



---

## Press Release: 25/06/10

---

Preliminary unaudited results for the year ended 31 March 2010

Record results for International Fire and Rescue Services Group  
with major contract wins in the UAE and UK.

### Highlights:

#### Financial

- Profit before tax from continuing operations of £12.1m (2009: £1.3m)
- Basic EPS from continuing operations 8.9p (2009: 1.9p)
- Recourse debt reduced by £16.8m to £18.9m (2009: £35.7m)
- Operating cash conversion improved to 139% (2009: 117%) as the Group exited the lower margin Vehicle Assembly operations
- Dividend increased to 1.5p per share (2009: 1.25p)
- Intention to pay a further dividend of not less than 1p on the disposal of “assets held for sale”.

#### Operational

- 100% of forecast revenue for 2011 is contractually committed
- Award of £40m contract to provide a fully outsourced fire service in Abu Dhabi and the wider UAE
- 10 year Joint Venture formed with the Abu Dhabi Government for construction and operation of the Disaster City Training Facility
- Award of a 7 year contract with London Fire and Emergency Planning Authority for the provision of an Emergency Fire Crew Capability Service to the London Fire Brigade
- Exit from low margin Vehicle Assembly businesses.

John Shannon, Chief Executive Officer, commented:

“This has been a transformational year for AssetCo Fire and Rescue. Not only did we significantly increase profits and earnings per share, we also confirmed our position as the leading provider of Fire and Rescue based front-line operational services in the UK and won a number of significant contracts in the UAE.

Looking forward, our established track record in the UK allows us to continue to offer alternative models to deliver significant efficiency savings to those Local Authorities tasked with meeting the Chancellor’s budget targets, whilst Internationally we have identified several further opportunities for growth. As a result, we approach the coming year with confidence and look forward to continuing to develop the Group as a leading player in the International Fire and Rescue Services market.

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 7614 5932

Richard Day

Adrian Trimmings

**Pelham**

+44 (0) 20 7861 3157

Alex Walters

This preliminary statement is not being posted to shareholders. The Report & Accounts for the year ended 31 March 2010 will be posted to shareholders in early July 2010. Further copies will be available from the Company Secretary, AssetCo plc, 800 Field End Road, South Ruislip, Middlesex, HA4 0QH or on the company website [www.assetco.com](http://www.assetco.com)

## CHAIRMAN'S STATEMENT

I am pleased to report that the Group made strong progress during the year in line with its strategy to reposition its activities as a streamlined support services business with an international presence. It has also begun to see the benefit of the investment made since 2008 in the United Arab Emirates. Despite the difficult overall economic environment the Group has shown a strong growth in the performance of its continuing activities.

The Group continued to strengthen its relationships with the London Fire Brigade (LFB), built around its 20-year PFI contract, which is now in its 10<sup>th</sup> year, and with Lincolnshire Fire and Rescue Service, with which the Company is in its 5<sup>th</sup> year of a 20-year PPP contract. Our strategy is to prioritise our efforts on those essential support services accountable for the highest proportion of our clients' cost base and which will make a significant addition to our support services revenue.

In July, we secured a 7 year contract, the first in the UK, to provide a 700 strong fire-fighter reserve capability to the London Fire and Emergency Planning Authority. This replaced the resilience previously provided by the Ministry of Defence (using military personnel and the "Green Goddess" fleet).

The UK is entering a period of unprecedented public sector fiscal pressure. The requirement for all UK Fire and Rescue Authorities to deliver efficiency savings from continued modernisation will now be much greater and more pressing. Our experience and track record and the increased breadth of our Fire and Rescue offering mean that we are well positioned to deliver sustainable long-term growth in this environment.

We have established an office in Abu Dhabi serving the Middle East and North Africa region, and in early 2009, raised investment specifically to support our business development in the region. Our partnership model with LFB, which is recognised internationally as one of the world's leading fire and rescue services, provides an operating template against which we can measure other services and deliver change and improvement.

In November last year, we announced a 10 year joint venture with the Abu Dhabi Government to develop and operate a 100-acre multi-agency, emergency services training centre. The establishment of this joint venture with the Abu Dhabi Government, positions us well to work with the various agencies that deliver a fire and rescue service to the UAE, to allow them to consider alternative delivery models for all their operational service requirements.

In March, we secured a 3 year contract, the first in the UAE, to provide a fully outsourced fire-fighting service including the provision of personnel, training, asset and facilities management. This contract has provided us with the opportunity to open up a number of new markets in the provision of front-line fire-fighting.

