

Press Release: 16/06/09

Announcement of March Year End 2009 Results

AssetCo plc, (AIM : ASTO) the integrated support services provider to the Emergency Services, is pleased to announce its results for the year ended 31 March 2009.

KEY POINTS

Financial

- Increase in PBT of over 25% to **£11.3m**
- Dividend increase (2008:1.0p) of 25% to **1.25p**
- EPS from continuing operations **14.0p** (33% growth on FY08)
- Turnover from continuing operations **£79.7m** (23% growth on FY08)
- Operating Profit **£17.4m** (25% increase on FY08)
- EBITDA before exceptionals and discontinued **£25.5m** (10% increase on FY08)
- EBIT before exceptionals and discontinued **£19m** (23% increase on FY08)
- Increase in cash and cash equivalents of **£18.4m**
- Fall in net debt of **9.4% to £76m.**
- Fall in net recourse debt of **49% to £13.2m**

Business

- Continued growth in our two core contracts
- Focus on
 - Cash generation and retention
 - Improvement of working capital

Tim Wightman, Chairman, commented:

“AssetCo has again produced record results from its continuing operations which confirm the Company's market leading position. We are better placed than ever to support our clients in facing the challenges presented by new statutory duties placed upon them and increasing financial pressures through cuts in public spending.

Our markets continue to generate opportunities and our sales prospects nationally and internationally are exciting. We are well positioned to benefit from a changing market, offering good opportunities for delivering exceptional long-term value to shareholders. The board therefore looks forward to the current year with confidence”

Enquiries:

AssetCo plc

+44 (0) 20 8515 3999

John Shannon, Chief Executive Officer

Frank Flynn, Chief Financial Officer

James Collins, Investor Relations

Arden Partners plc

+44 (0)20 7398 1632

Richard Day

Adrian Trimmings

Pelham

+44 (0) 20 7337 1500

Alex Walters

Francesca Tuckett

Chairman's statement - Tim Wightman

It has been a year of progress for the Group on many fronts during which we have seen an increase in underlying profit before tax and restructuring charges of over 20 per cent to £12.8million and EPS of 33 per cent to 14.0 pence. In what has been a very challenging economic environment we have continued to grow our long term PFI contracts with the London and Lincolnshire Fire and Rescue Authorities by further increasing the scope of our offering. We have developed a more integrated approach which draws on the wider skills and experience now available within the group. Whilst some fire authorities want all their support needs catered for them on a large scale, others wish to avail themselves of support services and products in more discrete bundles, and accordingly we have increased our flexibility to offer a menu of options to meet different customers' needs in this regard.

Another major focus for the year has been the re-organisation and rationalisation of our manufacturing operations. Six subsidiaries have been brought together to create an integrated equipment centre in Cambridge which now designs and supplies a range of fire-fighting equipment, including ladders and gantries, hose-reels, rescue and lighting equipment and, if our client requires it, the assembly of fire vehicles. The design and supply of ambulances is now solely carried out in Leeds. The management challenges involved in this re-organisation were significant and it undoubtedly disrupted parts of the group for significant periods during the year. Our original objective was two-fold; to strengthen and secure the supply chain for vehicles and equipment on behalf of our integrated support services customers in the fire service, in what was a fragmented and uncompetitive market-place; and to improve internal operational efficiencies. Although there are still improvements that we intend to make, we are pleased that we have achieved our original objective.

We have also continued to pursue the opportunities we believe exist for our integrated support services in Abu Dhabi. We have always been conscious that these opportunities would develop over a medium rather than short-term time-frame. We have an established presence on the ground there and have gained valuable experience and contacts. We have every reason to believe that our initial assessments will be borne out.

On the financial management front we have been concentrating on improving working capital and cash management and rationalising our debt structure and this focus will continue in the current financial year.

Results

Profit before tax and restructuring costs has increased by 22 per cent in 2009 to £12.8 million (2008: £10.5 million) with earnings per share improving by 33 per cent to 14.0 pence (2008: 10.5 pence). EBITDA before restructuring has increased by £3.5 million to £25.5 million. Operating cash conversion (as defined in the report of the Chief Financial Officer) prior to restructuring payments from continuing operations during the period was 100 per cent (2008: 84 percent). Net debt at the year end stood at £76 million (2008: £83.9 million) a reduction of 9.5 per cent. Of this amount, £62.8 million (83 per cent) was non-recourse asset backed debt that relates to our long-term emergency services contracts.

Dividend

The directors are recommending an increased dividend of 1.25 pence a share (2008: 1.0 pence). This increase reflects the higher earnings for 2009 and the board's confidence in the Group's prospects.

Board

I would like to take this opportunity to formally welcome Peter Manning who joined the board as a Non-Executive Director on 2 September 2008. Peter has extensive international experience in senior operating and customer focused roles in business process outsourcing and in service and technology industries. He is a Fellow of the Institute of Electrical Engineers, a Fellow of the Institute of Directors and a Liveryman of the City of London.

Staff

We now have 540 people working for AssetCo and they are motivated to do their very best to deliver high quality integrated support services and products to our existing and future clients. This is central to our success and without the diligence and spirit shown by our staff, working as a team, we would not have been able to deliver this year's performance. On behalf of the board I would like to thank them all sincerely for their hard work.

