



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

Date: Thursday, 24 March 2016

**Immediate Release**

## **AssetCo plc**

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

### **Preliminary results for the year to 30 September 2015**

#### **Statement by the Chairman, Tudor Davies**

##### **Introduction**

We are pleased to report continuing progress in the year to 30 September 2015 which reflects increased profit and cash generation.

##### **Results**

The Consolidated Income Statement for the period under review shows an Operating profit of £4.4 million (2014: £2.6 million) on Revenue of £21.7 million (2014: £14.6 million) and a Profit before tax of £4.0 million (2014: £2.3 million). The year on year increase in profits has come from the planned increase in the size of our major Middle East contract due to increases in personnel and related firefighting equipment sales.

##### **Cash Generation**

The Company generated £6.9 million of free unrestricted cash during the year with £2.6 million net releases from contract Bonds and, the remaining balance generated from operations.

The cash position at 30 September 2015 is total cash of £15.6 million (2014: £10.8 million) comprising free cash balances of £12.8 million (2014: £5.8 million) and restricted cash balances held in respect of Bonds amounting to £2.8 million (2014: 5.0 million).

##### **Claim against Grant Thornton**

The claim against the Company's former auditors Grant Thornton that was originally lodged under the Professional Negligence Pre-action Protocol was the subject of a mediation hearing in October 2015. Unfortunately as announced on 16 December 2015 the mediation proved to be unsuccessful and the Company issued formal Court proceedings in respect of the negligent audits for the years ended 30 September 2009 and 2010. The claim for losses amounts to £38 million plus interest and costs to date of approximately £4.3 million making a total claim of £42.3 million.

##### **Outlook**

Trading continues to be in line with the current contracts and Management expectations; we will keep shareholders updated of further progress on trading and the claim against Grant Thornton during the course of the year.

##### **Enquiries:**

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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: £39.38m

**AssetCo plc**  
**Consolidated Income Statement**  
for the year to 30 September 2015

	Year to 30 September	
	2015	2014
	£'000	Continuing £'000
<b>Revenue</b>	<b>21,660</b>	14,634
Cost of sales	<b>(15,564)</b>	(10,865)
<b>Gross profit</b>	<b>6,096</b>	3,769
Administrative expenses	<b>(1,647)</b>	(1,169)
<b>Operating profit</b>	<b>4,449</b>	2,600
Finance income	<b>23</b>	9
Finance costs	<b>(459)</b>	(356)
<b>Profit before tax</b>	<b>4,013</b>	2,253
Income tax	-	-
<b>Profit for the year</b>	<b>4,013</b>	2,253
<b>Earnings per share (EPS):</b>		
Basic – pence	<b>32.86</b>	18.92
Diluted - pence	<b>32.86</b>	18.46

**AssetCo plc**  
**Consolidated Statement of Comprehensive Income**  
for the year to 30 September 2015

	Year to 30 September	
	2015	2014
	£'000	£'000
<b>Recognised profit for the year</b>	<b>4,013</b>	2,253
<b>Other comprehensive income</b>		
Exchange differences on translating foreign operations	<b>866</b>	137
<b>Other comprehensive income, net of tax</b>	<b>866</b>	137
<b>Total comprehensive income for the year</b>	<b>4,879</b>	2,390

**AssetCo plc**  
**Consolidated Statement of Financial Position**  
As at 30 September 2015

	30 September 2015	30 September 2014
	£'000	£'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	-	12
Cash held in respect of a bond	<b>2,802</b>	2,482
<b>Total non-current assets</b>	<b>2,802</b>	2,494
<b>Current assets</b>		
Inventories	-	333
Trade and other receivables	<b>6,629</b>	6,220
Cash and cash equivalents	<b>12,836</b>	5,787
Cash held in respect of a bond	<b>11</b>	2,509
<b>Total current assets</b>	<b>19,476</b>	14,849
<b>Total assets</b>	<b>22,278</b>	17,343
<b>Shareholders' equity</b>		
Share capital	<b>25,474</b>	25,474
Share premium	<b>64,941</b>	64,941
Foreign currency translation reserve	<b>890</b>	24
Profit and loss account	<b>(71,710)</b>	(75,723)
<b>Total equity</b>	<b>19,595</b>	14,716
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	<b>2,683</b>	2,627
<b>Total current liabilities</b>	<b>2,683</b>	2,627
<b>Total liabilities</b>	<b>2,683</b>	2,627
<b>Total equity and liabilities</b>	<b>22,278</b>	17,343

The financial statements were authorised for issue by the Board of Directors on 24 March 2016 and were signed on its behalf by TG Davies.

**AssetCo plc**  
**Consolidated Statement of Changes in Equity**  
for the year to 30 September 2015

	Share capital	Foreign currency translation reserve	Profit and loss reserve	Share premium	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 30 September 2013</b>	<b>25,353</b>	<b>(113)</b>	<b>(77,976)</b>	<b>62,645</b>	<b>9,909</b>
<b>Transactions with owners:</b>					
Issue of shares	121	-	-	2,296	2,417
<b>Transactions with owners for the year</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>2,296</b>	<b>2,417</b>
Profit for the year	-	-	2,253	-	2,253
<b>Other comprehensive income:</b>					
Exchange differences on translation	-	137	-	-	137
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>137</b>	<b>2,253</b>	<b>-</b>	<b>2,390</b>
<b>Balance at 30 September 2014</b>	<b>25,474</b>	<b>24</b>	<b>(75,723)</b>	<b>64,941</b>	<b>14,716</b>
Profit for the year	-	-	4,013	-	4,013
<b>Other comprehensive income:</b>					
Exchange differences on translation	-	866	-	-	866
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>866</b>	<b>4,013</b>	<b>-</b>	<b>4,879</b>
<b>Balance at 30 September 2015</b>	<b>25,474</b>	<b>890</b>	<b>(71,710)</b>	<b>64,941</b>	<b>19,595</b>