As announced previously, following completion of a strategic review the board has decided to concentrate all the group's resources on support services and to withdraw from the group's other activities. Accordingly businesses within the Specialist Equipment division and the low margin Vehicle Assembly operations are being divested or have been exited.

### Results

Profit before tax from continuing operations was £12.1m (2009: £1.3m). Basic earnings per share from continuing operations increased substantially to 8.9p (2009: 1.9p). Discontinued operations made a loss of £5.3m (2009: Profit £0.3m). Profit after tax and discontinued operations was £2.3m

(2009: £1.7m) Cash conversion (as defined in the report by the Chief Financial Officer) was 139% (2009: 117%). Recourse debt at the year end stood at £18.9m, a reduction of £16.8m during the year.

### **Dividend**

The directors are recommending an increased dividend of 1.5p per share (2009: 1.25p) and the board also intends to declare an interim dividend of not less than 1.0p following the disposal of “assets held for sale”.

### **Board**

Andrew Freemantle CBE joined the board as a non-executive director on 1<sup>st</sup> January 2010. Andrew retired in 2009 from the position of Chief Executive of the Royal National Lifeboat Institution, a position he held for ten years. He has extensive leadership experience in complex, multi-site organisations providing indispensable services to the public and his experience will be of great benefit to AssetCo as we continue to develop the business in the UK and internationally.

Adrian Bradshaw will be standing down as a Non-executive Director at the Annual General Meeting in August. He has served on the board for over six years and made an important contribution for which we are very grateful. He leaves with our best wishes for the future.

### **Staff**

It has been a year of considerable change set against a difficult economic background and the board is very aware of the essential contribution of all the staff to the progress the Company has made. Our employees are motivated and committed to deliver high quality products and services to our clients. On behalf of the board, I would like to thank them all for their hard work.

### **Current trading**

Trading at the start of the new financial year is in line with the board's expectations, and I am pleased to report that 100% of our forecast revenue for financial year 2011 is contractually committed.

### **Outlook**

Although the continuing difficult economic situation and fiscal pressures present challenges for all businesses in the UK, our established track record allows us to provide alternative models to deliver significant savings to help Local Authorities meet the government's budget targets. The board sees the Middle East in general, and Abu Dhabi and the UAE in particular, as strong areas for growth where AssetCo can add value. The Group benefits from a highly experienced management team and I am confident that we will deliver a resilient performance in the coming year.

## **REPORT OF THE CHIEF EXECUTIVE OFFICER**

**“We are the only UK company providing a front-line emergency service to a foreign state”.**

The past financial year delivered a strong endorsement from our clients in the evolution of the business from its leasing and asset management origins into a high growth International Fire and Rescue Services business. Our operating model has been re-shaped as a fully streamlined support services business to deliver the maximum return to stakeholders. We have closed our Vehicle Assembly unit, and begun the disposal process for our Specialist Equipment unit.

We delivered a £10.8m increase in profit before tax from continuing operations on the prior year, and in line with the long-term contractual nature of the business 100% of our forecast revenue for financial year 2011 is contractually committed. We have proactively reduced our recourse debt from £35.7m to £18.9m (which on a net debt basis less cash is £5.2m).

Culturally and intellectually, the business has under-gone a significant improvement in the depth and breadth of our technical and operating managerial skills base. Our team now includes senior global fire and rescue specialists who have expertise in policy, regulation, operations and training.

### **Strategy**

#### **UK**

In the UK, we have prioritised our efforts on those essential support services accountable for high proportions of our client's cost base. The UK is entering a period of unprecedented public sector fiscal pressure. The requirement for all UK Fire and Rescue Authorities to follow the lead of London and deliver efficiency savings from continued modernisation will now be much greater and more pressing. We continue to develop solutions that enable clients to have access to alternative delivery models for operational training and front-line operational services.

In July, we were awarded a 7-year contract by the London Fire and Emergency Planning Authority (LFEPA) for the provision of an Emergency Fire Crew Capability Service (EFCC) to the London Fire Brigade of up to 700 staff trained to provide a contingency fire-fighting service. The EFCC contract enables London to meet its statutory duty to provide crew resilience if existing services require support with extreme situations such as a pandemic illness or flooding.

This was the first major contract of its nature to be awarded by a UK Fire and Rescue Service, reflecting the increasing role Fire and Rescue Authorities have in securing their own continuity arrangements without reliance upon the support of the MoD. The contract was won following a competitive tendering process and reflects our depth of understanding of the challenges facing the UK Fire and Rescue Service and our ability to compete successfully with the largest companies in the business outsourcing field.

