



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

Date: 13 June 2017

Immediate Release

AssetCo plc

(“AssetCo” or the “Company”)

2017 Half-year Report

for the six months ended 31 March 2017

Introduction

We are pleased to report the results for the six-month period ended 31 March 2017.

Results

The Income Statement for the six months shows an Operating Profit of £1.7m (2016; £2.1m) on Revenue of £13.3m (2016; £11.0m) and a Profit before and after Taxation of £1.7m (2016; £1.9m). Revenue increased principally due to the weakness of sterling versus the United Arab Emirates Dirham in which currency our Revenue is received, however profits reduced because of an increase in the costs of litigation against Grant Thornton.

Free cash (i.e. excluding cash balances held in respect of performance bonds) increased by £5.2m during the period to £20.7m (30 September 2016; £15.5m), partly due to £3.2m cash released in respect of a performance bond. In addition to free cash, there are restricted cash balances held in respect of performance bonds amounting to £0.3m (30 September 2016; £3.3m).

UAE Contract

Our business is based on the provision of an outsourced fire service to the Abu Dhabi government, a contract we have held for the past seven years and which was expected to be extended for a year until November 2017. We have continued to supply these services satisfactorily on the same basis and on similar terms. AssetCo has now received a contract for the first five months from 17 November 2016 to 17 April 2017, which facilitates payment for that period; it is also proposed that the contract then rolls forward on similar terms and payment on the same basis.

Claim against Grant Thornton

The Financial Reporting Council (FRC) concluded their investigations relating to the financial years ended 2009 and 2010 which are the focus of our claim for negligence against AssetCo plc’s former auditors, Grant Thornton.

A press release from the FRC reported that Grant Thornton have admitted that their failings arose because of significant and widespread lack of professional competence and due care in the performance of their audits. Grant Thornton were fined £3.5m and received a severe reprimand, and the audit partner Mr Robert Napper was fined £200,000 and excluded from membership of the Institute of Chartered Accountants for three years. The full report by the FRC entitled Facts and Acts of Misconduct: Grant Thornton UK LLP and Mr Napper, is available on the FRC website www.frc.org.uk.

In the meantime, we are continuing our litigation against Grant Thornton where as previously reported we have issued formal Court proceedings, for a sum which with costs and interest is in the region of £40 million, although currently this case is not due to be heard until the summer of 2018.

Outlook

Trading continues to be in line with management’s expectations; the Board will keep shareholders updated on any developments within our Abu Dhabi business and that of the Grant Thornton claim.

Tudor Davies, Chairman

AssetCo plc

13 June 2017

AssetCo plc**Income Statement**

for the six months ended 31 March 2017

	Note	Six months ended		Year ended
		31 March	31 March	30 September
		2017	2016	2016
		£'000	£'000	£'000
Revenue		13,274	11,003	23,300
Cost of sales		(9,333)	(7,922)	(16,550)
Gross profit		3,941	3,081	6,750
Administrative expenses		(2,192)	(968)	(1,874)
Operating profit		1,749	2,113	4,876
Finance income		4	7	21
Finance costs		(68)	(178)	(294)
Profit before taxation		1,685	1,942	4,603
Income tax expense		-	-	-
Profit for the period		1,685	1,942	4,603
Earnings per share (EPS):	3			
Basic – pence		13.80	15.90	37.70
Diluted – pence		13.80	15.90	37.70

AssetCo plc**Statement of Comprehensive Income**

for the six months ended 31 March 2017

	Six months ended		Year ended
	31 March	31 March	30 September
	2017	2016	2016
	£'000	£'000	£'000
Recognised profit for the period	1,685	1,942	4,603
Other comprehensive income:			
Exchange differences on translating foreign operations	658	839	1,858
Other comprehensive income, net of tax	658	839	1,858
Total comprehensive income for the period	2,343	2,781	6,461

AssetCo plc
Statement of Financial Position
as at 31 March 2017

	Notes	At 31 March		At 30
		2017 £'000	2016 £'000	September 2016 £'000
Assets				
Non-current assets				
Property, plant and equipment		-	-	-
Cash held in respect of a bond	4	251	2,956	240
Total non-current assets		251	2,956	240
Current assets				
Inventories		-	90	-
Trade and other receivables	5	12,187	7,282	12,498
Cash and cash equivalents	4	20,708	15,494	15,470
Cash held in respect of a bond	4	13	12	3,040
Total current assets		32,908	22,878	31,008
Total assets		33,159	25,834	31,248
Shareholders' equity				
Share capital		25,474	25,474	25,474
Share premium		64,941	64,941	64,941
Profit and loss account		(62,016)	(68,039)	(64,359)
Total equity		28,399	22,376	26,056
Liabilities				
Current liabilities				
Trade and other payables	6	4,760	3,458	5,192
Total current liabilities		4,760	3,458	5,192
Total liabilities		4,760	3,458	5,192
Total equity and liabilities		33,159	25,834	31,248

AssetCo plc**Statement of Changes in Equity**
for the six months ended 31 March 2017

	Share Capital £'000	Share premium £'000	Profit and loss reserve £'000	Total equity £'000
Balance at 30 September 2015	25,474	64,941	(70,820)	19,595
Profit for the period	-	-	1,942	1,942
Other comprehensive income:				
Exchange differences on translation	-	-	839	839
Total comprehensive income for the period	-	-	2,781	2,781
Balance at 31 March 2016	25,474	64,941	(68,039)	22,376
Profit for the period	-	-	2,661	2,661
Other comprehensive income:				
Exchange differences on translation	-	-	1,019	1,019
Total comprehensive income for the period	-	-	3,680	3,680
Balance at 30 September 2016	25,474	64,941	(64,359)	26,056
Profit for the period	-	-	1,685	1,685
Other comprehensive income:				
Exchange differences on translation	-	-	658	658
Total comprehensive income for the period	-	-	2,343	2,343
Balance as at 31 March 2017	25,474	64,941	(62,016)	28,399