Current trading

Trading in the first two months of the new financial year is in line with the Board's expectations. We currently have 75% of the current year's forecast revenues secured. Our vehicle assembly business in Leeds is at full capacity for the next two years and our Abu Dhabi office is fully embedded and staffed. Looking forward we will look to improve working capital management and also increase cash generation and retention.

Outlook

We have restructured and reorganised our businesses significantly in 2008/2009 and despite this have shown a significant increase in profitability. We see the continuing difficult economic outlook as an ideal opportunity to demonstrate the economic and operational benefits of our integrated support services capabilities.

We are better placed than ever to support our clients in facing the challenges presented by new statutory duties placed upon them and increasing financial pressures through cuts in public spending.

Our markets continue to generate opportunities and our sales prospects nationally and internationally are exciting. AssetCo is well positioned to benefit from a changing market, offering good opportunities for delivering exceptional long-term value to shareholders. The Board therefore looks forward to the current year with confidence.

Report of the Chief Executive Officer - John Shannon

As we enter a period of unprecedented UK Public Sector fiscal pressure, the expansion and extension of our integrated support services offering continues to position the business for long-term sustainable growth. During the past year we have focused our efforts in broadening our capabilities and support services to meet the medium and long-term requirements of our two key clients, London Fire Brigade (London) and Lincolnshire Fire and Rescue Service (Lincoln). Our Integrated Support Services business performance reflects the range of services now offered to those clients. This business, which has been shaped and nurtured as our engine for growth, delivered an increase in profit of 68% on 2008.

My congratulations go to the Commissioner, Ron Dobson, and his Team at London Fire Brigade, who earlier this year, were given the top “excellent” rating by the Audit Commission and to Chief Fire Officer, Mike Thomas and his Team at Lincolnshire Fire and Rescue Service, who made a virtually unprecedented move of three categories up the ratings ladder. As budgetary pressures increase, and with service performance being closely scrutinised, other senior colleagues will be looking at how well these support service models are performing and I believe this has enormous potential for AssetCo.

As well as a value proposition built around long-term contracts and the provision of a comprehensive suite of integrated support services, we are now also able to offer our support services in a menu of discrete bundles. This menu has been structured around our client needs with the experience of an AssetCo team that has pioneered the approach of matching people, processes and systems with an extensive and brand independent range of products and support services to deliver innovative integrated solutions.

With a reputation built on partnering and bringing best value, and with an unrivalled understanding of the challenges that our clients face, we have developed our services so they can be tailored to meet the specific needs of individual Fire and Rescue Services. Our menu approach also reduces the requirement for our clients to enter long, complex and expensive tendering processes.

During 2007 we decided that to ensure the provision of reliable support services for our clients we had to expand and strengthen our equipment supply chain; not to do so could have made us vulnerable to missed performance targets. During the year we have re-organised and rationalised the manufacturing operations we acquired in December 2007 and the manufacturing businesses that were already in the group. We have created a specialist integrated equipment centre in Cambridge which designs and supplies a range of fire-fighting equipment including ladders and gantries, hose-reels, and rescue equipment and, if our clients require it, the fitting-out of fire vehicles and specialist platforms. The design and supply of ambulances is now solely carried out at our vehicle assembly facility in Leeds.

The impact of the disruption caused during the year has been painful for the personnel affected by re-location and redundancy and also financially for the Group. This involved the closure of TVAC, a business acquired in December 2007. Although there are still improvements to make, we have achieved what we set out to do, namely to strengthen and secure the supply chain for vehicles and equipment on behalf our of integrated support services customers in the fire service, in what was a fragmented market-place and to improve internal operational efficiencies.

Strategy

The combination of the 2009 April Budget Report and the recommendations of the 2007/8 Comprehensive Spending Review increases the requirement on UK Fire and Rescue Authorities to deliver efficiency savings from continuing modernisation at a greater pace than initially planned.

Our strategy is to prioritise our efforts on those essential support services accountable for high proportions of our clients' cost base. Our approach is to offer integrated solutions that assist our clients in delivering these savings, either directly through economies of scale or efficiency savings, or indirectly through shared services or long-term gain-share arrangements.

By leveraging off our established track record in being a key operational support partner to our two long-term clients and the wider UK Fire and Rescue Service, it is our intention to develop solutions that enable our clients to have access to alternative delivery models for operational training and front-line operational services.

Overseas we will continue to develop relationships with Fire Authorities who look to UK Fire and Rescue and London Fire Brigade in particular as operating templates to deliver change and improvement.

We have initiated a strategic review of both our Specialist Equipment and Vehicle Assembly businesses, to ensure each is correctly positioned, structured and supported to deliver the long-term growth from their current positions as market leaders in their respective sectors.

Operating performance

As the business has evolved to meet the current and future needs of our client base, we have established three distinct operating units – Integrated Support Services, Specialist Equipment and Vehicle Assembly.

	Integrated Support Services		Specialist Equipment		Vehicle Assembly	
	2009 £m	% change on 2008	2009 £m	% change on 2008	2009 £m	% change on 2008
Revenue	32.2	+29%	13.2	-28%	43	-4%
Operating Profit	14.4	+48%	1.4	+15%	1.5	-30%
PBT	9.6	+68%	1.3	+15%	0.7	-61%

Integrated Support Services

Our Integrated Support Services business contains our long-term contract, specialist training and technology activities. We continue to deliver strong growth through this business, with the benefits of our early investment in improved systems and people now coming through. The scope of our activities with both London and Lincoln continues to broaden.

