

20 June 2019

Immediate Release

## **AssetCo plc**

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

(“AssetCo” or the “Company”)

### **2019 Half-year Report**

**for the six months ended 31 March 2019**

#### **Chairman’s statement**

These results show a Profit after taxation for the six months ended 31 March 2019 of £0.4m (2018: £0.5m) on Revenue of £5.2m (2018: £11.2m) with the net assets at 31 March 2019 totalling £30.2m. The reduced revenue results from the cessation of our Fire Services to the Abu Dhabi government which, as already announced, ended on 17 December 2018.

The liquidity position remains strong with Cash and cash equivalents of £18.3m, and this position is expected to improve as, although we have ongoing costs in relation to our remaining staff in Abu Dhabi and legal costs associated with the Grant Thornton appeal, we have Cash held in respect of Bonds of £3.3m, Trade and other Receivables of £10.7m, and Trade and other payables of just £ 2.1m.

On cessation of the Fire Services contract, our headcount in Abu Dhabi was immediately reduced from 242 by the transfer of 229 employees to the new operations and since then we have successively reduced the headcount to five. The remaining staff are senior fire service and administration staff who are currently involved in tendering for new business in the UAE, providing consultancy and dealing with the outstanding bonds and receivables.

We are encouraged by the opportunities that have arisen and have been involved in work proposals across several sectors; however, at this stage it is too early to assess the timing and potential from these sources.

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

The claim for negligence against AssetCo’s former auditors, Grant Thornton, culminated in a trial in June 2018, for which a Judgment in AssetCo’s favour was handed down. Since then permission to appeal was refused by the Trial Judge, but as announced on 31 May 2019, Grant Thornton have now successfully applied to the Court of Appeal for permission to appeal and the appeal will be heard by the Court of Appeal towards the end of January 2020.

AssetCo were awarded damages of £22.4m plus interest of approximately £6.5m and £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 and the release of which is dependent upon the outcome of the appeal listed towards the end of January 2020.

## **Outlook**

We shall keep shareholders informed of any developments regarding Grant Thornton's appeal and on the further development and opportunities we have with our business in UAE.

**Tudor Davies**

Chairman

20 June 2019

**AssetCo plc****Income statement**

for the six months ended 31 March 2019

	Note	Six months ended		Year ended
		31 March	31 March	30 September
		2019	2018	2018
		£'000	£'000	£'000
<b>Revenue</b>		<b>5,210</b>	11,151	22,888
Cost of sales		<b>(4,165)</b>	(8,215)	(16,645)
<b>Gross profit</b>		<b>1,045</b>	2,936	6,243
Administrative expenses		<b>(660)</b>	(2,440)	(4,746)
<b>Operating profit</b>		<b>385</b>	496	1,497
Finance income		<b>2</b>	3	5
Finance costs		<b>(25)</b>	(35)	(83)
<b>Profit before taxation</b>		<b>362</b>	464	1,419
Income tax expense		-	-	-
<b>Profit for the period</b>		<b>362</b>	464	1,419
<b>Earnings per share (EPS):</b>	3			
Basic – pence		<b>2.96</b>	3.80	11.62
Diluted – pence		<b>2.96</b>	3.80	11.62

**AssetCo plc****Statement of comprehensive income**

for the six months ended 31 March 2019

	Six months ended		Year ended
	31 March	31 March	30 September
	2019	2018	2018
	£'000	£'000	£'000
<b>Recognised profit for the period</b>	<b>362</b>	464	1,419
<b>Other comprehensive (expense) / income:</b>			
Exchange differences on translating foreign operations	<b>(146)</b>	(767)	760
<b>Other comprehensive (expense) / income net of tax</b>	<b>(146)</b>	(767)	760
<b>Total comprehensive (expense) / income for the period</b>	<b>216</b>	(303)	2,179