AssetCo plc
Statement of Cash Flows
for the six months ended 31 March 2017

	Note	Six months ended		Year ended
		31 March 2017 £'000	31 March 2016 £'000	30 September 2016 £'000
Cash flows from operating activities				
Cash generated from operations	7	1,811	2,410	2,151
Cash released in respect of a performance bond		3,232	-	-
Finance costs		(68)	(178)	(294)
Net cash generated from operating activities		4,975	2,232	1,857
Cash flows from investing activities				
Finance income		4	7	21
Net cash generated from investing activities		4	7	21
Net change in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period		15,470	12,836	12,836
Exchange differences on translation		259	419	756
Cash and cash equivalents at the end of the period		20,708	15,494	15,470

AssetCo plc
Notes to the Financial Statements
for the six months ended 31 March 2017

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 the United Arab Emirates (UAE) and its strategy is to develop this business. As at period end, the Company has no subsidiaries.

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 Company operates from one site in UAE.

AssetCo plc shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange

2. Basis of preparation

The financial information in the Half-year Report has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the Half-year Report are those the Company expects to apply in its financial statements for the year ending 30 September 2017 and are unchanged from those disclosed in the Annual Report and Financial Statements for the year ended 30 September 2016.

The financial information for the six months ended 31 March 2017 and the six months ended 31 March 2016 is unaudited and does not constitute the Company's statutory financial statements for those periods. The comparative financial information for the full year ended 30 September 2016 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies.

While the financial figures included in this Half-year Report have been computed in accordance with IFRSs applicable to interim periods, this Half-year Report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

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

3. 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.

	Six months ended 31 March 2017	31 March 2016	Year ended 30 September 2016
	£'000	£'000	£'000
Profit for the year	1,685	1,942	4,603
Weighted average number of ordinary shares in issue	12,211,163	12,211,163	12,211,163
Basic earnings per share (EPS) - pence	13.80	15.90	37.70

There are no dilutive potential ordinary shares and, therefore, the calculation of diluted earnings per share is the same as for basic earnings per share.

AssetCo plc

Notes to the Financial Statements (continued)

for the six months ended 31 March 2017

4. Cash and cash equivalents

	31 March 2017 £'000	31 March 2016 £'000	30 September 2016 £'000
Cash at bank and in hand	20,708	15,494	15,470
Cash and cash equivalents	20,708	15,494	15,470
UK sterling	8,343	4,839	9,840
UAE Dirhams	12,365	10,655	5,630
	20,708	15,494	15,470

In addition to the above UAE Dirhams amounting to £264,000 (31 March 2016: £2,968,000 and 30 September 2016: £3,280,000) were held on deposit as security in respect of outstanding performance bonds - see note 8 Contingent liabilities.

5. Trade and other receivables

	31 March 2017 £'000	31 March 2016 £'000	30 September 2016 £'000
Trade receivables	10,906	5,782	11,106
Other receivables	221	196	258
Prepayments and accrued income	1,060	1,304	1,134
	12,187	7,282	12,498

6. Trade and other payables

	31 March 2017 £'000	31 March 2016 £'000	30 September 2016 £'000
Trade payables	1,077	312	580
Other payables	1,196	884	2,126
Other taxation and social security	3	3	3
Accruals and deferred income	2,484	2,259	2,483
	4,760	3,458	5,192

7. Reconciliation of profit before taxation to net cash generated from operations

	Six months ended 31 March 2017 £'000	2016 £'000	Year ended 30 September 2016 £'000
Profit for the period before taxation	1,685	1,942	4,603
Depreciation and impairment	-	-	-
Finance costs	68	178	294
Finance income	(4)	(7)	(21)
(Increase) / decrease in inventories	-	(85)	-
Decrease / (increase) in debtors	855	(283)	(4,766)
(Decrease) / increase in creditors	(793)	665	2,041
Cash generated from operations	1,811	2,410	2,151

AssetCo plc
Notes to the Financial Statements (continued)
for the six months ended 31 March 2017

8. Contingent liabilities

	Approximate maximum potential liability		
	31 March 2017	2016	30 September 2016
Performance bond of AED14,461,000 related to a UAE based contract, released in full during the period.	-	2,739	3,000
Performance bond of AED11,459,000 related to a UAE based contract, expected to reduce to AED5,730,000 in 2017 and to be released in full in 2020, secured by a cash deposit of AED1,146,000	2,500	2,170	2,400
Performance bond of AED636,000 related to a UAE based contract, expected to be released in full in 2017, secured by a cash deposit of AED64,000	140	120	130

The cash deposits referred to above are the same deposits as those referred to in note 4 Cash and cash equivalents.

9. Electronic communications

The Company is not proposing to bulk print and distribute hard copies of this Half-year Report for the six months ended 31 March 2017 unless specifically requested by individual shareholders; it can be downloaded from the Company's website at www.assetco.com.

News updates, regulatory news, & financial statements can be viewed and downloaded from the Company's website, www.assetco.com Copies can also be requested, in writing to, The Company Secretary, AssetCo plc, Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA.

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