



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

Date: Friday, 28 March 2014

Immediate Release

AssetCo plc

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

Preliminary results for the year to 30 September 2013

Statement by the Chairman, Tudor Davies

Introduction

The results for the year ended 30 September 2013 reflect continued trading from the Group's outsourced fire and rescue operations in the Middle East. The major contract with the Abu Dhabi Government has continued under similar terms since it expired in April 2013; and now that the specifications and scope for future periods have been documented we expect to sign the final form of a new contract in the near future.

Results

The Consolidated Income Statement for the year shows an Operating profit of £1.7 million (2012: £3.4m) on Revenue of £17.6 million (2012: £15.9m), and a Profit before tax of £1.3 million (2012: £2.9m). The reduction in Operating profit compared to the prior year is principally due to: the absence of £0.8m of one-off consultancy income; one-off costs of approximately £0.6m relating to the completion of the construction portion of the Abu Dhabi contract; £0.4m in relation to the independent investigation of the audit of past financial statements and the preparation of claims associated with the audit of financial statements prior to September 2011. We anticipate completing final particulars of a professional negligence claim, currently estimated to be in the region of £40-£50 million, against the former auditors during the course of the year.

Current Trading

Trading continues to be in line with management expectations, and as I indicated above we are close to finalisation of a contract to continue our outsourced fire and rescue operations to the Abu Dhabi Government for a contracted period until November 2016.

We will keep shareholders updated on our progress during the year.

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AssetCo is principally involved in the provision of management and resources to the fire and emergency services in the Middle East. For further details, visit the website, www.assetco.com

Ticker: AIM: ASTO.L

Market cap: £34.50m

AssetCo plc
Consolidated Income Statement
for the year to 30 September 2013

	Note	Year to 30 September		
		2013	2012	2012
		Continuing	Continuing	Discontinued
		£'000	£'000	£'000
Revenue		17,647	15,923	19,802
Cost of sales		(13,714)	(10,927)	(11,794)
Gross profit		3,933	4,996	8,008
Administrative expenses		(2,195)	(1,618)	(5,284)
Operating profit		1,738	3,378	2,724
Profit from disposal of businesses	4	-	-	81,788
Finance income		47	51	19
Finance costs		(526)	(492)	(2,841)
Loss on fair value of financial instruments		-	-	(303)
Profit before tax		1,259	2,937	81,387
Income tax credit		-	1,096	-
Profit for the period		1,259	4,033	81,387
Discontinued operations				
Profit for the period from discontinued operations		-	81,387	
Profit for the period		1,259	85,420	
Earnings per share (EPS):			Restated	
-Basic - pence				
Continuing operations	5	11.44	36.66	
Discontinued operations	5	-	739.83	
-Diluted - pence				
Continuing operations	5	10.13	*35.54	
Discontinued operations	5	-	*717.16	

*The prior year diluted earnings per share has been restated. Further detail is provided in note 5 to these preliminary results.

AssetCo plc
Consolidated Statement of Comprehensive Income
for the year to 30 September 2013

	Year to 30 September	
	2013	2012
	£'000	£'000
Recognised profit for the period	1,259	85,420
Other comprehensive income:		
Exchange differences on translating foreign operations	(231)	11
Actuarial losses on defined benefit pensions plan	-	(1,288)
Other comprehensive income, net of tax	(231)	(1,277)
Total comprehensive income for the period	1,028	84,143

AssetCo plc
Consolidated Statement of Financial Position
As at 30 September 2013

	30 September 2013 £'000	30 September 2012 £'000
Assets		
Non-current assets		
Property, plant and equipment	54	74
Cash held in respect of a bond	2,489	2,042
Total non-current assets	2,543	2,116
Current assets		
Inventories	29	377
Trade and other receivables	4,515	5,838
Cash and cash equivalents (excluding bank overdrafts)	4,134	5,266
Cash held in respect of bond	2,489	2,042
Total current assets	11,167	13,523
Total assets	13,710	15,639
Shareholders' equity		
Share capital	25,353	25,353
Share premium	62,645	62,645
Foreign currency translation reserve	(113)	118
Profit and loss account	(77,976)	(79,235)
Total equity	9,909	8,881
Liabilities		
Current liabilities		
Trade and other payables	3,801	6,758
Total current liabilities	3,801	6,758
Total liabilities	3,801	6,758
Total equity and liabilities	13,710	15,639

The financial statements were authorised for issue by the Board of Directors on 28 March 2014 and were signed on its behalf by TG Davies.

