



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

Date: Thursday, 26 March 2015

Immediate Release

AssetCo plc

("AssetCo" or the "Group" or the "Company")

Preliminary results for the year ended 30 September 2014

Statement by the Chairman, Tudor Davies

Introduction

We are pleased to announce results for the year ended 30 September 2014 showing a 53% improvement in profit over the same period last year.

Results

The Consolidated Income Statement for the year ended 30 September 2014 shows an Operating profit of £2.6m (2013: £1.7m) on Revenues of £14.6m (2013: £17.6m) and a Profit before tax of £2.3m (2013: £1.3m). The main factors behind the lower Revenues compared with the previous year relate to the completion of our contractual obligations to construct and supply of equipment to four new fire stations. The year on year increase in profits was primarily due to the absence of one off costs associated with the construction of the fire stations, and lower costs associated with the claim against our former auditors Grant Thornton.

Cash position

We currently have total cash balances £10.8m (2013: £9.1m), comprising free cash balances of £5.8m (2013: £4.1m) and restricted cash balances held in respect of Bonds amounting to £5.0m (2013: £5.0m). The cash balances in respect of Bonds in part relate to completed contracts with £2.5m in current assets which was received after the year end and £2.5m which is due for release in the year ending 30 September 2017. The strong cash position benefitted from the exercise of 1,210,450 warrants in December 2013, resulting in gross proceeds of £2.4m.

Claim against former auditors

We have made some progress in respect of the claim against Grant Thornton for losses resulting from negligent audits for the years ended 31 March 2009 and 31 March 2010, by submitting details of our claim, amounting to £50.8m, to Grant Thornton in accordance with the Professional Negligence Pre-action Protocol. Although we submitted our claim in May 2014 and the Protocol provides that a substantive response be served within three months, in August 2014 Grant Thornton's solicitors indicated that they would not be in a position to serve a response "before November". Grant Thornton's response has since been further delayed and their solicitors have recently indicated that we may expect a full reply by the end of March 2015. Whilst we had hoped that Grant Thornton would engage fully and openly in accordance with the Professional Negligence Pre-Action Protocol, if a full response is not forthcoming we will be left with no sensible alternative other than to issue formal court proceedings against Grant Thornton in the near future.

Current Trading

Trading continues to be in line with management's expectations and we will keep shareholders updated of further progress during the coming year.

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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

Ticker: AIM: ASTO.L

Market cap: £35.72m

AssetCo plc
Consolidated Income Statement
for the year to 30 September 2014

	Note	Year to 30 September	
		2014	2013
		£'000	£'000
Revenue	3	14,634	17,647
Cost of sales		(10,865)	(13,714)
Gross profit		3,769	3,933
Administrative expenses		(1,169)	(2,195)
Operating profit		2,600	1,738
Finance income		9	47
Finance costs		(356)	(526)
Profit before tax		2,253	1,259
Income tax credit		-	-
Profit for the year		2,253	1,259
Earnings per share (EPS):	4		
Basic – pence		18.92	11.44
Diluted - pence		18.46	10.13

AssetCo plc
Consolidated Statement of Comprehensive Income
for the year to 30 September 2014

	Year to 30 September	
	2014	2013
	£'000	£'000
Recognised profit for the year	2,253	1,259
Other comprehensive income / (expense):		
Exchange differences on translating foreign operations	137	(231)
Other comprehensive income / (expense), net of tax	137	(231)
Total comprehensive income for the year	2,390	1,028

AssetCo plc
Consolidated Statement of Financial Position
As at 30 September 2014

	Note	30 September 2014 £'000	30 September 2013 £'000
Assets			
Non-current assets			
Property, plant and equipment		12	54
Cash held in respect of a bond		2,482	2,489
Total non-current assets		2,494	2,543
Current assets			
Inventories		333	29
Trade and other receivables		6,220	4,515
Cash and cash equivalents (excluding bank overdrafts)	6	5,787	4,134
Cash held in respect of bond		2,509	2,489
Total current assets		14,849	11,167
Total assets		17,343	13,710
Shareholders' equity			
Share capital		25,474	25,353
Share premium		64,941	62,645
Foreign currency translation reserve		24	(113)
Profit and loss account		(75,723)	(77,976)
Total equity		14,716	9,909
Liabilities			
Current liabilities			
Trade and other payables		2,627	3,801
Total current liabilities		2,627	3,801
Total liabilities		2,627	3,801
Total equity and liabilities		17,343	13,710

The financial statements were authorised for issue by the Board of Directors on 25 March 2015 and were signed on its behalf by TG Davies.