**AssetCo plc**  
**Statement of financial position**  
as at 31 March 2019

	Note	At 31 March		At 30
		2019	2018	September
		£'000	£'000	2018
				£'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		16	-	26
Cash held in respect of a bond		-	-	1,199
<b>Total non-current assets</b>		<b>16</b>	<b>-</b>	<b>1,225</b>
<b>Current assets</b>				
Inventories		-	-	-
Trade and other receivables	4	10,692	12,438	15,997
Cash and cash equivalents	5	18,257	19,554	16,800
Cash held in respect of bonds		3,290	320	941
<b>Total current assets</b>		<b>32,239</b>	<b>32,312</b>	<b>33,738</b>
<b>Total assets</b>		<b>32,255</b>	<b>32,312</b>	<b>34,963</b>
<b>Shareholders' equity</b>				
Share capital		25,474	25,474	25,474
Share premium		64,941	64,941	64,941
Profit and loss account		(60,229)	(62,927)	(60,445)
<b>Total equity</b>		<b>30,186</b>	<b>27,488</b>	<b>29,970</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	6	2,069	4,824	4,993
<b>Total current liabilities</b>		<b>2,069</b>	<b>4,824</b>	<b>4,993</b>
<b>Total liabilities</b>		<b>2,069</b>	<b>4,824</b>	<b>4,993</b>
<b>Total equity and liabilities</b>		<b>32,255</b>	<b>32,312</b>	<b>34,963</b>

**AssetCo plc**  
**Statement of changes in equity**  
for the six months ended 31 March 2019

	Share Capital £'000	Share premium £'000	Profit and loss reserve £'000	Total equity £'000
<b>Balance at 30 September 2017</b>	<b>25,474</b>	<b>64,941</b>	<b>(62,624)</b>	<b>27,791</b>
Profit for the period	-	-	464	464
<b>Other comprehensive income:</b>				
Exchange differences on translation	-	-	(767)	(767)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(303)</b>	<b>(303)</b>
<b>Balance at 31 March 2018</b>	<b>25,474</b>	<b>64,941</b>	<b>(62,927)</b>	<b>27,488</b>
Profit for the period	-	-	955	955
<b>Other comprehensive expense:</b>				
Exchange differences on translation	-	-	1,527	1,527
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>2,482</b>	<b>2,482</b>
<b>Balance at 30 September 2018</b>	<b>25,474</b>	<b>64,941</b>	<b>(60,445)</b>	<b>29,970</b>
Profit for the period	-	-	362	362
<b>Other comprehensive income:</b>				
Exchange differences on translation	-	-	(146)	(146)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>216</b>	<b>216</b>
<b>Balance as at 31 March 2019</b>	<b>25,474</b>	<b>64,941</b>	<b>(60,229)</b>	<b>30,186</b>

**AssetCo plc**  
**Statement of cash flows**  
for the six months ended 31 March 2019

	Note	Six months ended		Year ended
		31 March 2019 £'000	31 March 2018 £'000	30 September 2018 £'000
<b>Cash flows from operating activities</b>				
Cash generated from/(used by) operations	7	2,630	(1,602)	(3,453)
Cash deposited in respect of performance bonds		(1,150)	(97)	(3,631)
Cash released in respect of performance bonds		-	102	2,028
Finance costs		(25)	(35)	(83)
<b>Net cash generated from/(used by) operating activities</b>		<b>1,455</b>	<b>(1,632)</b>	<b>(5,139)</b>
<b>Cash flows from investing activities</b>				
Finance income		2	3	5
Purchases of property, plant and equipment		-	-	(26)
<b>Net cash generated from investing activities</b>		<b>2</b>	<b>3</b>	<b>(21)</b>
<b>Net change in cash and cash equivalents</b>		<b>1,457</b>	<b>(1,629)</b>	<b>(5,160)</b>
Cash and cash equivalents at the beginning of the period		16,800	21,530	21,530
Exchange differences on translation		-	(347)	430
Cash and cash equivalents at the end of the period		<b>18,257</b>	19,554	16,800

**AssetCo plc**  
**Notes to the Financial Statements**  
for the six months ended 31 March 2019

**1. Legal status and activities**

AssetCo plc (the "Company") is principally involved in the provision of management and resources to the fire and rescue emergency services in international markets. It currently trades through a branch in the United Arab Emirates ("UAE") and its strategy is to develop this business. As announced on 16 October 2018, the Company received, on 15 October 2018, notice of termination of its contract in the UAE. The contract terminated on 17 December 2018. Since termination, the company has been tendering for new business, providing consultancy and dealing with the outstanding bonds and receivables.

AssetCo plc is a public limited liability company incorporated and domiciled in England and Wales. The address of its registered office is Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA. The Company operates from one site in UAE. As at period end, the Company had no subsidiaries.

