilities</b>			
Total assets	27,597	7,366	34,963
Total liabilities	(3,995)	(998)	(4,993)
Total net assets	<u>23,602</u>	<u>6,368</u>	<u>29,970</u>
<b>Other segment information</b>			
Total capital expenditure	<u>26</u>	<u>-</u>	<u>26</u>

Year ended 30 September 2017

	UAE £000	Unallocated £000	Continuing Operations £000
<b>Revenue</b>			
Revenue to external customers	24,881	-	24,881
Total revenue	<u>24,881</u>	<u>-</u>	<u>24,881</u>
<b>Segment result</b>			
EBITDA and operating profit	6,450	(4,198)	2,252
Finance income	-	8	8
Finance costs	(87)	-	(87)
Profit before tax	<u>6,363</u>	<u>(4,190)</u>	<u>2,173</u>
Income tax	-	-	-
Profit for the year	<u>6,363</u>	<u>(4,190)</u>	<u>2,173</u>
<b>Segment assets and liabilities</b>			
Total assets	18,669	13,881	32,550
Total liabilities	(3,348)	(1,411)	(4,759)
Total net assets	<u>15,321</u>	<u>12,470</u>	<u>27,791</u>
<b>Other segment information</b>			
Total capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>

4. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

	2018 £000	2017 £000
Profit for the year	<u>1,419</u>	<u>2,173</u>
Weighted average number of ordinary shares in issue	<b>12,211,163</b>	12,211,163
Basic and diluted earnings per share - pence	<b>11.62</b>	17.80

5. Analysis of net cash

	2018 £000	2017 £000
Cash at bank and in hand	<u>16,800</u>	<u>21,530</u>
Cash and cash equivalents	<u>16,800</u>	<u>21,530</u>

In addition to the above £2,140,000 (2016: £335,000) was held on deposit as security in respect of outstanding performance bonds.

6. Reconciliation of profit before tax to cash (outflow)/inflow from operations

	2018 £000	2017 £000
<b>Profit for the year before taxation</b>	<b>1,419</b>	<b>2,173</b>
Finance costs	<b>83</b>	87
Finance income	<b>(5)</b>	(8)
(Increase)/decrease in receivables	<b>(5,085)</b>	1,191
Increase/(decrease) in payables	<b>135</b>	(349)
Cash (outflow)/inflow from operations	<u><b>(3,453)</b></u>	<u>3,094</u>



7. **Contingent liabilities**

Approximate maximum liability  
at 30 September

**2018**                      2017  
**£000**                      £000

Warranty bond related to a UAE based contract, expected to be released in full in 2020 (2017:  
Performance bond related to the same UAE based contract)

**1,200**                      2,400

Performance bond related to a UAE based contract, released in full in December 2017

-                              105

Performance bond related to a UAE based contract, expected to be released in full in 2019

**1,050**                      -

8. **Post balance sheet events**

As announced on 16 October 2018, the company received, on 15 October 2018, notice of termination of its contract in the UAE. The contract terminated on 17 December 2018.

On 31 January 2019, the company also announced that, in a judgment which was handed down that morning in AssetCo's case against Grant Thornton LLP ("GT"), AssetCo was awarded damages of approximately £21 million before an additional amount for interest on the damages and costs of the litigation.

At a further hearing on 21 February 2019, GT's application for permission to appeal were dismissed, as was their counterclaim and application for relief under Section 1157 of the Companies Act 2006. Grant Thornton was ordered to pay into Court a sum of £22.4 million, plus interest of approximately £6 million plus £5 million on account of AssetCo's costs, on which interest will accrue at the judgment rate of 8% per annum. AssetCo was also awarded its costs of the action to be assessed by the Court if not agreed. The amounts paid into Court shall be released to AssetCo upon the refusal of Grant Thornton's application for permission to appeal by the Court of Appeal, or if permission is granted, upon the dismissal of the appeal by the Court of Appeal.

There are no other post balance sheet events.

9. **Annual general meeting**

A notice convening the annual general meeting will be posted to shareholders in due course.

10. **Electronic communications**

This Preliminary Announcement is available on the company's website [www.assetco.com](http://www.assetco.com). News updates, regulatory news and financial statements can be viewed and downloaded from the company's website, [www.assetco.com](http://www.assetco.com). Copies can also be requested, in writing, from The Company Secretary, AssetCo plc, Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA. The company is not proposing to bulk print and distribute hard copies of the Annual Report and Financial Statements for the year ended 30 September 2018 unless specifically requested by individual shareholders; it can be downloaded from the company's website.