#### **Internationally**

Internationally, our focus is to develop relationships with Governments who look to UK Fire and Rescue, and London Fire Brigade in particular as operating templates to deliver change and improvement.

In November 2009, we announced a ten-year joint venture with the Abu Dhabi Government to develop and operate a 100-acre multi-agency, emergency services training centre. The project is an integral part of a programme to establish accredited training and senior qualifications in the fields of safety, security, defence, emergency preparedness and crisis management for personnel from the Emirates, the Gulf Co-operation Council (GCC) and internationally.

In March 2010, we secured a three-year contract, the first in the UAE, to provide a fully outsourced fire-fighting service including the provision of personnel, training, asset and facilities management. This contract has provided us with the opportunity to open up a number of new markets in the provision of front-line fire fighting, including Airside, Defence, and Oil and Gas markets. We are the only UK Company providing a front-line emergency service to a Foreign State.

## **Outlook**

This is an exciting period in the Group's development. The evolution of our business model into the provider of a UK Fire and Rescue based front-line operational service, has us well placed for growth as an International Fire and Rescue Services business. Whilst our established track record in the UK allows us to continue to offer alternative models to deliver significant efficiency savings to those Local Authorities tasked with meeting the Chancellor's budget targets.

## **REPORT OF THE CHIEF FINANCIAL OFFICER**

### **Business review**

As part of our ongoing strategy to streamline our business we have had a year of considerable change with a number of companies within the group being sold, closed or made available for sale. The intention is that by the 31<sup>st</sup> March 2011 we will have a UK and International business managing long term contracts. The results for the year ended 31<sup>st</sup> March 2010 show a profit before tax for continuing operations of £12.1m (2009: £1.3m) although part of this increase is derived from the change in accounting for the treatment of the hedges we have on our long term contract debt, which has been treated as a prior year adjustment. The backdrop to 2010 was the turmoil in the financial markets which has seen the fundamentals of the banking structure in the UK changed radically, creating challenges for all businesses in the UK. The knock on effect of the banking crisis and the subsequent bail out by the Government has created a huge fiscal deficit that can only be addressed by a wholesale reduction in Government public expenditure. This should create a positive environment for outsourcers who can assist government with its planned reduction in public expenditure.

### **Prior year adjustment gains/(losses) in relation to interest rate hedging**

Following a review of the swaps we have in place to fix the interest rates on the debt associated with our long term contracts, this fixing of our interest rates is no longer deemed to be “effective” as defined by IAS 39. It should be noted this does not mean the swaps are commercially ineffective as the movements are non cash items.

As the swaps are now deemed “ineffective” according to IAS 39 the non cash movements on these swaps are now accounted through the consolidated income statement and no longer accounted for through the consolidated statement of financial position. The former approach resulted in adjustments being made to reserves on an instrument where the end result will be zero and we paradoxically now have to account for this through the consolidated income statement.

However, in order to comply with this standard our 2008 and 2009 financial statements have been restated with a net after tax charge of £3.3m in 2009. The net after tax effect in 2010 is a credit of £0.9m and as the hedge reduces each year in line with the original profile of our debt there will be further credits to the consolidated income statement for the duration of the hedge.

## Key Performance Indicators

The Board monitors the Group's Key Performance Indicators which are summarised below for FY09 and FY10:

	2010	2009	Variance	Variance %
Profit before tax from continuing operations	£12.1m	£1.3m	£10.8m	831%
EBITDA	£24.9m	£17.6m	£7.3m	41%
Basic earnings per share from continuing operations	8.9p	1.9p	7.0p	368%
Net debt	£68.5m	£76m	£(7.5)m	10%
Cash conversion	139%	117%	22	19%
Staff turnover	5%	5%	-	0%

### Profit before tax from continuing operations

Profit before tax from continuing operations of £12.1m has increased from £1.3m. £5.9m of the increase is due to the change in accounting treatment for our fixed rate hedge and the balance is due to the continued growth of our long term contracts and securing the Emergency Fire Crew Capability Contract to provide over 700 reserve fire fighters to London Fire Brigade in July 2009. 2009 numbers have also been adjusted for UV Modular Limited – In Administration, which is now included in discontinued operations along with a number of other subsidiaries which were either sold or have been categorised as “assets held for sale”.