Specialist Equipment

The performance of our Specialist Equipment business reflects the re-organisation and integration programme initiated and completed during FY09. We relocated all our Equipment businesses to one single site in Cambridge with a corresponding disruption in revenue for the businesses but improved margin as the benefit of integration began to come through. We are now positioned as one integrated business offering a range of market leading products to our Clients, which clearly differentiates us both in scale and product development.

Vehicle Assembly

The performance of our Vehicle Assembly business reflects the exceptional level of build activity in FY08, and the lack of order book in place at our facility in Leeds when we acquired the business in December 2008. Significant success has been made in not only correcting the cost base in this business but critically in winning new business. This facility is now running a record order book with revenue visibility through to 2012.

Current trading

Trading in the first two months of the new financial year is in line with the Board's expectations.

The key focus across the business for 2010 is cash generation and retention, with significant efforts being made to improve working capital management. Each operating entity is now managed as an autonomous business and is self sufficient for funding.

We continue to actively support our business development activity in the Middle East, having secured investment to facilitate this.

Outlook

We are well placed to benefit from the macro-economic pressures facing our core home market, and consider our Integrated Support Services business to be a compelling proposition for both existing and potential long-term clients both at home and overseas.

Our long-term contract activity delivers robust, stable profits and remains resilient to the current economic climate.

Report of the Chief Financial Officer – Frank Flynn

Business review

I am pleased to report an excellent set of results for the year ended 31 March 2009 (FY09) which has been a year of consolidation following the acquisitions made in FY08. The backdrop to FY09 was the turmoil in the financial markets which has seen the fundamentals of the banking structure in the UK changed radically and creates challenges for all businesses in the UK.

Key Performance Indicators

The Board monitors the Group's Key Performance Indicators Which are summarized below for FY08 and FY09:

	2009	2008	Variance	Variance %
Profit before tax from continuing operations	11.3m	9.0m	2.3m	26%
EBITDA	25.5m	23.1m	2.4m	10%
Basic earnings per share from continuing operations	14.0p	10.5p	3.5p	33%
Net debt	76m	83.9m	(7.9)m	9.5%
Cash conversion	100%	84%	16%	19%
Staff turnover	5.1%	9.1%	(4)	44%

Profit before tax from continuing operations

Profit before tax from continuing operations of £11.3m has increased by 26% from £9m. The increase in profit is due to the continued growth of our long term contracts. FY08 numbers have also been adjusted for TVAC, which is now included in discontinued operations.

EBITDA

Earnings before interest, tax, depreciation and amortisation have increased by 10% to £25.5m.

Basic EPS

Basic earnings per share from continuing operations have increased by 33% to 14.0p.

Net debt

The debt has fallen from £83.9m in FY08 to £76m in FY09 and this is analysed in the table below:

	2009	2008
Asset finance – emergency	61.6m	55.3m
Asset finance – non emergency	1.2m	2.8m
Acquisition and other medium term loans	32.0m	25.6m
Short term loans and overdrafts	3.7m	13.1m
Less cash	(22.5)m	(12.9)m
Net debt	76m	83.9m

£62.8m (83%) of our net debt is non-recourse asset backed debt which relates to our long term integrated support services contracts. As is mentioned in the Chairman's and CEO's reports these contracts continue to grow and accordingly the levels of asset finance required reflect this. We are continually reviewing our debt structures to enable the business to meet the debt requirements of our core long term contracts – London Fire and Lincoln Fire.

During the last 12 months, as we have proactively worked on our “cash optimisation plans”, a number of new debt structures were put in place which resulted in an increase in our medium term debt from £25.6m to £32m and we also were able to reduce our dependence on short term debt from £13.1m to £3.7m.

Cash Conversion

Cash conversion, the ratio of cash generated from operating activities to operating profit before exceptional items and discontinued operations, has increased significantly from 84% in FY08 to 100% in FY09. In absolute terms this equates to cash generated from operating activities of £23.3m in FY09 (before restructuring payments of £3.1m and earn out payments of £1.8m) compared to £1.6m in FY08. This growth is reflective of the increased working capital focus of the Group and also the streamlining of cash generation processes across the acquired subsidiary businesses.

Staff turnover

This is calculated excluding redundancy programmes and at 5% is 45% lower than the FY08 figure of 9.1%.

Historical performance

£'m	2009	2008	2007
Revenue	79,659	64,546	90,628
Gross profit	36,154	32,925	22,190
Gross profit %	45	51	24
Admin expenses	(17,208)	(17,450)	(16,136)
Restructuring costs	(1,516)	(1,549)	-
Operating profit	17,430	13,926	6,056
Operating profit %	22%	22%	7%
Finance costs	(6,152)	(4,944)	(2,780)
Profit before tax	11,278	8,982	4,336
Taxation	(1,135)	(1,860)	(2,211)
Profit	4,954	8,037	2,125

Revenues decreased from FY07 to FY08 as we exited from non-emergency activity which has continued in FY09. FY09 revenues increased as we had the benefit of a full year's activity from our acquisitions in FY08.

Gross profit decreased slightly as the full year revenues from the acquired businesses was related largely to lower margin vehicle assembly.

Admin expenses, though relatively unchanged in FY09 compared to FY08, benefited from our continuous improvement projects and the synergies from our site rationalisation programme. We expect them to reduce further.

