



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

Date: 28 March 2018

Immediate Release

AssetCo plc
("AssetCo" or the "Company")
Preliminary results for the year to 30 September 2017

Statement by the Chairman, Tudor Davies

Introduction

We are pleased to report the results for the year to 30 September 2017.

Results

Profit after taxation in the period under review was £2.2m (2016: £4.6m) on revenue of £24.9m (2017: £23.3m) with the reduction in profitability being an increase in the litigation costs incurred in our claim for negligence against Grant Thornton.

The cash position remains strong with free cash balances of £21.5m (2016: £15.5m).

Our business is based on the provision of an outsourced fire service agreement with the Abu Dhabi government, which commenced in April 2010, but since November 2016, has continued satisfactorily on the same basis and on similar terms but with a contract entered into on an arrears basis every five or six months, whilst a longer-term arrangement is considered by the Abu Dhabi government.

Claim against Grant Thornton

The claim for negligence against AssetCo's former auditors, Grant Thornton, which with interest amounts to approximately £40.0m, is now scheduled to be concluded at a trial in June 2018.

As previously reported by the Financial Reporting Council ("FRC") on conclusion of their investigations in relation to the audits in 2009 and 2010, Grant Thornton were fined £3.5m and given a severe reprimand. Separately, the audit partner Mr Robert Napper was fined £200,000 and excluded from membership of the Institute of Chartered Accountants for three years.

The FRC report on AssetCo entitled Particulars of Facts and Acts of Misconduct: Grant Thornton UK LLP and Robert Napper, is available on the FRC website www.frc.org.uk.

Outlook

Trading continues to be in line with management's expectations and we will keep shareholders informed on any developments in relation to the Grant Thornton claim and our Abu Dhabi business.

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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: £33.6m

AssetCo plc
Income Statement
for the year to 30 September 2017

	Notes	Year ended 30 September 2017 £000	Year ended 30 September 2016 £000
Revenue		24,881	23,300
Cost of sales		(17,738)	(16,550)
		-----	-----
Gross profit		7,143	6,750
Administrative expenses		(4,891)	(1,874)
		-----	-----
Operating profit		2,252	4,876
Finance income		8	21
Finance costs		(87)	(294)
		-----	-----
Profit before tax		2,173	4,603
Income tax expense		-	-
		-----	-----
Profit for the year		2,173	4,603
		-----	-----
Earnings per share			
Basic – pence	4	17.80	37.70
Diluted - pence	4	17.80	37.70

AssetCo plc
Statement of Comprehensive Income
for the year to 30 September 2017

	Year ended 30 September 2017 £000	Year ended 30 September 2016 £000
Recognised profit for the year	2,173	4,603
Other comprehensive (expense)/income		
Exchange differences on translating foreign operations	(438)	1,858
	-----	-----
Other comprehensive (expense)/income, net of tax	(438)	1,858
	-----	-----
Total comprehensive income for the year	1,735	6,461
	-----	-----

AssetCo plc
Statement of Financial Position
As at 30 September 2017

	Notes	At 30 September 2017 £000	At 30 September 2016 £000
Assets			
Non-current assets			
Property, plant and equipment		-	-
Cash held in respect of a bond		233	240
		-----	-----
Total non-current assets		233	240
		-----	-----
Current assets			
Inventories		-	-
Trade and other receivables		10,685	12,498
Cash and cash equivalents	6	21,530	15,470
Cash held in respect of bonds		102	3,040
		-----	-----
Total current assets		32,317	31,008
		-----	-----
Total assets		32,550	31,248
		-----	-----
Liabilities			
Current liabilities			
Trade and other payables		4,759	5,192
		-----	-----
Total current liabilities		4,759	5,192
		-----	-----
Total liabilities		4,759	5,192
		-----	-----
Shareholders' equity			
Share capital		25,474	25,474
Share premium		64,941	64,941
Profit and loss account		(62,624)	(64,359)
		-----	-----
Total equity		27,791	26,056
		-----	-----
Total equity and liabilities		32,550	31,248
		-----	-----

The financial statements were authorised for issue by the board of directors on 27 March 2018 and were signed on its behalf by Tudor Davies.

AssetCo plc
Statement of Changes in Equity
for the year to 30 September 2017

	Share capital £000	Share premium £000	Profit and loss account £000	Total Equity £000
Balance at 30 September 2015	25,474	64,941	(70,820)	19,595
Profit for the year	-	-	4,603	4,603
Other comprehensive income:				
Exchange differences on translation	-	-	1,858	1,858
	-----	-----	-----	-----
Total comprehensive income for the year	-	-	6,461	6,461
	-----	-----	-----	-----
Balance at 30 September 2016	25,474	64,941	(64,359)	26,056
Profit for the year	-	-	2,173	2,173
Other comprehensive expense:				
Exchange differences on translation	-	-	(438)	(438)
	-----	-----	-----	-----
Total comprehensive income for the year	-	-	1,735	1,735
	-----	-----	-----	-----
Balance at 30 September 2017	25,474	64,941	(62,624)	27,791
	-----	-----	-----	-----

AssetCo plc
Statement of Cash Flows
for the year to 30 September 2017

		Year ended 30 September 2017 £000	Year ended 30 September 2016 £000
	Notes		
Cash flows from operating activities			
Cash generated from operations	5	3,094	2,151
Cash deposited in respect of a bond		(104)	-
Cash released in respect of bonds		3,246	-
Finance costs		(87)	(294)
		-----	-----
Net cash generated from operating activities		6,149	1,857
		-----	-----
Cash flows from investing activities			
Finance income		8	21
		-----	-----
Net cash generated from investing activities		8	21
		-----	-----
Net change in cash and cash equivalents		6,157	1,878
Cash and cash equivalents at beginning of year		15,470	12,836
Exchange differences on translation		(97)	756
		-----	-----
Cash and cash equivalents at end of year		21,530	15,470
		-----	-----

AssetCo plc
Notes to the Financial Statements
for the year to 30 September 2017

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 subsidiaries.