### EBITDA

Earnings before interest, tax, depreciation and amortisation have increased by 41% to £24.9m due to the increased revenues for the year.

### Basic EPS

Basic earnings per share from continuing operations have increased to 8.9p. (2009: 1.9p)

## Net Debt

The debt has fallen from £76m in 2009 to £68.5m in 2010 and this is analysed in the table below:

	2010 £	2009 £
Asset finance – emergency	62.7m	61.6m
Asset finance – non emergency	0.6m	1.2m
Acquisition and other medium term loans	17.7m	32.0m
Short term loans and overdrafts	1.2m	3.7m
Less cash	(13.7)m	(22.5)m
Net debt	68.5m	76m

£63.3m (92%) of our net debt is non-recourse asset backed debt which relates to our long term Fire and Rescue contracts. 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.

During the year we have proactively worked on our “cash optimisation plans” and towards the end of the year the funds generated have been utilised to reduce our recourse debt which has fallen by £16.8m to £18.9m. We have a medium term goal to reduce this to zero.

## 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 117% in 2009 to 139% in 2010. In absolute terms this equates to cash generated from operating activities of £24.3m (2009: £12.7m). This growth is reflective of the increased working capital management focus of the Group and also the disposal and closure of subsidiaries which tied up considerable working capital investment.

## Staff Turnover

This is calculated excluding redundancy programmes and at 5% is consistent with the prior year.

## Historical performance for Continuing Operations

£'m	2010	2009	2008
Revenue	45.2	34.1	26.1
Gross profit	27.6	21.9	17.4
Gross profit %	61.1	64.2	66.7
Admin expenses	10.1	11.0	14.9
Restructuring costs	-	-	0.6
Operating profit	17.4	10.8	6.7
Operating profit %	38.5	31.7	25.7
Finance costs	7.0	5.7	4.4
Profit before tax	12.1	1.3	2.3
Taxation	4.5	(0.1)	1.9
Profit after tax	7.6	1.4	0.4

### Revenue

Group revenue increased by 33% to £45.2m (2009: £34.1m) due to the securing of the EFCC contract which commenced in August 2009 and also due to the IFRS treatment of new assets, which are separately identifiable from a vehicle, and are recognised in accordance with IAS 17 as a sale under a finance lease debtor arrangement. For these assets the IFRS accounting treatment is to take the future revenues from these assets, discount this revenue stream back to today's value and recognise the revenues as a finance lease debtor. The accounting treatment for the costs associated with these assets are recognised in accordance with IAS 17 "Leases" and included in costs of sales.

### Gross profit

Gross profit has increased by 26% to £27.6m (2009: £21.9m) due to the increased revenues during the year. The gross profit margin was 61.1% (2009: 64.2%) and the reduction in the gross profit % reflects the service rather than capital intensive nature of new revenue.

### Administration expenses

Group administration expenses were £10.1m (2009: £11m), and this material reduction is the consequence of our continuous improvement projects and the synergies from our site rationalisation programme.

### Finance costs

Finance costs were 23% higher than last year at £7m (2009: £5.7m), although included in finance costs is £1.1m (2009: £0.1m) of deemed preference share interest being the consequence of the full year effect of the IFRS deemed finance charge on the preference shares of which an element is classified as financial liabilities. This is a non cash adjustment and the real underlying interest charge is similar to last year. The reduction in debt occurred towards the end of the year and the benefit of lower finance costs will accrue in 2011.

**Taxation**

The total tax charge for the year was £4.5m, representing an effective tax rate of 37.2% (2009 zero tax). The higher tax rate this year reflects an adjustment to the tax treatment of the losses arising when TVAC - The Vehicles Application Centre Limited was placed into administration in December 2008. A similar tax treatment has been adopted in the current year for the losses arising on the placing into administration of UV Modular Limited in January 2010. We anticipate the effective tax rate will return to more normal levels in FY11.

**Discontinued operations**

Discontinued operations include activities relating to the UV Modular Ltd and Auto Electrical Services Ltd, (see below), and the Supply 999 and Treka businesses which are held for resale. The trading and investment losses in relation to these companies was £5.3m (2009: £0.3m)

**UV Modular Limited – In Administration**

UV Modular Limited, a loss making subsidiary, was placed in Administration on 15<sup>th</sup> January 2010 after a protracted process where we tried to find a buyer for the business. This process was unsuccessful and due to the ongoing drain on Group working capital resources and the losses being incurred the business was closed and has been accounted for in FY10.