**AssetCo plc**  
**Consolidated Statement of Cash Flows**  
for the year to 30 September 2015

		Year to 30 September	
	Note	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	5	4,758	(380)
Cash deposited in respect of a performance bond		(223)	(30)
Cash released in respect of a performance bond		2,814	-
Interest paid		(459)	(356)
<b>Net cash generated from/(used in) operating activities</b>		<b>6,890</b>	<b>(766)</b>
<b>Cash flows from investing activities</b>			
Finance income		23	9
<b>Net cash generated from investing activities</b>		<b>23</b>	<b>9</b>
<b>Cash flows from financing activities</b>			
Issue of shares (net of costs)		-	2,417
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>2,417</b>
<b>Net change in cash and cash equivalents</b>		<b>6,913</b>	<b>1,660</b>
Cash, cash equivalents and bank overdrafts at beginning of year		5,787	4,134
Exchange differences on translation		136	(7)
Cash, cash equivalents and bank overdrafts at end of year	6	<b>12,836</b>	<b>5,787</b>

**Notes to the Financial Statements**  
for the year to 30 September 2015

**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.

This preliminary announcement has been presented in sterling to the nearest thousand pounds (£’000) except where otherwise indicated, as are the Group consolidated financial statements, which were authorised for issue by the Board of Directors on 24 March 2016.

**2. Basis of preparation**

The preliminary results for the period to 30 September 2015, which do not form the statutory accounts of the Group, are an abridged statement of the full Annual Report and Financial Statements, which 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.

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. Unallocated comprises the head office.

**Analysis of revenue and results by geographical settlement**

Year to 30 September 2015	UAE £’000	Unallocated £’000	Continuing operations £’000
<b>Revenue</b>			
Revenue to external customers	21,660	-	<b>21,660</b>
Total revenue	<u>21,660</u>	<u>-</u>	<u><b>21,660</b></u>
<b>Segment result</b>			
EBITDA	5,383	(922)	<b>4,461</b>
Depreciation	(12)	-	<b>(12)</b>
Operating profit	<u>5,371</u>	<u>(922)</u>	<u><b>4,449</b></u>
Finance income	11	12	<b>23</b>
Finance costs	(459)	-	<b>(459)</b>
Profit for the year	<u>4,923</u>	<u>(910)</u>	<u><b>4,013</b></u>
<b>Assets and liabilities</b>			
Total segment assets	13,942	8,336	<b>22,278</b>
Total segment liabilities	(2,294)	(389)	<b>(2,683)</b>
Total net assets	<u>11,648</u>	<u>7,947</u>	<u><b>19,595</b></u>
<b>Other segment information</b>			
Total capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>

Analysis of revenue and results by geographical settlement .....continued

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

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	
	2015 £'000	2014 £'000
Profit for the year	<b>4,013</b>	2,253
Weighted average number of shares in issue	<b>12,211,163</b>	11,908,551
Basic earnings per share (EPS) - pence	<b>32.86</b>	18.92

- 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 in issue assuming the exercise of the warrants. 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.

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

	Year to 30 September	
	2015 £'000	2014 £'000
Profit for the year	<b>4,013</b>	2,253
Weighted average number of shares in issue	<b>12,211,163</b>	12,207,993
Diluted earnings per share (EPS) – pence	<b>32.86</b>	18.46

## 5. Reconciliation of profit before tax to cash generated from/(used in) operations

Year to 30 September

2015 2014  
£'000 £'000

<b>Profit for the year before tax</b>	<b>4,013</b>	2,253
Depreciation and impairment	12	22
Loss on sale of property, plant and equipment	-	19
Finance costs	459	356
Finance income	(23)	(9)
Decrease/(increase) in inventories	333	(304)
Decrease/(increase) in debtors	65	(1,720)
Decrease in creditors	(101)	(997)
<b>Cash generated from/(used in) from operations</b>	<b>4,758</b>	<b>(380)</b>

At 30 September

2015 2014  
£'000 £'000

## 6. Analysis of net cash:

Cash at bank and in hand	12,836	5,787
	<b>12,836</b>	<b>5,787</b>

There was cash of £12,836,000 as at 30 September 2015 (2014: £5,787,000) and cash held in respect of bonds of £2,813,000 (2014: £4,991,000).

## 7. Contingent liabilities

Approximate maximum liability

2015 2014  
£'000 £000

Performance bond related to a UAE contract, expected to be released in full in 2017	2,500	5,000
Advance payment guarantee	-	8,000
Performance bond related to a UAE contract, expected to reduce to approximately £1m in 2017 and to be released in full in 2020	2,000	2,000
Performance bond related to a UAE contract, released in full in March 2015	-	100
Performance bond related to a UAE contract, expected to be released in full in 2017	100	-

## 8. Post balance sheet events

There are no post balance sheet events to report.

## 9. Annual General Meeting

The AGM is to be held at 12.30 p.m. on 17 May 2016 at Harwood Capital, 6 Stratton Street, London, W1J 8LD. 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 to 30 September 2015 unless specifically requested by individual shareholders; it can be downloaded from the Company's website.