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.

AssetCo plc shares are listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange.

This preliminary announcement has been presented in sterling to the nearest thousand pounds (£’000) except where otherwise indicated, as are the financial statements, which were authorised for issue by the board of directors on 27 March 2018.

2. Basis of preparation

The preliminary results for the year to 30 September 2017, which do not form the statutory accounts of the Company, are an abridged statement of the full Annual Report and Financial Statements, which 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 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 Company’s geographical settlement. No secondary segmental information has been provided as, in the view of the directors, the Company operates in only one segment, being the provision of management and resources to fire and emergency services. The directors consider the chief operating decision maker is the board.

The amounts provided to the board with respect to net assets are measured in a manner consistent with that of the financial statements. The Company is domiciled in the UK and operates a branch in the United Arab Emirates. Revenue by destination is not materially different from revenue by origin shown above. All revenue relates to services. Unallocated comprises the head office.

Analysis of revenue and results by geographical settlement
Year ended 30 September 2017

	UAE £000	Unallocated £000	Continuing Operations £000
Revenue			
Revenue to external customers	24,881	-	24,881
	-----	-----	-----
Total revenue	24,881	-	24,881
	-----	-----	-----
Segment result			
EBITDA and operating profit	6,450	(4,198)	2,252
Finance income	-	8	8
Finance costs	(87)	-	(87)
	-----	-----	-----
Profit before tax	6,363	(4,190)	2,173
Income tax	-	-	-
	-----	-----	-----
Profit for the year	6,363	(4,190)	2,173
	-----	-----	-----
Segment assets and liabilities			
Total assets	18,669	13,881	32,550
Total liabilities	(3,348)	(1,411)	(4,759)
	-----	-----	-----
Total net assets	15,321	12,470	27,791
	-----	-----	-----
Other segment information			
Total capital expenditure	-	-	-
	-----	-----	-----

Year ended 30 September 2016

	UAE £000	Unallocated £000	Continuing Operations £000
Revenue			
Revenue to external customers	23,300	-	23,300
	-----	-----	-----
Total revenue	23,300	-	23,300
	-----	-----	-----
Segment result			
EBITDA and operating profit	6,050	(1,174)	4,876
Finance income	7	14	21
Finance costs	(294)	-	(294)
	-----	-----	-----
Profit before tax	5,763	(1,160)	4,603
Income tax	-	-	-
	-----	-----	-----
Profit for the year	5,763	(1,160)	4,603
	-----	-----	-----
Segment assets and liabilities			
Total assets	19,110	12,138	31,248
Total liabilities	(4,414)	(778)	(5,192)
	-----	-----	-----
Total net assets	14,696	11,360	26,056
	-----	-----	-----
Other segment information			
Total capital expenditure	-	-	-
	-----	-----	-----

4. Earnings per share

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

	2017 £000	2016 £000
Profit for the year	2,173	4,603
	-----	-----
Weighted average number of ordinary shares in issue	12,211,163	12,211,163
Basic and diluted earnings per share - pence	17.80	37.70

5. Reconciliation of profit before tax to cash generated from operations

	2017 £000	2016 £000
Profit for the year before taxation	2,173	4,603
Finance costs	87	294
Finance income	(8)	(21)
Decrease/(increase) in receivables	1,191	(4,766)
(Decrease)/increase in payables	(349)	2,041
	-----	-----
	3,094	2,151
	-----	-----

6. Analysis of net cash

	At 30 September	
	2017 £000	2016 £000
Cash at bank and in hand	21,530	15,470
	-----	-----
Cash and cash equivalents	21,530	15,470
	-----	-----

In addition to the above £335,000 (2016: £3,280,000) was held on deposit as security in respect of outstanding performance bonds.

7. **Contingent liabilities**

	Approximate maximum liability at 30 September	
	2017 £000	2016 £000
Performance bond related to a UAE based contract, released in full in 2017	-	3,000
Performance bond related to a UAE based contract, expected to reduce to approximately £1.2 million in 2018 and to be released in full in 2020	2,400	2,400
Performance bond related to a UAE based contract, released in full in 2017	-	130
Performance bond related to a UAE based contract, expected to be released in full in 2018	105	-

8. **Post balance sheet events**

The performance bond referred to in note 7 and expected to be released in 2018 was released towards the end of December 2017. In February 2018, the company entered into a new performance bond of similar value to that released in December 2017. It is expected that this will be released in full later in 2018. There are no other post balance sheet events to report.

9. **Annual general meeting**

A notice convening the annual general meeting will be posted to shareholders in due course.

10. **Electronic communications**

This Preliminary Announcement is available on the Company's website www.assetco.com. News updates, regulatory news and financial statements can be viewed and downloaded from the Company's website, www.assetco.com. Copies can also be requested, in writing, from The Company Secretary, AssetCo plc, Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA. The Company is not proposing to bulk print and distribute hard copies of the Annual Report and Financial Statements for the year to 30 September 2017 unless specifically requested by individual shareholders; it can be downloaded from the Company's website.