**Auto Electrical Services (Manchester) Ltd**

Auto Electrical Services (Manchester) Ltd, a loss making subsidiary 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 our London Fire fleet. There are great opportunities for this technology and during the year the technology was transferred to another AssetCo subsidiary and the AES business was sold back to management in October 2009.

**Placing**

In July, following the award of the London EFCC contract we raised £7.5m (after costs) to help with the upfront costs of training over 700 reserve fire fighters for the London Fire and Emergency Planning Authority.

# UNAUDITED CONSOLIDATED INCOME STATEMENT

	Notes	Year ended	
		31.03.2010 £'000	31.03.2009 Restated £'000
<b>Continuing operations</b>			
Revenue	2	45,231	34,050
Cost of sales		<u>(17,671)</u>	<u>(12,175)</u>
Gross profit		<u>27,560</u>	<u>21,875</u>
Administrative expenses		<u>(10,139)</u>	<u>(11,036)</u>
Operating profit		17,421	10,839
Finance income	3	416	706
Finance costs	3	(7,043)	(5,739)
Gain/(loss) on fair value of financial instrument	4	<u>1,304</u>	<u>(4,555)</u>
Profit before taxation		<u>12,098</u>	<u>1,251</u>
Taxation	5	(4,166)	(1,134)
Deferred tax movement on gain/(loss) of financial instrument		<u>(365)</u>	<u>1,275</u>
Profit for the year from continuing operations		<u>7,567</u>	<u>1,392</u>
<b>Discontinued operations</b>			
(Loss)/profit for the year from discontinued operations	6	<u>(5,296)</u>	<u>283</u>
Profit for the year		<u>2,271</u>	<u>1,675</u>
<b>Earnings per share (pence)</b>			
<b>From continuing operations</b>			
Basic	7	<u>8.9p</u>	<u>1.9 p</u>
Diluted	7	<u>8.9p</u>	<u>1.9 p</u>
<b>From continuing and discontinued operations</b>			
Basic	7	<u>2.7p</u>	<u>2.3 p</u>
Diluted	7	<u>2.7p</u>	<u>2.3 p</u>

# UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended	
	31.03.2010	31.03.2009
Notes	£'000	Restated £'000
<b>Profit for the year</b>	<b>2,271</b>	1,675
<b>Other comprehensive income</b>		
Exchange differences on translating of foreign operations	246	(660)
Income tax relating to components of other comprehensive income	(69)	185
	<u>177</u>	<u>(475)</u>
<b>Total comprehensive income</b>	<b><u>2,448</u></b>	<b><u>1,200</u></b>

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.3.10 £'000	31.3.09 Restated £'000	01.04.08 Restated £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		74,714	76,877	76,727
Goodwill		47,905	57,081	54,060
Other intangible assets		7,939	5,666	1,576
Investment in associate		414	414	414
Deferred tax asset		4,377	5,162	3,043
Retirement benefit surplus		429	429	429
		<u>135,778</u>	<u>145,629</u>	<u>136,249</u>
<b>Current assets</b>				
Inventories		201	6,607	5,910
Trade and other receivables		28,014	24,062	21,514
Cash	8	13,697	22,498	12,896
		<u>41,912</u>	<u>53,167</u>	<u>40,320</u>
Assets held for sale	9	16,956	-	3,370
<b>Total assets</b>		<u><u>194,646</u></u>	<u><u>198,796</u></u>	<u><u>179,939</u></u>
<b>EQUITY</b>				
Issued share capital		22,678	18,345	17,958
Equity component of compound financial instruments		7,917	7,917	-
Share premium account		29,288	26,115	25,197
Reverse acquisition reserve		(11,701)	(11,701)	(11,701)
Translation reserve		(58)	(304)	356
Other reserve		680	580	384
Retained earnings		12,014	10,883	9,929
<b>Total equity</b>		<u><u>60,818</u></u>	<u><u>51,835</u></u>	<u><u>42,123</u></u>

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.3.10 £'000	31.3.09 Restated £'000	01.04.08 Restated £'000
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings		67,267	81,676	69,970
Liability component of compound financial instruments		8,200	7,045	-
Deferred tax liabilities		9,959	7,391	5,961
		<u>85,426</u>	<u>96,112</u>	<u>75,931</u>
<b>Current liabilities</b>				
Trade and other payables		20,118	26,881	27,872
Current income tax liabilities		858	-	330
Borrowings		14,912	16,843	26,825
Provisions		-	-	1,549
Derivative financial instruments		5,821	7,125	2,190
		<u>41,709</u>	<u>50,849</u>	<u>58,766</u>
Liabilities associated with assets classified as held for sale	9	6,693	-	3,119
<b>Total liabilities</b>		<u>133,828</u>	<u>146,961</u>	<u>137,816</u>
<b>Total equity and liabilities</b>		<u>194,646</u>	<u>198,796</u>	<u>179,939</u>

# UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended	
		31.3.10 £'000	31.3.09 Restated £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	10	24,294	12,732
Taxation		(320)	(44)
Contribution to defined benefit pension schemes		(228)	(292)
<b>Net cash flow from operating activities</b>		<u>23,746</u>	<u>12,396</u>
<b>Cash flows from investing activities</b>			
Finance income		416	717
Acquisition of subsidiaries, net of cash acquired		(1)	(60)
Purchase of intangible assets		(2,713)	(3,563)
Cash element of deferred consideration settlement		-	(1,800)
Purchases of property, plant and equipment		(8,073)	(10,906)
Proceeds from sale of property, plant and equipment		12	6,229
<b>Cash flow from investing activities</b>		<u>(10,359)</u>	<u>(9,383)</u>
<b>Cash flows from financing activities</b>			
Issue of shares (net of costs)		7,506	14,780
Dividends paid		(1,140)	(721)
Finance costs		(5,888)	(6,687)
Repayments of borrowings		(11,063)	(5,100)
Increase in borrowings		-	10,942
Finance lease additions		11,807	15,062
Finance lease repayments		(11,371)	(13,453)
<b>Net cash from financing</b>		<u>(10,149)</u>	<u>14,823</u>
<b>Net cash and cash equivalents from continuing operations</b>			
		3,238	17,836
Cashflow from discontinued operations		(9,556)	575
Net change in cash and cash equivalents		(6,318)	18,411
Cash, cash equivalents and bank overdrafts at beginning of period		18,805	394
<b>Cash, cash equivalents and bank overdrafts at end of period</b>		<u>12,487</u>	<u>18,805</u>

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary and Pref 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 2008 as previously stated	17,958	25,197	(11,701)	1,577	356	384	11,506	45,277
Prior year adjustment in respect of derivative financial instruments	-	-	-	(3,154)	-	-	-	(3,154)
Prior year adjustment in respect of derivative financial instruments	-	-	-	1,577	-	-	(1,577)	-
At 1 April 2008 as restated	17,958	25,197	(11,701)	-	356	384	9,929	42,123
Exchange differences on translation of overseas operations	-	-	-	-	(660)	-	-	(660)
Profit for the year	-	-	-	-	-	-	1,675	1,675
Total recognised income and expense for the period	-	-	-	-	(660)	-	1,675	1,015
Dividends paid in the year	-	-	-	-	-	-	(721)	(721)
Movement relating to share-based payments	-	-	-	-	-	196	-	196
Net proceeds from issue of shares	8,304	918	-	-	-	-	-	9,222
<b>At 31 March 2009</b>	<b>26,262</b>	<b>26,115</b>	<b>(11,701)</b>	<b>-</b>	<b>(304)</b>	<b>580</b>	<b>10,883</b>	<b>51,835</b>
Exchange differences on translation of overseas operations	-	-	-	-	246	-	-	246
Profit for the year	-	-	-	-	-	-	2,271	2,271
Total recognised income and expense for the period	-	-	-	-	246	-	2,271	2,517
Dividends paid in the year	-	-	-	-	-	-	(1,140)	(1,140)
Movement relating to share-based payments	-	-	-	-	-	100	-	100
Net proceeds from issue of shares	4,333	3,173	-	-	-	-	-	7,506
<b>At 31 March 2010</b>	<b>30,595</b>	<b>29,288</b>	<b>(11,701)</b>	<b>-</b>	<b>(58)</b>	<b>680</b>	<b>12,014</b>	<b>60,818</b>

## 1. Publication of non-statutory accounts

The financial information set out in this announcement does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006.

The unaudited financial information for the three years ended 31 March 2010 has been extracted from the group's draft financial statements to that date which we anticipate will receive an unmodified auditors' report.