As part of our acquisition strategy in FY08 we acquired a number of businesses and we planned to deliver synergies from these acquisitions by reducing head count and site locations. In January 2008 we were employing directly and indirectly (temporary workers) 1,100 people and the plan was to reduce this number to 700. This has been achieved and with the closure of TVAC – In Administration head count was reduced further to 600. On an ongoing basis we are aligning our head count and cost base with the prevailing order books of our respective businesses and the plan is to

reduce the head count to 500 by the end of September 2009. Our staff costs are our largest cost and we continually review these to ensure they are flexed in line with our revenues.

The substantial reduction in staff number and locations has resulted in a further one off restructuring charge in FY09 of £1.5m.

Acquisition update

The material acquisitions made in FY08 were TVAC, UVM and AES.

TVAC

In the interim statement we reported that TVAC had continued to make losses and absorb cash and that the Board had instigated a strategic review of the business. The outcome of this review was that TVAC showed no signs of being viable and accordingly the company was put into administration on 18 December 2008. This resulted in a £5.2m loss which is detailed in the Income Statement and also caused a considerable drain on the group's cash resources. TVAC, which was in distress at the time of its acquisition, was acquired because it was a large supplier to AssetCo London supplying fire appliances for the largest build programme undertaken in UK Fire in FY07 and FY08. Failure to deliver to vehicles on time could have resulted in substantial penalties for AssetCo. Following the acquisition of TVAC the deliveries were completed on time, however the business continued to need ongoing cash support from the parent company.

UVM

On a more positive note, UVM, the ambulance assembly business has been returned to profitability and has a record order book including the previously announced orders from the Scottish and North West Ambulance Trusts. It also required substantial Group support.

AES

AES was acquired because of the potential of its "M Flow" telemetry product which has been enthusiastically received by the Police and Fire authorities and is currently being rolled out across London and Lincoln Fire's fleet. There are great opportunities for this technology.

North Atlantic Value LLP (NAV) investment

As part of our ongoing investment in Abu Dhabi we were delighted to be able to raise £15m in January 2009 at a 20% premium to the prevailing share price. The funding was to assist us with our contract negotiations in Abu Dhabi and with our ongoing development of business relationships in this territory and is a strong endorsement of our business model in the region.

The investment was in zero coupon preference shares which are repayable in 5 years time although there are warrants associated with the shares which can be converted into AssetCo plc shares at 61.2p. AssetCo can repay the preference shares, under certain conditions on the first and second anniversary and one third and two thirds of the warrants vest on these dates. After this date 100% of the warrants are available to JO Hambro.

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended	
		31.3.09 £'000	31.3.08 £'000
Continuing operations			
Revenue	4	79,659	64,546
Cost of sales		<u>(43,505)</u>	<u>(31,621)</u>
Gross profit		<u>36,154</u>	<u>32,925</u>
Administrative expenses		(17,500)	(18,466)
Other gains		292	1,016
Restructuring costs		<u>(1,516)</u>	<u>(1,549)</u>
Operating profit	5	<u>17,430</u>	13,926
Finance income	6	717	429
Finance costs	6	<u>(6,869)</u>	<u>(5,373)</u>
Profit before taxation		<u>11,278</u>	<u>8,982</u>
Taxation		<u>(1,135)</u>	<u>(1,860)</u>
Profit for the year from continuing operations		<u>10,143</u>	<u>7,122</u>
Discontinued operations			
(Loss)/profit for the year from discontinued operations		<u>(5,189)</u>	<u>915</u>
Profit for the year		<u>4,954</u>	<u>8,037</u>
Earnings per share (pence)			
From continuing operations			
Basic	7	<u>14.0 p</u>	<u>10.5 p</u>
Diluted	7	<u>13.7 p</u>	<u>10.1 p</u>
From continuing and discontinued operations			
Basic	7	<u>6.8 p</u>	<u>11.8 p</u>
Diluted	7	<u>6.7 p</u>	<u>11.5 p</u>

CONSOLIDATED BALANCE SHEET

	Notes	31.3.09 £'000	31.3.08 £'000 Restated
ASSETS			
Non-current assets			
Property, plant and equipment		76,877	76,727
Goodwill		57,081	54,060
Other intangible assets		5,666	1,576
Investment in associates		414	414
Deferred tax asset		4,572	1,817
Retirement benefit surplus		429	429
		<u>145,039</u>	<u>135,023</u>
Current assets			
Inventories		6,607	5,910
Trade and other receivables		23,997	21,513
Cash and cash equivalents	9	22,498	12,896
Non current assets held for sale		-	3,370
Derivative financial instruments	10	-	2,190
		<u>53,102</u>	<u>45,879</u>
Total assets		<u>198,141</u>	<u>180,902</u>
EQUITY			
Issued share capital	11	18,345	17,958
Equity component of compound financial instruments	11	7,917	-
Share premium account	11	26,115	25,197
Reverse acquisition reserve		(11,701)	(11,701)
Hedging reserve	10	(5,130)	1,577
Translation reserve		(304)	356
Other reserve	11	580	384
Retained earnings		15,739	11,506
Total equity		<u>51,561</u>	<u>45,277</u>

