



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

Thursday, 27 February 2020

Immediate Release

**AssetCo plc**

(“AssetCo” or the “company”)

**Preliminary results for the year ended 30 September 2019**

**Statement by the Chairman, Tudor Davies**

**Trading results**

The results for the year to 30 September 2019 reflect the loss, as previously announced in the final quarter of 2018, of the Abu Dhabi contract and consequently show sharply reduced revenues of £5.3m (2018:£22.9m) and a loss after taxation of £0.8m (2018: profit £1.4m).

The net assets at 30 September 2019 were £29.9m (2018: £30.0m), with a strong liquidity position represented by cash balances of £17.1m (2018: £16.8m), and cash held in respect of bonds of £3.5m (2018: £2.1m).

Since the year end the receipt of the outstanding trade receivables of £11.1m has significantly improved the company’s cash balances and we expect the cash position to improve further during the course of this year as we recover additional bonds.

During the year the headcount was reduced from 229 to 5. The remaining staff are senior Fire Service and administration staff who have been dealing with the receivables, bonds, and tendering for new business. There are a number of opportunities we are pursuing which may take several months to realise and we shall keep shareholders informed of any material developments as and when they come to fruition.

**Claim against Grant Thornton**

The claim for negligence against AssetCo Plc’s former auditors, Grant Thornton, culminated in a trial in June 2018, for which a judgment in AssetCo’s favour was handed down. The damages awarded were £22.4m plus interest of approximately £6.5m plus £5m on account of costs. On 29 March 2019 Grant Thornton paid £34.3m into Court on which interest is accruing at the rate of 8% per annum. An appeal by Grant Thornton was lodged and later heard by the Court of Appeal at the end of January 2020 and the Court of Appeal’s decision is expected to be handed down before the summer of 2020.

**Outlook**

We shall keep shareholders informed on any material developments regarding future business and the litigation against Grant Thornton.

**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: £44.4m

**AssetCo plc**  
**Income Statement**  
for the year ended 30 September 2019

	Notes	Year ended 30 September 2019 £000	Year ended 30 September 2018 £000
Revenue		5,345	22,888
Cost of sales		(4,237)	(16,645)
<b>Gross profit</b>		<b>1,108</b>	<b>6,243</b>
Administrative expenses		(1,810)	(4,746)
<b>Operating (loss)/profit</b>		<b>(702)</b>	<b>1,497</b>
Finance income		9	5
Finance costs		(70)	(83)
<b>(Loss)/Profit before tax</b>		<b>(763)</b>	<b>1,419</b>
Income tax expense		-	-
<b>(Loss)/Profit for the year</b>		<b>(763)</b>	<b>1,419</b>
<b>(Loss)/Earnings per share</b>			
Basic – pence	4	(6.25)	11.62
Diluted - pence	4	(6.25)	11.62

**AssetCo plc**  
**Statement of Comprehensive Income**  
for the year ended 30 September 2019

	Year ended 30 September 2019 £000	Year ended 30 September 2018 £000
<b>(Loss)/Profit for the year</b>	<b>(763)</b>	<b>1,419</b>
<b>Other comprehensive income</b>		
Exchange differences on translating foreign operations	648	760
<b>Other comprehensive income, net of tax</b>	<b>648</b>	<b>760</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>(115)</b>	<b>2,179</b>

**AssetCo plc**  
**Statement of Financial Position**  
As at 30 September 2019

	Notes	At 30 September 2019 £000	At 30 September 2018 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		-	26
Cash held in respect of bonds		-	1,199
		-----	-----
<b>Total non-current assets</b>		-	1,225
		-----	-----
<b>Current assets</b>			
Trade and other receivables		11,222	15,997
Cash and cash equivalents	5	17,101	16,800
Cash held in respect of bonds		3,487	941
		-----	-----
<b>Total current assets</b>		31,810	33,738
		-----	-----
<b>Total assets</b>		31,810	34,963
		-----	-----
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,955	4,993
		-----	-----
<b>Total current liabilities</b>		1,955	4,993
		-----	-----
<b>Total liabilities</b>		1,955	4,993
		-----	-----
<b>Shareholders' equity</b>			
Share capital		25,474	25,474
Share premium		64,941	64,941
Profit and loss account		(60,560)	(60,445)
		-----	-----
<b>Total equity</b>		29,855	29,970
		-----	-----
<b>Total equity and liabilities</b>		31,810	34,963
		-----	-----

**AssetCo plc****Statement of Changes in Equity**  
for the year ended 30 September 2019

	Share capital £000	Share premium £000	Profit and loss account £000	Total Equity £000
<b>Balance at 1 October 2017</b>	25,474	64,941	(62,624)	27,791
Profit for the year	-	-	1,419	1,419
<b>Other comprehensive income:</b>				
Exchange differences on translation	-	-	760	760
	-----	-----	-----	-----
<b>Total comprehensive income for the year</b>	-	-	2,179	2,179
	-----	-----	-----	-----
<b>Balance at 30 September 2018</b>	25,474	64,941	(60,445)	29,970
Loss for the year	-	-	(763)	(763)
<b>Other comprehensive income:</b>				
Exchange differences on translation	-	-	648	648
	-----	-----	-----	-----
<b>Total comprehensive loss for the year</b>	-	-	(115)	(115)
	-----	-----	-----	-----
<b>Balance at 30 September 2019</b>	<b>25,474</b>	<b>64,941</b>	<b>(60,560)</b>	<b>29,855</b>