AssetCo plc
Consolidated Statement of Changes in Equity
for the year to 30 September 2013

	Share capital	Reserve acquisition reserve	Foreign currency translation reserve	Profit and loss reserve	Share premium	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2011	25,353	(12,644)	107	(150,723)	62,645	(75,262)
Profit for the year	-	-	-	85,420	-	85,420
Other comprehensive income:						
Exchange differences on translation	-	-	11	-	-	11
Actuarial losses on defined benefit pensions	-	-	-	(1,288)	-	(1,288)
Reserve acquisition reserve transfer	-	12,644	-	(12,644)	-	-
Total comprehensive income for the year	-	12,644	11	71,488	-	84,143
Balance at 30 September 2012	25,353	-	118	(79,235)	62,645	8,881
Profit for the year	-	-	-	1,259	-	1,259
Other comprehensive income:						
Exchange differences on translation	-	-	(231)	-	-	(231)
Total comprehensive income for the year	-	-	(231)	1,259	-	1,028
Balance at 30 September 2013	25,353	-	(113)	(77,976)	62,645	9,909

The reverse acquisition reserve was transferred to retained earnings following the restructuring of the Group's operations in the year to 30 September 2012.

AssetCo plc
Consolidated Statement of Cash Flows
for the year to 30 September 2013

		Year to 30 September	
	Note	2013 £'000	2012 £'000
Cash flows from operating activities			
Cash used in operations	6	(849)	(2,842)
Cash deposited in respect of a performance bond		(894)	-
Interest paid		(526)	(3,316)
Income taxes received		1,096	-
Net cash outflows from operating activities		(1,173)	(6,158)
Cash flows from investing activities			
Finance income		47	70
Purchase of property, plant and equipment		(6)	(167)
Sale of property, plant and equipment		-	138
Net cash generated in investing activities		41	41
Cash flows from financing activities			
Issue of shares (net of costs)		-	8,041
Repayments of amounts borrowed		-	(379)
Finance lease repayments		-	(612)
Net cash generated in financing activities		-	7,050
Net change in cash and cash equivalents			
		(1,132)	933
Cash, cash equivalents and bank overdrafts at the beginning of the period		5,266	4,377
Cash disposed of with businesses		-	(44)
Cash, cash equivalents and bank overdrafts at the end of the period	7	4,134	5,266

AssetCo plc
Notes to the Financial Statements
for the year to 30 September 2013

1. Legal status and activities

AssetCo plc (the “Company”) is principally involved in the provision of management and resources to the fire and rescue emergency services in international markets. It currently trades through a branch in UAE and its strategy is to develop this business. As at period end, the Company has no trading subsidiaries and therefore the principal activities of the Group are restricted to those of the Company detailed above.

AssetCo plc is a public limited liability company incorporated and domiciled in England and Wales. The address of its registered office is Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA.

The Group operates from one site in UAE. AssetCo plc shares are listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange.

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

These Group consolidated financial statements were authorised for issue by the Board of Directors on 28 March 2014.

2. Basis of preparation

The Preliminary results for the period to 30 September 2013, which do not form the statutory accounts of the Group, are an abridged statement of the full Annual Report and Financial Statements, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Preliminary results have been prepared on a going concern basis.

The principal accounting policies are included in the Group financial statements and have been applied consistently in both periods presented.

3. Segmental reporting

The core principle of IFRS 8 ‘Operating Segments’ is to require an entity to disclose information that enables users of the financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates. Segmental information is therefore presented in respect of the Group’s geographical settlement. No secondary segmental information has been provided as in the view of the Directors, the Group operates in only one segment, being the provision of management and resources to fire and emergency services. A number of operations were discontinued in the 2012 financial year and these are disclosed separately. The Directors consider the chief operating decision maker is the Board.

Unallocated comprised the head office.