## 2. Revenue

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

	2010	2009
	£'000	Restated £'000
<b>Continuing operations</b>		
Managed services	36,132	30,811
Support services	5,795	-
Leasing and contract hire	2,539	2,604
Sale of goods	765	635
<b>Revenue</b>	<u>45,231</u>	<u>34,050</u>
<b>Discontinued operations</b>		
Leasing and contract hire	313	-
Sale of goods	28,018	49,723
	<u>73,562</u>	<u>83,773</u>

## 3. Finance income and finance costs

	2010	2009
	£'000	Restated £'000
<b>Finance income</b>		
Interest income on short-term bank deposits	<u>416</u>	<u>706</u>
<b>Finance costs</b>		
Interest on bank borrowings and finance leases	5,888	5,547
Increase in valuation of shares classified as financial liabilities	1,155	192
	<u>7,043</u>	<u>5,739</u>

#### 4. Prior year adjustments

There are two prior period adjustments:

The first one is in relation to an overstatement of a derivative financial instrument debit balance. This resulted in an over statement of net assets of £3.154m and a gain of £1.577m being recognised in the consolidated statement of income and expense. This has been restated as a loss and the restated amount reflects this movement.

The second adjustment was to adjust the designation of the hedge arrangement as an ineffective hedge. This resulted in gains and losses on the movement in fair value of the financial instrument being transferred from the statement of changes in equity to the income statement.

The related impact on the consolidated income statement is set out below:

	2010	2009
	£'000	£'000
<b>Finance income</b>		
(Credit)/charge in relation to movement in derivative financial instrument	<u>(1,304)</u>	<u>4,555</u>

The impact on retained earnings and the hedge reserve can be seen in the consolidated statement of changes in equity.

In compliance with IAS 39 our 2009 and 2008 balance sheets have been restated for the movement on our derivative financial instruments which, whilst commercially effective, have been deemed ineffective from inception from a financial reporting perspective. The current year credit and prior year charge to the consolidated income statement are non cash items.

## 5. Taxation

	2010	2009
	£'000	Restated £'000
<b>Current tax</b>		
<b>Domestic tax</b>		
Current tax on income for the period	838	-
<b>Foreign tax</b>		
Current tax on income for the period	20	(65)
<b>Current tax charge/(credit)</b>	<u>858</u>	<u>(65)</u>
<b>Deferred tax</b>		
Deferred tax expense relating to the origination and reversal of temporary differences	3,308	1,199
Deferred tax expense relating to financial instruments	365	(1,275)
<b>Deferred tax charge / (credit)</b>	<u>3,673</u>	<u>(76)</u>
<b>Taxation</b>	<u>4,531</u>	<u>(141)</u>

Corporation tax is calculated at 28% (2009: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions. At 31 March 2010, net trading losses of approximately £3.993 million are available to be carried forward.

### Tax reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2010	2009
	£'000	Restated £'000
Profit before tax (continuing operations)	12,098	1,251
(Loss)/profit for the year from discontinued operations	(5,296)	283
Profit for the year	<u>6,802</u>	<u>1,534</u>
Tax calculated at domestic tax rates applicable to profits	1,905	430
Effect of:		
Income not subject to tax	(163)	(16)
Expenses not deductible for tax purposes	1,879	547
Losses carried forwards	(85)	-
Utilisation of previously unrecognised tax losses	(112)	83
Amortisation of intangible assets	(71)	149
Rate difference on tax charge	(7)	69
Capital gain on disposal more than accounting profit	36	-
Adjustment in respect of prior periods – deferred tax	1,149	(1,403)
Total tax charge for the period	<u>4,531</u>	<u>(141)</u>

## 6. Investments

### Discontinued operations

Discontinued operations include activities relating to the UV Modular business which went into administration in January 2010, the Auto Electrical Services business which was sold in September 2009 and the Supply 999 and TREKA businesses which are held for resale. Details of performance in the year are outlined below:

	2010 £'000	2009 £'000
Revenue	28,331	49,723
Expenses	<u>(33,627)</u>	<u>(49,440)</u>
Net (loss)/profit after tax	<u>(5,296)</u>	<u>283</u>

The carrying amount of the net assets of AES Limited on the date of disposal (30 September 2009) were as follows:

	£'000
Non current assets	46
Cash and cash equivalents	27
Trade and other receivables	875
Inventories	279
Total assets	<u>1,227</u>
Trade and other payables	<u>1,095</u>
Total liabilities	<u>1,095</u>
Net assets	<u>132</u>

The carrying amount of the net assets of U V Modular Limited on the date at which the Group lost control, 15<sup>th</sup> January 2010, were as follows:

	<b>£'000</b>
Non current assets	131
Cash and cash equivalents	135
Trade and other receivables	2,494
Inventories	4,305
Total assets	<u>7,065</u>
Trade and other payables	<u>9,580</u>
Total liabilities	<u>9,580</u>
Net liabilities	<u>(2,515)</u>