AssetCo plc
Consolidated Statement of Changes in Equity
for the year to 30 September 2014

	Share capital	Foreign currency translation reserve	Profit and loss reserve	Share premium	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2012	25,353	118	(79,235)	62,645	8,881
Profit for the year	-	-	1,259	-	1,259
Other comprehensive expense:					
Exchange differences on translation	-	(231)	-	-	(231)
Total comprehensive income for the year	-	(231)	1,259	-	1,028
Balance at 30 September 2013	25,353	(113)	(77,976)	62,645	9,909
Transactions with owners:					
Issue of shares	121	-	-	2,296	2,417
Transactions with owners for the year	121	-	-	2,296	2,417
Profit for the year	-	-	2,253	-	2,253
Other comprehensive income:					
Exchange differences on translation	-	137	-	-	137
Total comprehensive income for the year	-	137	2,253	-	2,390
Balance at 30 September 2014	25,474	24	(75,723)	64,941	14,716

AssetCo plc
Consolidated Statement of Cash Flows
for the year to 30 September 2014

	Note	Year to 30 September	
		2014 £'000	2013 £'000
Cash flows from operating activities			
Cash used in operations	5	(380)	(849)
Cash deposited in respect of a performance bond		(30)	(894)
Interest paid		(356)	(526)
Income taxes received		-	1,096
Net cash used in operating activities		(766)	(1,173)
Cash flows from investing activities			
Finance income		9	47
Purchase of property, plant and equipment		-	(6)
Net cash generated from investing activities		9	41
Cash flows from financing activities			
Issue of shares (net of costs)		2,417	-
Net cash generated in financing activities		2,417	-
Net change in cash and cash equivalents		1,660	(1,132)
Cash, cash equivalents and bank overdrafts at the beginning of the year		4,134	5,266
Exchange differences on translation		(7)	-
Cash, cash equivalents and bank overdrafts at the end of the year	6	5,787	4,134

AssetCo plc
Notes to the Financial Statements
for the year to 30 September 2014

1. Legal status and activities

AssetCo plc (the "Company") 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 UAE and its strategy is to develop this business. As at period end, the Company has no trading subsidiaries and therefore the principal activities of the Group are restricted to those of the Company detailed above.

AssetCo plc 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.

The Group operates from one site in UAE. AssetCo plc shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

The financial statements have been presented in Sterling to the nearest thousand pounds (£'000) except where otherwise indicated.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 25 March 2015.

2. Basis of preparation

The Preliminary results for the period to 30 September 2014, which do not form the statutory accounts of the Group, are an abridged statement of the full Annual Report and Financial Statements, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Preliminary results have been prepared on a going concern basis.

The principal accounting policies are included in the Group financial statements and have been applied consistently in both periods presented.

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 Group's geographical settlement. No secondary segmental information has been provided as in the view of the Directors, the Group 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.

Unallocated comprised the head office.

Analysis of revenue and results by geographical settlement

Year to 30 September 2014	UAE	Unallocated	Continuing operations
	£'000	£'000	£'000
Revenue			
Revenue to external customers	14,634	-	14,634
Total revenue	14,634	-	14,634
Result			
Segmental result (EBITDA)	3,224	(602)	2,622
Depreciation	(22)	-	(22)
Operating profit	3,202	(602)	2,600
Finance income	3	6	9
Finance costs	(356)	-	(356)
Profit for the year	2,849	(596)	2,253
Asset and liabilities			
Total segment assets	13,483	3,860	17,343
Total segment liabilities	(4,848)	2,221	(2,627)
Total net assets	8,635	6,081	14,716
Other segment information			
Total capital expenditure	-	-	-

Segment result represents EBITDA.

Revenues of approximately £13.822m are derived from a single customer within the UAE segment. The amounts provided to the Board with respect to net assets are measured in a manner consistent with that of the financial statements. The Group is domiciled in the UK and also operates a branch in UAE. Revenue by destination is not materially different from revenue by origin shown above. All revenue relates to services.

Analysis of revenue and results by geographical settlement

	UAE	Unallocated	Continuing operations
Year to 30 September 2013	£'000	£'000	£'000
Revenue			
Revenue to external customers	17,582	65	17,647
Total revenue	17,582	65	17,647
Result			
Segmental result (EBITDA)	2,504	(740)	1,764
Depreciation	(26)	-	(26)
Operating profit	2,478	(740)	1,738
Finance income	36	11	47
Finance costs	(526)	-	(526)
Profit for the year	1,988	(729)	1,259
Asset and liabilities			
Total segment assets	11,765	1,945	13,710
Total segment liabilities	(6,020)	2,219	(3,801)
Total net assets	5,745	4,164	9,909
Other segment information			
Total capital expenditure	6	-	6

Segment result represents EBITDA.