CONSOLIDATED BALANCE SHEET

	Notes	31.3.09 £'000	31.3.08 £'000 Restated
LIABILITIES			
Non-current liabilities			
Borrowings	12	81,676	69,970
Liability component of compound financial instruments	10	7,045	-
Deferred tax liabilities		6,756	5,961
		<u>95,477</u>	<u>75,931</u>
Current liabilities			
Trade and other payables		26,880	27,871
Current income tax liabilities		255	330
Borrowings	12	16,843	26,825
Provisions		-	1,549
Liabilities associated with assets classified as held for sale		-	3,119
Derivative financial instruments	10	7,125	-
		<u>51,103</u>	<u>59,694</u>
Total liabilities		<u>146,580</u>	<u>135,625</u>
Total equity and liabilities		<u>198,141</u>	<u>180,902</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Hedging reserve £'000	Translation reserve £'000	Other reserve £'000	Retained earnings £'000	Total Equity £'000
At 1 April 2007	16,800	17,890	(11,701)	-	-	-	3,413	26,402
Gain recognised on cash flow hedge – interest rate swap	-	-	-	2,190	-	-	-	2,190
Tax on items taken directly to equity	-	-	-	(613)	-	-	-	(613)
Exchange differences on translation of overseas operations	-	-	-	-	356	-	-	356
Profit for the year	-	-	-	-	-	-	8,093	8,093
Total recognised income and expense for the period	-	-	-	1,577	356	-	8,093	10,026
Movement relating to share-based payments	-	-	-	-	-	384	-	384
Net proceeds from issue of shares	1,158	7,307	-	-	-	-	-	8,465
At 31 March 2008	17,958	25,197	(11,701)	1,577	356	384	11,506	45,277
Loss recognised on cash flow hedge – interest rate swap (Note 23)	-	-	-	(9,315)	-	-	-	(9,315)
Tax on items taken directly to equity	-	-	-	2,608	-	-	-	2,608
Exchange differences on translation of overseas operations	-	-	-	-	(660)	-	-	(660)
Profit for the year	-	-	-	-	-	-	4,954	4,954
Total recognised income and expense for the period	-	-	-	(6,707)	(660)	-	4,954	(2,413)
Dividends paid in the year	-	-	-	-	-	-	(721)	(721)
Movement relating to share-based payments (Note 24)	-	-	-	-	-	196	-	196
Net proceeds from issue of shares (Note 24)	8,304	918	-	-	-	-	-	9,222
At 31 March 2009	26,262	26,115	(11,701)	(5,130)	(304)	580	15,739	51,561

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended	
		31.3.09 £'000	31.3.08 £'000
Cash flows from operating activities			
Cash generated from operations	13	13,015	14,123
Finance costs	6	(6,687)	(5,373)
Corporation tax paid		(44)	(177)
Net cash generated from operating activities		<u>6,284</u>	<u>8,573</u>
Net cash used in investing activities			
Acquisition of subsidiaries, net of cash acquired		(60)	(4,910)
Investment in associated undertaking		-	(414)
Purchase of intangible assets		(3,563)	(1,089)
Cash element of deferred consideration settlement		(1,800)	-
Purchases of property, plant and equipment		(10,906)	(38,550)
Proceeds from sale of property, plant and equipment		6,229	3,518
Proceeds from sale of subsidiary undertakings		-	900
Net cash used in investing activities		<u>(10,100)</u>	<u>(40,545)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	6,378
Proceeds from issue of preference shares		14,780	-
Dividends paid		(721)	-
Net increase in/(repayments of) borrowings		5,842	(4,552)
Net increase in finance leases		1,609	27,493
Finance income	6	717	429
Net cash used in financing activities		<u>22,227</u>	<u>29,748</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts			
		18,411	(2,224)
Cash, cash equivalents and bank overdrafts at beginning of period		394	2,618
Cash, cash equivalents and bank overdrafts at end of period	9	<u>18,805</u>	<u>394</u>

NOTES

1. Publication of non-statutory accounts

The financial information set out in this announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The financial information for the year ended 31 March 2008 has been extracted from the Group's financial statements to that date which received an unmodified auditor's report and have been delivered to the Registrar of Companies.

The financial information for the year ended 31 March 2009 has been extracted from the Group's financial statements to that date which have received an unmodified auditor's report but have not yet been delivered to the Registrar of Companies.

2. Basis of preparation

The Group's financial statements comply with the AIM Rules and have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union as they apply to the financial statements of the group for the year ended 31 March 2009 and applied in accordance with the Companies Act 1985. The financial statements are prepared using the historical cost convention as modified for the revaluation of certain assets. The accounting policies which follow set out these policies which apply in preparing the financial statements for the year ended 31 March 2009.

Going Concern

Management routinely plan future activities including forecasting future cash flows. Management have reviewed their plans with the Directors and have collectively formed a judgement that the group has adequate resources to continue as a going concern for at least 12 months from the date of signing of the financial statements. In arriving at this judgement the Directors have reviewed the cash flow projections of the group for the foreseeable future in light of the trading and financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the group. The Group also benefits from the surety of two major long term contracts which guarantee revenue streams for the next 14 years. This, aligned with a significant public sector client base gives comfort over future income streams and thus the going concern of the group. The Directors have also considered the current global economic downturn together with the unprecedented markets for debt and equity financing at this time. The Directors have considered all significant trading exposures and do not consider the group to be significantly exposed to its trading partners, either clients or suppliers at this time.

The detailed profit and loss and cash flow budgets prepared by management for the period up to 30 June 2010 have been subjected to various sensitivity analyses and show that the group is forecast to have more than sufficient headroom in that period.

