

10 June 2020

Immediate Release

AssetCo plc

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

(“AssetCo” or the “Company”)

2020 Half-year Report

for the six months ended 31 March 2020

Chairman’s statement

Our focus has continued to be on regaining and developing new business in the Middle East and realising the cash in receivables and bonds from the previous contract and completing the action for negligence against Grant Thornton. The results for the six months to 31 March 2020 are a loss of £0.7m, reflecting the costs of operating in Abu Dhabi, dealing with business development, and the costs associated with the Court of Appeal hearing during January 2020.

We have made good progress collecting the outstanding receivables and bonds but the pursuit of new business and gaining new revenues has been slowed considerably by the CV19 lockdowns. This has resulted in a strong liquidity with cash balances of £29.6m, of which £26.1m is available and £3.5m cash held in respect of bonds, of which £1.2m has been received after the end of the half year, with the remainder expected to be released over the course of the year. Whilst reasonably good progress had been made in pursuing opportunities in the Middle East, the effects of the CV19 pandemic has resulted in delays to the Board’s expectations for new business generation and revenues. The Board considers that the Company’s strong financial position may also be suitably deployed in investing in other revenue-producing opportunities that may arise from the current economic recession.

Capital Reorganisation and Reduction

We are continuing our presence in the Middle East and awaiting the Court of Appeal’s decision in respect of the claim against Grant Thornton. However, the Board considers that a large proportion of the cash balances are surplus to these requirements, and although future investments may arise, it may also be appropriate to return surplus cash to shareholders.

Whilst no formal Board decision has been made on the use of these funds, we are currently in the position of having net assets of £28.4m, cash balances of £26m but negative distributable reserves of £62m. The Board would like to take the opportunity to create distributable reserves to provide the flexibility to be able to make future distributions to shareholders. A Circular will be posted to shareholders today seeking shareholder approval for a Capital Reduction which, if approved, will then be subject to the necessary Court approvals which we expect to be heard during August 2020.

Negligence Claim against Grant Thornton

As previously reported, in January 2019, AssetCo Plc was awarded damages of £22.4m plus interest of approximately £6.5m plus £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 these funds is now dependent on the decision of the Court of Appeal which was heard in January 2020. We were expecting to hear the result of this appeal at some stage before or in the early part of the summer but have received no indication of when exactly this decision may be.

Outlook

We shall keep shareholders informed of any developments regarding the Capital Reorganisation, the result of the Court of Appeal, and on the further development of the business in UAE.

Tudor Davies

Chairman

10 June 2020

AssetCo plc
Income statement
for the six months ended 31 March 2020

	Note	Six months ended		Year ended
		31 March 2020 £'000	31 March 2019 £'000	30 September 2019 £'000
Revenue		-	5,210	5,345
Cost of sales		-	(4,165)	(4,237)
Gross profit		-	1,045	1,108
Administrative expenses		(714)	(660)	(1,810)
Operating (loss)/profit		(714)	385	(702)
Finance income		11	2	9
Finance costs		(39)	(25)	(70)
(Loss)/profit before taxation		(742)	362	(763)
Income tax expense		-	-	-
(Loss)/profit for the period		(742)	362	(763)
(Loss)/earnings per share (EPS):	3			
Basic – pence		(6.08)	2.96	(6.25)
Diluted – pence		(6.08)	2.96	(6.25)

AssetCo plc
Statement of comprehensive income
for the six months ended 31 March 2020

	Six months ended		Year ended
	31 March 2020 £'000	31 March 2019 £'000	30 September 2019 £'000
Recognised (loss)/profit for the period	(742)	362	(763)
Other comprehensive (expense) / income:			
Exchange differences on translating foreign operations	(743)	(146)	648
Other comprehensive (expense) / income net of tax	(743)	(146)	648
Total comprehensive (expense) / income for the period	(1,485)	216	(115)

AssetCo plc
Statement of financial position
as at 31 March 2020

	Note	At 31 March		At 30
		2020	2019	September
		£'000	£'000	2019
				£'000
Assets				
Non-current assets				
Property, plant and equipment		-	16	-
Total non-current assets		-	16	-
Current assets				
Trade and other receivables	4	116	10,692	11,222
Cash and cash equivalents	5	26,075	18,257	17,101
Cash held in respect of bonds		3,464	3,290	3,487
Total current assets		29,655	32,239	31,810
Total assets		29,655	32,255	31,810
Share capital		25,474	25,474	25,474
Share premium		64,941	64,941	64,941
Profit and loss account		(62,045)	(60,229)	(60,560)
Total equity		28,370	30,186	29,855
Liabilities				
Current liabilities				
Trade and other payables	6	1,285	2,069	1,955
Total current liabilities		1,285	2,069	1,955
Total liabilities		1,285	2,069	1,955
Total equity and liabilities		29,655	32,255	31,810

AssetCo plc**Statement of changes in equity**
for the six months ended 31 March 2020