## 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.

<b>From continuing operations</b>	<b>2010</b>	2009
	<b>£'000</b>	Restated £'000
Profit attributable to equity holders of the Company	2,271	1,675
Loss/(profit) from discontinued operations	5,296	(283)
Profit from continuing operations used to determine basic earnings per share	<u>7,567</u>	<u>1,392</u>
Weighted average number of ordinary shares in issue	<u>84,992,740</u>	<u>72,528,482</u>
Basic earnings per share (pence per share)	<u>8.9</u>	<u>1.9</u>
<b>From continuing and discontinued operations</b>	<b>2010</b>	2009
	<b>£'000</b>	Restated £'000
Profit attributable to equity holders of the Company	2,271	1,675
Weighted average number of ordinary shares in issue	<u>84,992,740</u>	<u>72,528,482</u>
Basic earnings per share (pence per share)	<u>2.7</u>	<u>2.3</u>

## 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.

<b>From continuing operations</b>	<b>2010</b>	2009
	<b>£'000</b>	Restated £'000
Profit attributable to equity holders of the Company	2,271	1,675
Loss/(profit) from discontinued operations	5,296	(283)
	<hr/>	<hr/>
Profit from continuing operations used to determine diluted earnings per share	7,567	1,392
Weighted average number of ordinary shares in issue	84,992,740	72,528,482
Adjustments for:		
- share options and warrants	-	1,585,965
	<hr/>	<hr/>
Weighted average number of ordinary shares used for diluted earnings per share	84,992,740	74,114,447
	<hr/>	<hr/>
Diluted earnings per share (pence per share)	8.9	1.9
	<hr/>	<hr/>
<b>From continuing and discontinued operations</b>	<b>2010</b>	2009
	<b>£'000</b>	Restated £'000
Profit attributable to equity holders of the Company	2,271	1,675
Weighted average number of ordinary shares in issue	84,992,740	72,528,482
Adjustments for:		
- share options and warrants	-	1,585,965
	<hr/>	<hr/>
Weighted average number of ordinary shares used for diluted earnings per share	84,992,740	74,114,447
	<hr/>	<hr/>
Diluted earnings per share (pence per share)	2.7	2.3
	<hr/>	<hr/>

## 8. Cash

Included within the cash balance are sums amounting to £11.1m which were transmitted from clients prior to year end. These amounts were received shortly after the year end.

## 9. Assets held for sale

The decision has been taken to sell the entities disclosed as held for sale.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	<b>Group 2010 £'000</b>	Group 2009 £'000
Goodwill	9,196	-
Property, plant and equipment	2,784	-
Trade and other receivables	2,916	-
Inventories	2,060	-
Total assets classified as held for sale	<u>16,956</u>	<u>-</u>
Finance lease liabilities	75	-
Borrowings	3,950	-
Trade and other payables	2,668	-
Total liabilities associated with assets classified as held for sale	<u>6,693</u>	<u>-</u>
Net assets of disposal group	<u>10,263</u>	<u>-</u>

The directors are satisfied the above net asset value will be realised upon sale.

The net cash flows attributable to assets held for sale and discontinued operations are as follows:

	<b>2010 £'000</b>	2009 Restated £'000
Net cash	<u>(9,556)</u>	<u>575</u>

Earnings per share in relation to discontinued operations are as follows:

	<b>2010</b>	2009 Restated
Basic	<u>(6.3)p</u>	<u>4.0 p</u>
Diluted	<u>(6.3)p</u>	<u>4.0 p</u>

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

	2010	2009
	£'000	Restated £'000
<b>Profit for the year before taxation</b>	<b>12,098</b>	<b>1,251</b>
<b>Adjustments for:</b>		
- Depreciation	7,041	6,546
- Amortisation	440	223
- Profit on disposal of property, plant and equipment	-	(292)
- Share-based payments	100	140
- Fair value gains on financial instruments recognized in profit and loss	(1,304)	4,555
- Movement in restructuring provision	-	(1,549)
- Finance income	(416)	(717)
- Finance costs	7,043	6,869
- Exchange differences	246	-
<b>Changes in working capital (excluding the effects of acquisitions)</b>		
- Inventories	(224)	(697)
- Trade and other receivables	(6,814)	(2,625)
- Trade and other payables	6,084	(972)
<b>Cash generated from operations</b>	<b>24,294</b>	<b>12,732</b>