3. Primary segment information

For management purposes, the Group is organised into four main business segments as follows:

Integrated Support Services – provision of management services to the emergency services market

Specialist Equipment – sale and supply of specialist equipment to emergency services and the homeland security market

Vehicle Assembly – automotive engineering to the emergency services market

Non Emergency – provision of asset management services

Year ended 31 March 2009

	Integrated support services £'000	Specialist equipment £'000	Vehicle assembly £'000	Non emergency £'000	Discontinued operations £'000	Consolidation adjustments £'000	Total £'000
Segment revenue	32,221	13,181	43,040	3,952	4,114	(12,735)	83,773
Segment operating profit/(loss)	14,408	1,453	1,458	232	(5,170)	(140)	12,241
Net segment finance costs	(4,854)	(142)	(791)	(154)	(19)	(192)	(6,152)
Segment profit/(loss) before tax	9,554	1,311	667	78	(5,189)	(332)	6,089
Depreciation and amortisation	4,305	163	296	1,674	108	-	6,546
Segment assets	308,122	11,752	23,664	18,503	-	(163,800)	198,241
Cost of acquired property, plant and equipment	10,603	163	140	-	-	-	10,906
Segment liabilities	179,263	2,984	26,844	14,270	-	(76,781)	146,580

All internal sales are generated within the vehicle assembly division

The consolidation adjustments affecting the segment profit before tax relate to the elimination of inter-segment sales from the Vehicle Assembly Division to the Integrated Services Division (£12.735 million) and a charge for share-based payments (£140,000). Inter-segment sales are at cost.

The disclosures above in respect of discontinued operations all relate to the TVAC entity now in administration (see Note 30).

The depreciation and amortisation charges for each segment have been reported within the segment profit before tax.

Year ended 31 March 2008

	Integrated support services £'000	Specialist equipment £'000	Vehicle assembly £'000	Non emergency £'000	Discontinued operations £'000	Consolidation adjustments £'000	Group £'000
Continuing operations							
Segment revenue	25,005	18,192	43,719	6,129	4,302	(25,286)	72,061
Segment operating profit/(loss)	9,730	1,262	2,086	1,560	643	(440)	14,841
Net segment finance costs	(4,027)	(125)	(377)	(228)	(187)	-	(4,944)
Segment profit/(loss) before tax	5,703	1,137	1,709	1,332	456	(440)	9,897
Depreciation and amortisation	4,615	174	236	2,217	220	-	7,462
Segment assets	195,093	23,267	24,854	22,686	3,370	(88,368)	180,902
Cost of acquired property, plant and equipment	36,920	-	1,300	277	53	-	38,550
Segment liabilities	159,465	4,397	23,764	12,941	3,119	(68,061)	135,625

The consolidation adjustments affecting the segment profit before tax relate to the elimination of inter-segment sales from the Vehicle Assembly Division to the Integrated Services Division (£25.286 million) and a charge for share-based payments (£440,000). Inter-segment sales are at cost.

The depreciation and amortisation charges for each segment have been reported within the segment profit before tax.

Secondary reporting format – geographical segments

The Group manages its business segments in the UK, which is the home country of the parent Company. In addition, the Group provides business support services from its base in the Republic of Ireland which is disclosed under “Europe” below.

The revenue analysis below is based on the location of the service provided or sale made.

	2009	2008
	£'000	£'000
Revenue - continuing operations		
UK	79,029	66,028
Europe	630	2,820
	<u>79,659</u>	<u>68,848</u>

The majority of current assets are located in the UK where most of the capital expenditure is also incurred.

	2009	2008
	£'000	£'000
Current assets		
UK	52,935	45,699
Europe	167	180
	<u>53,102</u>	<u>45,879</u>
	2009	2008
	£'000	£'000
Capital expenditure		
UK	10,902	38,512
Europe	4	38
	<u>10,906</u>	<u>38,550</u>

4. Revenue

An analysis of the Group's revenue is as follows:

	2009 £'000	2008 £'000
Continuing operations		
Sale of goods	39,368	26,472
Emergency-related managed services	31,414	25,005
Leasing and contract hire	3,952	8,249
Support services	4,925	4,820
Revenue	79,659	64,546
Discontinued operations		
Leasing and contract hire	-	3,221
Sale of goods	4,114	4,302
	83,773	72,069

5. Profit for the year

The profit for the year has been arrived at after charging/(crediting):

	2009 £'000	2008 £'000
Net foreign exchange gains	(1)	(8)
Research and developments costs	1	15
Government grants towards employment costs	(205)	(301)
Depreciation of property, plant and equipment	6,546	7,462
Staff costs (Note 14)	21,955	19,915
Impairment loss recognised on trade receivables	11	51

6. Finance income and finance costs

	2009 £'000	2008 £'000
Finance income		
Interest income on short-term bank deposits	717	429
Finance costs		
Interest on bank borrowings and finance leases	6,677	5,373
Increase in valuation of shares classified as financial liabilities	192	-
	6,869	5,373

Included within administrative expenses is a loss of £11,000 (2008: £51,000) in respect of the impairment of trade receivables.

7. Earnings per share

a) Basic

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

From continuing operations	2009	2008
	£'000	£'000
Profit attributable to equity holders of the Company	4,954	8,037
Loss/(profit) from discontinued operations	5,189	(915)
	<hr/>	<hr/>
Profit from continuing operations used to determine basic earnings per share	10,143	7,122
Weighted average number of ordinary shares in issue	72,528,482	68,100,097
	<hr/>	<hr/>
Basic earnings per share (pence per share)	14.0	10.5
	<hr/>	<hr/>
From continuing and discontinued operations	2009	2008
	£'000	£'000
Profit attributable to equity holders of the Company	4,954	8,037
Weighted average number of ordinary shares in issue	72,528,482	68,100,097
	<hr/>	<hr/>
Basic earnings per share (pence per share)	6.8	11.8
	<hr/>	<hr/>

b) Diluted

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 share options and warrants. A calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants.