Analysis of revenue and results by geographical settlement

	UAE	Unallocated	Continuing operations
	£’000	£’000	£’000
Year to 30 September 2013			
Revenue			
Revenue to external customers	17,582	65	17,647
Inter-segment revenue	-	-	-
Total revenue	17,582	65	17,647
Result			
Segmental result (EBITDA)	2,504	(740)	1,764
Depreciation	(26)	-	(26)
Operating profit	2,478	(740)	1,738
Finance income	36	11	47
Finance costs	(526)	-	(526)
Profit for the year	1,988	(729)	1,259
Asset and liabilities			
Total segment assets	11,765	1,945	13,710
Total segment liabilities	(6,020)	2,219	(3,801)
Total net assets	5,745	4,164	9,909
Other segment information			
Total capital expenditure	6	-	6

Segment result represents EBITDA.

Revenues of approximately £17.025m are derived from a single customer within the UAE segment. The amounts provided to the Board with respect to net assets are measured in a manner consistent with that of the financial statements. The Group is domiciled in the UK and also operates a branch in UAE. Revenue by destination is not materially different from revenue by origin shown above. All revenue relates to services.

3. Segmental reporting....continued

Analysis of revenue and results by geographical settlement

Year to 30 September 2012	UAE £'000	Unallocated £'000	Continuing operations £'000	Discontinued Operations £'000
Revenue				
Revenue to external customers	15,078	-	15,078	19,802
Inter-segment revenue	-	845	845	-
Total revenue	15,078	845	15,923	19,802
Result				
Segmental result (EBITDA)	3,266	138	3,404	5,708
Depreciation	(26)	-	(26)	(2,917)
Amortisation and impairment of intangible assets	-	-	-	(67)
Operating profit	3,240	138	3,378	2,724
Profit on disposal of businesses	-	-	-	81,788
Finance income	36	15	51	19
Finance costs	(492)	-	(492)	(2,841)
Loss on fair value of financial instrument	-	-	-	(303)
Profit before tax	2,784	153	2,937	81,387
Income tax	-	1,096	1,096	-
Profit for the year	2,784	1,249	4,033	81,387
Asset and liabilities				
Total segment assets	9,950	5,689	15,639	-
Total segment liabilities	(6,126)	(632)	(6,758)	-
Total net assets	3,824	5,057	8,881	-
Other segment information				
Total capital expenditure	-	-	-	167

Segmental result represents EBITDA.

Revenues of approximately £18.900m are derived from a single external customer within the discontinued segment and revenues of approximately £14.618m are derived from a single customer within the UAE segment. The amounts provided to the Board with respect to net assets are measured in a manner consistent with that of the financial statements. The Group is domiciled in the UK and also operates a branch in UAE. Revenue by destination is not materially different from revenue by origin shown above. All revenue relates to services.

4. Discontinued operations

During the year to 30 September 2012 the Group discontinued all of its UK based businesses and realised a profit on disposal of £81.8m, being the aggregate net liabilities of those businesses discontinued. Further information in this regard is contained within the 2012 Annual Report and Accounts.

5. Earnings per share

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

	Year to 30 September	
	2013 £'000	2012 £'000
Profit for the period	1,259	85,420
Weighted average number of shares in issue	11,000,713	11,000,713
Basic profit per share (EPS) – pence - continuing	11.44	36.66
Basic profit per share (EPS) – pence - discontinued	-	739.83
Basic profit per share (EPS) - pence	11.44	776.49

- b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise warrants. A calculation is made to determine the number of shares that could have been acquired at fair value based on monetary value of the subscription rights attached to outstanding warrants, the warrants were exercisable up until 31 December 2013 at a price of £2.00 each warrant. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants. As at 30 September 2013 there were 3,500,000 warrants which could have been convertible at £2.00 each (2012: 3,500,000).

	Year to 30 September	
	2013 £'000	2012 £'000
Profit for the period	1,259	85,420
Weighted average number of shares in issue	12,431,238	11,348,554
Diluted profit per share (EPS) – pence- continuing	10.13	35.54
Diluted profit per share (EPS) – pence-discontinued	-	717.16
Diluted profit per share (EPS) – pence	10.13	752.70

*Diluted profit per share in the prior year has been restated to reflect the impact of share warrants within the weighted average number of shares in issue.