**AssetCo plc**  
**Statement of Cash Flows**  
for the year ended 30 September 2019

	Notes	Year ended 30 September 2019 £000	Year ended 30 September 2018 £000
<b>Cash flows from operating activities</b>			
Cash inflow/(outflow) from operations	6	1,709	(3,453)
Cash deposited in respect of bonds		(2,470)	(3,631)
Cash released in respect of bonds		1,123	2,028
Finance costs		(70)	(83)
		-----	-----
<b>Net cash inflow/(outflow) from operating activities</b>		<b>292</b>	<b>(5,139)</b>
		-----	-----
<b>Cash flows from investing activities</b>			
Finance income		9	5
Purchases of property, plant and equipment		-	(26)
		-----	-----
<b>Net cash inflow/(outflow) from investing activities</b>		<b>9</b>	<b>(21)</b>
		-----	-----
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		16,800	21,530
Exchange differences on translation		-	430
		-----	-----
<b>Cash and cash equivalents at end of year</b>		<b>17,101</b>	<b>16,800</b>
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**AssetCo plc**  
**Notes to the Financial Statements**  
for the year ended 30 September 2019

**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 26 February 2020.

**2. Basis of preparation**

The financial information for the years ended 30 September 2019 and 2018 contained in this document does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the years ended 30 September 2019 and 2018 has been extracted from the consolidated financial statements of AssetCo plc for the year ended 30 September 2019 which have been approved by the directors on 26 February 2020 and will be delivered to the Registrar of Companies in due course. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498 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 2019.

**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 2019

	UAE £000	Unallocated £000	Continuing Operations £000
<b>Revenue</b>			
Revenue to external customers	5,345	-	5,345
Total revenue	<u>5,345</u>	<u>-</u>	<u>5,345</u>
<b>Segment result</b>			
Operating profit/(loss)	296	(998)	(702)
Finance income	-	9	9
Finance costs	(70)	-	(70)
Loss before tax	<u>226</u>	<u>(989)</u>	<u>(763)</u>
Income tax	-	-	-
Loss for the year	<u>226</u>	<u>(989)</u>	<u>(763)</u>
<b>Segment assets and liabilities</b>			
Total assets	15,572	16,238	31,810
Total liabilities	(1,665)	(290)	(1,955)
Total net assets	<u>13,907</u>	<u>15,948</u>	<u>29,855</u>
<b>Other segment information</b>			
Total capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>

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>			
Operating profit/(loss)	5,624	(4,127)	1,497
Finance income	-	5	5
Finance costs	(83)	-	(83)
Profit before tax	5,541	(4,122)	1,419
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>

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. There was no dilutive impact in either period therefore diluted earnings per share is equal to basic (loss)/earnings per share.

	2019 £000	2018 £000
(Loss)/Profit for the year	<u>(763)</u>	<u>1,419</u>
Weighted average number of ordinary shares in issue	<b>12,211,163</b>	12,211,163
Basic and diluted (loss)/earnings per share - pence	<b>(6.25)</b>	11.62

5. Analysis of net cash

	2019 £000	2018 £000
Cash at bank and in hand	<u>17,101</u>	<u>16,800</u>
Cash and cash equivalents	<u>17,101</u>	<u>16,800</u>

In addition to the above UAE dirhams amounting to £3,487,000 (2018: £2,140,000) were held on deposit as security in respect of outstanding performance and warranty bonds.

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

	2019 £000	2018 £000
<b>(Loss)/Profit for the year before taxation</b>	<b>(763)</b>	<b>1,419</b>
Depreciation and amortisation	26	-
Finance costs	70	83
Finance income	(9)	(5)
Decrease /(increase) in receivables	5,670	(5,085)
(Decrease)/increase in payables	(3,285)	135
Cash inflow/(outflow) from operations	<u>1,709</u>	<u>(3,453)</u>

7. **Contingent liabilities**

Approximate maximum liability  
at 30 September

2019  
£000

2018  
£000

Warranty bond related to a UAE based contract, expected to be released in full in 2020	<b>1,270</b>	1,200
Performance bond related to a UAE based contract, released in full in 2019	-	1,050
Performance bond related to a UAE based contract, expected to be released in full in 2020	<b>1,100</b>	-
Performance bond related to a UAE based contract, expected to be released in full in 2020	<b>1,100</b>	-

8. **Post balance sheet events**

Grant Thornton's appeal against the judgement handed down against them on 31 January 2018 was heard at the Court of Appeal on 20 to 22 January 2020. The outcome of this hearing is expected before the summer of 2020. 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 2019 unless specifically requested by individual shareholders; it can be downloaded from the company's website.