From continuing operations	2009	2008
	£'000	£'000
Profit attributable to equity holders of the Company	4,954	8,037
Loss/(profit) from discontinued operations	5,189	(915)
Profit from continuing operations used to determine diluted earnings per share	<u>10,143</u>	<u>7,122</u>
Weighted average number of ordinary shares in issue	72,528,482	68,100,097
Adjustments for:		
- share options and warrants	<u>1,585,965</u>	<u>1,829,827</u>
Weighted average number of ordinary shares used for diluted earnings per share	<u>74,114,447</u>	<u>69,929,924</u>
Diluted earnings per share (pence per share)	<u>13.7</u>	<u>10.1</u>

From continuing and discontinued operations	2009	2008
	£'000	£'000
Profit attributable to equity holders of the Company	4,954	8,037
Weighted average number of ordinary shares in issue	72,528,482	68,100,097
Adjustments for:		
- share options and warrants	<u>1,585,965</u>	<u>1,829,827</u>
Weighted average number of ordinary shares used for diluted earnings per share	<u>74,114,447</u>	<u>69,929,924</u>
Diluted earnings per share (pence per share)	<u>6.7</u>	<u>11.5</u>

8. Employee benefit expense

	2009	2008
	£'000	£'000
Wages and salaries	19,276	17,424
Social security costs	1,947	1,597
Pension costs – defined benefit plans (Note 18)	292	454
Other pension contributions	300	-
Share-based payments (Note 24)	140	440
	<u>21,955</u>	<u>19,915</u>

The average monthly number of employees (excluding non-executive directors) was:

	2009	2008
	Number	Number
Directors	4	2
Production and operations	485	419
Sales, marketing and distribution	32	15
Administration	164	134
	<u>685</u>	<u>570</u>

The increase in the average monthly number of employees during the year ended 31 March 2009 is due to the full year effect of employing staff previously connected with prior year acquisitions.

9. Cash and cash equivalents

	Group	Group
	2009	2008
	£'000	£'000
Cash and cash equivalents	4,533	4,219
Short-term deposits	17,965	8,677
	<u>22,498</u>	<u>12,896</u>

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group	Group
	2009	2008
	£'000	£'000
Cash and cash equivalents	22,498	12,896
Bank overdrafts	(3,693)	(12,502)
	<u>18,805</u>	<u>394</u>

At 31 March 2009, the cash at bank and short-term deposits were held with ten different international banks (2008: nine). Financial assets are placed with banks at floating rates over periods ranging from overnight to three months depending upon forecast cash flow movements and earn interest at prevailing rates in the money market.

Included within short term deposits is an amount representing £6.5m, which is held as security against borrowings. Per the borrowing agreement this amount is to be held on deposit until the loan's maturity date. The monies deposited shall be used to repay any residual balances on the borrowings at the maturity date.

10. Derivative financial instruments

Interest rate swaps

At 31 March 2009, three cash flow hedge arrangements were in place covering loans of £44.5 million at a fixed rate of 5.795% payable monthly, £7.9m million at a fixed rate of 4.63% monthly (2008: £nil) and £3.7m at a fixed rate of 3.43% monthly (2008: £nil)

The fair value of the hedge arrangements at 31 March 2009 represents a liability of £7.125 million (2008: asset of £2.19m) giving rise to a negative hedging reserve of £5.130 million. A deferred tax asset of £1.995m has been reflected in the hedging reserve.

These amounts are based on market values of equivalent instruments at the balance sheet date. The interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been taken to the hedging reserve. An analysis of the financial instruments designated as hedging instruments, their fair values at reporting date and the nature of risks being hedged is set out below.

Title	Description	Nature of Risk being hedged	Period termination dates	Swap fair value pre settlement 31.03.08	Settlement paid	Fair value movement in the year	Swap fair value post settlement 31.03.09
				£'000	£'000	£'000	£'000
HBOS Swap	Cash Flow Hedge	Interest Rate Risk	31 March 2021	2,001	2,083	(10,227)	(6,143)
Co-Op Swap	Cash Flow Hedge	Interest Rate Risk	19 April 2026	189	318	(1,282)	(775)
Barclays Swap	Cash Flow Hedge	Interest Rate Risk	14 October 2010	-	24	(231)	(207)
Total				2,190	2,425	(11,740)	(7,125)

11. Share capital

	Number of Shares	Share capital £'000	Share premium £'000	Total £'000
At 1 April 2008	71,832,554	17,958	25,197	43,155
Proceeds from ordinary shares issued	1,546,852	387	918	1,305
Equity element of compound financial instruments issued	7,917,000	7,917	-	7,917
At 31 March 2009	<u>81,296,406</u>	<u>26,262</u>	<u>26,115</u>	<u>52,377</u>

The total authorised number of ordinary shares is 95,000,000 (2008: 95,000,000) with a nominal value of 25 pence per share (2008: 25 pence per share). All issued shares are fully paid.