AssetCo plc shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange (AIM: symbol ASTO.L).

**2. Basis of preparation**

The financial information in the Half-year Report has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the Half-year Report are those the Group expects to apply in its financial statements for the year ending 30 September 2019 and, except as set out below, are unchanged from those disclosed in the Annual Report and Financial Statements for the year ended 30 September 2018.

IFRS 9 'Financial Instruments' (effective 1 January 2018) introduces a new model for the classification and measurement of financial assets, a new expected credit loss model for the impairment of financial assets held at amortised cost, and new requirements for hedge accounting. There are also a number of new disclosure requirements. The adoption of IFRS 9 has not had a material impact on the company's results or financial position, but is expected to result in further disclosures in the Report and Accounts for the year ended 30 September 2019.

IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018) introduces a new five step model for the recognition of revenue, which is based on the satisfaction of performance obligations. The core principle is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The adoption of IFRS 15 has not had a material impact on the company's results or financial position, but is expected to result in further disclosures in the Report and Accounts for the year ended 30 September 2019.

The financial information for the six months ended 31 March 2019 and the six months ended 31 March 2018 is unaudited and does not constitute the Company's statutory financial statements for those periods. The comparative financial information for the full year ended 30 September 2018 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies.

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

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

### 3. Earnings per share

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

	Six months ended		Year ended
	31 March 2019	31 March 2018	30 September 2018
	£'000	£'000	
Profit for the year	362	464	1,419
Weighted average number of ordinary shares in issue	12,211,163	12,211,163	12,211,163
Basic earnings per share (EPS) - pence	2.96	3.80	11.62

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

### 4. Trade and other receivables

	31 March 2019	31 March 2018	30 September 2018
	£'000	£'000	£'000
Trade receivables	-	103	-
Other receivables	119	325	166
Prepayments and accrued income	10,573	12,010	15,831
	10,692	12,438	15,997

### 5. Cash and cash equivalents

	31 March		30 September
	2019	2018	2018
	£'000	£'000	£'000
Cash at bank and in hand	18,257	19,554	16,800
Cash and cash equivalents	18,257	19,554	16,800
UK sterling	3,957	4,534	5,120
UAE Dirhams	14,300	15,020	11,680
	18,257	19,554	16,800

In addition to the above UAE Dirhams amounting to £3,290,000 (31 March 2018: £320,000 and 30 September 2018: £2,140,000) were held on deposit as security in respect of outstanding performance bonds - see note 8 Contingent liabilities.

### 6., Trade and other payables

	31 March 2019	31 March 2018	30 September 2018
	£'000	£'000	£'000
Trade payables	225	690	1,003
Other payables	149	1,439	1,618
Other taxation and social security	3	2	3
Accruals and deferred income	1,692	2,693	2,369
	2,069	4,824	4,993

### 7. Reconciliation of profit before taxation to net cash (used by) / generated from operations

	Six months ended		Year ended
	31 March	31 March	30 September
	2019	2018	2018
	£'000	£'000	£'000
Profit for the period before taxation	362	464	1,419
Depreciation	10	-	-
Finance costs	25	35	83
Finance income	(2)	(3)	(5)
Decrease/(increase) in receivables	5,305	(2,327)	(5,085)
(Decrease)/increase in payables	(3,070)	229	135
Cash generated from/(used by) operations	2,630	(1,602)	(3,453)



## 8. Contingent liabilities

	Approximate maximum potential liability		
	31 March 2019	2018	30 September 2018
Warranty bond related to a UAE based contract, expected to be released in full in 2020 (31 March 2018: Performance bond related to the same UAE based contract)	1,200	2,225	1,200
Performance bond related to a UAE based contract, released in full during 2018	-	100	-
Performance bond related to a UAE based contract, expected to be released in full during 2019	1,050	-	1,050
Performance bond related to a UAE based contract, expected to be released in full during 2019	1,050	-	-

## 9. Electronic communications

The Company is not proposing to bulk print and distribute hard copies of this Half-year Report unless specifically requested by individual shareholders; it can be downloaded from the Company's website at [www.assetco.com](http://www.assetco.com).

News updates, regulatory news, & 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 to, The Company Secretary, AssetCo plc, Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA.

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