Refer below to Post Balance sheet events for disclosure as to the number of warrants referred to above that were exercised and an illustration as to the impact on Earnings per share.

6. Reconciliation of profit before tax to net cash used from operations

	Year to 30 September	
	2013 £'000	2012 £'000
Profit for the year before tax	1,259	84,324
Depreciation and impairment	26	2,943
Amortisation and impairment	-	67
Profit on sale of property, plant and equipment	-	(138)
Profit on disposal of businesses	-	(81,788)
Interest rate swaps	-	303
Other finance expense	-	17
Interest expense	526	3,316
Interest received	(47)	(70)
Other non-cash movements	-	181
Decrease / (increase) in inventories	348	(290)
Decrease / (increase) in debtors	227	(2,731)
Decrease in creditors	(3,188)	(7,913)
Decrease in provisions	-	(724)
Contributions to the DB pension scheme in excess of service cost	-	(339)
Cash used from operations	(849)	(2,842)

7. Analysis of net cash:

	30 September	
	2013	2012
Cash at bank and in hand	(4,134)	(5,266)
	(4,134)	(5,266)

There was cash of £4.134m as at 30 September 2013 (2012: £5.266m) and cash held in respect of a bond of £4.978m (2012: £4.084m).

8. Contingent liabilities

During the period to 30 September 2011 the Group entered into a Performance Bond relating to a UAE based contract that would determine a potential liability of 10% of the total contract value upon failure to fulfil all terms of the contract. This liability initially equated to a maximum of approximately £4m but has subsequently been increased to a maximum of approximately £5m as a result of a contract extension. The Bond will remain in place in full until 90 days after the customer has confirmed that all contractual terms have been met and it is expected that the confirmation will occur in the second half of the financial year ending 30 September 2014. At completion of the 90 day period the potential liability under this Bond will reduce to 5% of the contract value and then reduce to 0% upon expiration of associated warranty periods and this is expected to be in approximately April 2017.

The Group also provides an "Advanced Payment Guarantee" in connection to a UAE based contract. The guarantee provides for the repayment in part or full of payments received from the customer in advance of contractual service delivery. The guarantee was originally for approximately £8m but has been released down to a maximum liability of approximately £1m and this is expected to be released in full in the second half of the financial year ending 30 September 2014.

9. Post Balance sheet events

On 3 January 2014, AssetCo announced that various shareholders had exercised warrants to subscribe for 1,210,450 new ordinary shares of 10p each at a price of 200 pence per share. The warrants were pursuant to a warrant instrument dated 9 September 2011, granted at the time of the refinancing as notified by a circular issued to shareholders of the same date.

Following the issue of the new ordinary shares of the Company's enlarged issued share capital comprises 12,211,163 shares.

As a result of the above, and expiration of the deadline for exercising warrants outstanding, being 31 December 2013, there are no further warrant instruments outstanding that may be exercised.

Earnings per share for the 2013 financial year calculated using the enlarged share capital would have been as follows:

	Year to 30 September 2013 £'000
Profit for the period	<u>1,259</u>
Weighted average number of ordinary shares in issue	12,211,163
Basic profit per share (EPS) - pence	10.31
Diluted profit per share (EPS) – pence	10.31

On the 17 December 2013, AssetCo announced the sudden and untimely passing on Friday 13 December 2013 of Executive Director, Gareth White, a member of the PLC Board since April 2012.

10. Annual General Meeting

The AGM is to be held at 11.30am on Friday 20 June 2014 at Harwood Capital, 6 Stratton Street, London, W1J 8LD. A Notice convening the Annual General Meeting will be posted to shareholders in due course.

11. Electronic communications

This Preliminary Announcement is available on the Company's website www.assetco.com. News updates, Regulatory news, & Financial statements, can be viewed and downloaded from the Group's website, 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. The Company is not proposing to bulk print and distribute hard copies of the Annual Financial Report for the year to 30 September 2013 unless specifically requested by individual shareholders; it can be downloaded from the Company's website.