In addition, the Company issued 1,546,852 shares in part consideration for two acquisitions made in prior years, one of which was made by another Group company, in settlement of deferred consideration.

On 28 January 2009, 15,000,000 preference shares were issued at nominal value. The associated costs of share issue amounted to £230,000. In addition £7,045,000 of these shares have been classified as financial liabilities. £7,917,000 of these shares have been classified as equity as the shares can be converted into ordinary shares of the Group.

Share-based payments

The charge for the year in respect of share-based payments, comprising share options and warrants, is £196,000 (2008: £440,000).

a) Share options

Share options are granted to directors and to selected employees. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31 March 2009		31 March 2008	
	Average exercise price £ per share	Options	Average exercise price £ per share	Options
At 1 April	1.77	1,819,327	1.36	1,736,205
Granted	-	-	2.5858	689,500
Exercised	-	-	2.14	(60,000)
Forfeited	1.82	(466,724)	1.69	(521,378)
Lapsed	-	-	1.36	(25,000)
At 31 March	<u>1.76</u>	<u>1,352,603</u>	<u>1.77</u>	<u>1,819,327</u>

Out of the 1,352,603 outstanding options (2008: 1,819,327), 290,000 (2008: 290,000) were exercisable.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price £ per share	Shares 31.3.09	Shares 31.3.08
4 December 2013	1.00	210,000	290,000
29 March 2017	1.45	698,103	919,827
30 July 2017	2.30	120,000	185,000
30 July 2007	3.00	160,000	260,000
22 November 2017	2.30	100,000	100,000
22 November 2017	3.00	40,000	40,000
28 November 2017	2.04	24,500	24,500
		<u>1,352,603</u>	<u>1,819,327</u>

The fair value of options at grant date were determined using the Black-Scholes method.

12. Borrowings

	Group 2009 £'000	Group 2008 £'000
Non-current		
Bank borrowings	27,693	18,961
Finance lease liabilities	53,983	50,002
Other loans	-	1,007
	<u>81,676</u>	<u>69,970</u>
	Group 2009 £'000	Group 2008 £'000
Current		
Bank overdrafts	3,693	12,502
Bank borrowings	4,319	5,989
Finance lease liabilities	8,831	8,084
Other loans	-	250
	<u>16,843</u>	<u>26,825</u>
Total borrowings	<u>98,519</u>	<u>96,795</u>

Total borrowings include secured liabilities of £98,519 million (2008: £96,795 million). The Group's bank loans and overdrafts are secured by a debenture over the assets of the Group.

The increase in total borrowings is due to the increase in asset backed finance in the year. Non recourse finance amounts outstanding have fallen by £3m in the year.

Finance lease liabilities principally relate to assets provided to customers under long-term arrangements.

The repayment dates of the Group's borrowings are as follows:

	Group 2009 £'000	Group 2008 £'000
Less than one year	16,843	26,825
One to two years	21,353	9,169
Two to five years	33,999	32,944

After five years	26,324	27,857
	<u>98,519</u>	<u>96,795</u>

Bank borrowings

Bank borrowings mature until November 2016.

Details of the Group's bank borrowings at 31 March 2009 are summarised as follows:

Date	Initial loan	Term	Rate
November 2007	£16 million	9 years	1.75% over 1 month Libor
November 2007	£5 million	41 months	2% over 1 month Libor
January 2008	£1.5 million	5 years	1.6% over 3 month Libor
July 2008	£4.5 million	20 months	2.5% over 3 month Libor
September 2008	£4.1 million	5 years	2.75% over 1 month Libor
September 2008	£0.96m	7 years	2.5% over 1 month Libor
March 2009	£4m	4 years	2% over base

At 31 March 2009, the Group had seven principal loans with four different financial institutions. Loans of £16 million and £5 million were repayable over 9 years and 3.5 years respectively at a rate of 2% over 3-month Libor.

The fair value of the non-current borrowings is as follows:

	Group 2009 £'000	Group 2008 £'000
Bank borrowings	27,693	18,961
Finance lease liabilities	53,983	50,002
Other loans	-	1,007
	<u>81,676</u>	<u>69,970</u>

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 6.5% (2008: 6.75%).

The carrying amounts of short-term borrowings approximate their fair value.

The facilities expiring within one year are annual facilities subject to review at various dates during 2009. The other facilities have been arranged to help finance the ongoing build programme for the London Fire and Emergency Planning Authority and the Lincolnshire Fire and Rescue Service.

13. Reconciliation of profit before tax to net cash generated from operations

	2009	2008
	£'000	£'000
Profit for the year before taxation	6,089	9,897
Adjustments for:		
- Depreciation	6,546	7,462
- Amortisation	223	23
- Profit on disposal of property, plant and equipment	(292)	(16)
- Profit on disposal of subsidiary undertakings	-	(1,000)
- Increase in share-based payments	140	440
- Movement in restructuring provision	(1,549)	1,549
- Decrease in retirement benefit obligations	-	(142)
- Finance income	(717)	(429)
- Finance costs	6,869	5,373
Changes in working capital (excluding the effects of acquisitions)		
- Inventories	(697)	1,493
- Trade and other receivables	(2,625)	452
- Trade and other payables	(972)	(10,979)
Cash generated from operations	13,015	14,123

14. Events after the balance sheet date

On 9th June 2009, the Board recommended a final dividend for the year to 31 March 2009 of 1.25p per share (2008 1p per share). This dividend has not been included as a liability at 31 March 2009.