	Share Capital £'000	Share premium £'000	Profit and loss reserve £'000	Total equity £'000
Balance at 1 October 2018	25,474	64,941	(60,445)	29,970
Profit for the period	-	-	362	362
Other comprehensive income:				
Exchange differences on translation	-	-	(146)	(146)
Total comprehensive income for the period	-	-	216	216
Balance at 31 March 2019	25,474	64,941	(60,229)	30,186
(Loss) for the period	-	-	(1,125)	(1,125)
Other comprehensive expense:				
Exchange differences on translation	-	-	794	794
Total comprehensive income for the period	-	-	(331)	(331)
Balance at 30 September 2019	25,474	64,941	(60,560)	29,855
(Loss) for the period	-	-	(742)	(742)
Other comprehensive income:				
Exchange differences on translation	-	-	(743)	(743)
Total comprehensive income for the period	-	-	(1,485)	(1,485)
Balance as at 31 March 2020	25,474	64,941	(62,045)	28,370

AssetCo plc
Statement of cash flows
for the six months ended 31 March 2020

	Note	Six months ended		Year ended
		31 March 2020 £'000	31 March 2019 £'000	30 September 2019 £'000
Cash flows from operating activities				
Cash generated from/(used by) operations	7	9,653	2,630	1,709
Cash deposited in respect of performance bonds		-	(1,150)	(2,470)
Cash released in respect of performance bonds		-	-	1,123
Finance costs		(39)	(25)	(70)
Net cash generated from/(used by) operating activities		9,614	1,455	292
Cash flows from investing activities				
Finance income		11	2	9
Net cash generated from investing activities		11	3	9
Net change in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period		17,101	16,800	16,800
Exchange differences on translation		(651)	-	-
Cash and cash equivalents at the end of the period		26,075	18,257	17,101

AssetCo plc
Notes to the Financial Statements
for the six months ended 31 March 2020

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 2020 and, except as set out below, are unchanged from those disclosed in the Annual Report and Financial Statements for the year ended 30 September 2019.

IFRS 16 'Leases' was adopted by the company with effect from 1 October 2019 but it has had no significant effect on either the company's balance sheet position or income statement. The company has adopted IFRS 16 using the modified retrospective transition approach, which does not require the restatement of comparative figures. Adoption of IFRS 16 has not resulted in right of use assets and lease liabilities being recognised on the balance sheet.

The financial information for the six months ended 31 March 2020 and the six months ended 31 March 2019 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 2019 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. (Loss)/earnings per share

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

	Six months ended 31 March 2020	31 March 2019	Year ended 30 September 2019
(Loss)/profit for the year	£'000 (742)	£'000 362	£'000 (763)
Weighted average number of ordinary shares in issue	12,211,163	12,211,163	12,211,163
Basic (loss)/earnings per share (EPS) - pence	(6.08)	2.96	(6.25)

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

4. Trade and other receivables

	31 March 2020 £'000	31 March 2019 £'000	30 September 2019 £'000
Trade receivables	-	-	11,054
Other receivables	68	119	83
Prepayments and accrued income	48	10,573	85
	116	10,692	11,222

5. Cash and cash equivalents

	31 March 2020 £'000	31 March 2019 £'000	30 September 2019 £'000
Cash at bank and in hand	26,075	18,257	17,101
Cash and cash equivalents	26,075	18,257	17,101
UK sterling	25,375	3,957	15,894
UAE Dirhams	700	14,300	1,207
	26,075	18,257	17,101

In addition to the above UAE Dirhams amounting to £3,464,000 (31 March 2019: £3,290,000 and 30 September 2019: £3,487,000) were held on deposit as security in respect of outstanding performance bonds - see note 8 Contingent liabilities.

6., Trade and other payables

	31 March 2020 £'000	31 March 2019 £'000	30 September 2019 £'000
Trade payables	34	225	166
Other payables	34	149	87
Other taxation and social security	3	3	3
Accruals and deferred income	1,214	1,692	1,699
	1,285	2,069	1,955

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

	Six months ended 31 March 2020 £'000	2019 £'000	Year ended 30 September 2019 £'000
(Loss)/profit for the period before taxation	(742)	362	(763)
Depreciation	-	10	26
Finance costs	39	25	70
Finance income	(11)	(2)	(9)
Decrease in receivables	11,031	5,305	5,670
(Decrease) in payables	(664)	(3,070)	(3,285)
Cash generated from/(used by) operations	9,653	2,630	1,709

8. Contingent liabilities

	Approximate maximum potential liability		
	31 March 2020 £'000	2019 £'000	30 September 2019 £'000
Warranty bond related to a UAE based contract, expected to be released in full in 2020 (31 March 2019: Performance bond related to the same UAE based contract)	1,270	1,200	1,270
Performance bond related to a UAE based contract, expected to be released in full during 2020	1,100	1,050	1,100
Performance bond related to a UAE based contract, expected to be released in full during 2020	1,100	1,050	1,100

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.

News updates, regulatory news, & financial statements can be viewed and downloaded from the Company'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.

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