Revenues of approximately £17.025m are derived from a single customer within the UAE segment. The amounts provided to the Board with respect to net assets are measured in a manner consistent with that of the financial statements. The Group is domiciled in the UK and also operates a branch in UAE. Revenue by destination is not materially different from revenue by origin shown above. All revenue relates to services.

4. Earnings per share

- a) 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.

	Year to 30 September	
	2014 £'000	2013 £'000
Profit for the year	2,253	1,259
Weighted average number of shares in issue	11,908,551	11,000,713
Basic profit per share (EPS) - pence	18.92	11.44

- b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise warrants. A calculation is made to determine the number of shares that could have been acquired at fair value based on monetary value of the subscription rights attached to outstanding warrants, the warrants were exercisable up until 31 December 2013 at a price of £2.00 each warrant. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants. As at 30 September 2013 there were 3,500,000 warrants which could have been convertible at £2.00 each. On 3 January 2014 various shareholders exercised warrants to subscribe for 1,210,450 new ordinary shares at 10p each at a price of £2.00 per share.

	Year to 30 September	
	2014 £'000	2013 £'000
Profit for the year	2,253	1,259
Weighted average number of shares in issue	12,207,993	12,431,238
Diluted profit per share (EPS) – pence	18.46	10.13

Following the issue of the new ordinary shares the company's enlarged issued share capital comprises 12,211,163 shares. As a result, and expiration of the deadline for exercising warrants outstanding being 31 December 2013, there are no further warrant instruments outstanding that may be exercised.

5. Reconciliation of profit before tax to net cash used from operations

	Year to 30 September	
	2014 £'000	2013 £'000
Profit for the year before tax	2,253	1,259
Depreciation and impairment	22	26
Loss on sale of property, plant and equipment	19	-
Interest expense	356	526
Interest received	(9)	(47)
(Increase) / decrease in inventories	(304)	348
(Increase) / decrease in debtors	(1,720)	227
Decrease in creditors	(997)	(3,188)
Cash used in operations	(380)	(849)

6. Analysis of net cash:

	30 September	
	2014 £'000	2013 £'000
Cash at bank and in hand	5,787	4,134
	5,787	4,134

There was cash of £5.787m as at 30 September 2014 (2013: £4.134m) and cash held in respect of a bond of £4.991m (2013: £4.978m).

7. Contingent liabilities

During the period to 30 September 2011 the Group entered into a Performance Bond relating to a UAE based contract that would determine a potential liability of 10% of the total contract value upon failure to fulfill all the terms of the contract. This liability initially equated to a maximum of approximately £4m but subsequently increased to a maximum of approximately £5m as a result of a contract extension. During the 2015 financial year the customer has confirmed that all contractual terms have been met and consequently in February 2015 the potential liability under this Bond reduced to 5% of the contract value, approximately £2.5m. This will reduce further to 0% upon expiration of associated warranty periods which is expected to occur in approximately July 2017.

During the period to 30 September 2011 the Group also provided an "Advanced Payment Guarantee" of approximately £8m in connection to a UAE based contract. The guarantee provided for the repayment in part or full of payments received from the customer in advance of contractual service delivery. The guarantee was released in full by 31 October 2014.

During the period to 30 September 2014 the Group entered into a second Performance Bond, relating to a contract replacing that referred to above, and that would determine a potential liability of approximately £2m upon failure to fulfill all the terms of the contract. It is expected that this will reduce to approximately £1m during the 2017 financial year and then will be released in full during the 2020 financial year.

During the period to 30 September 2014 the Group also entered into a third Performance Bond, relating to a further UAE based contract, that would determine a potential liability of 10% of the total contract value upon failure to fulfil all the terms of the contract. The potential liability equates to approximately £0.1m and is expected to be released May 2015.

8. Post Balance sheet events

On the 2 November 2014 the Group entered into a new five year contract with a UAE based company. Along with the provision of manpower services and supply of vehicles and equipment it also provided a Performance Bond for this contract equating to approximately £0.1m. This is expected to lapse in November 2019.

9. Electronic communications

This Preliminary Announcement is available on the Company's website www.assetco.com. News updates, Regulatory news, and Financial statements can also be viewed and downloaded from the website. Copies can also be requested, in writing to: 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 to 30 September 2014 unless specifically requested by individual shareholders. However, copies will be available to download from the Group's website www.assetco.com in due course.