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

Issued on behalf of AssetCo plc **Immediate Release**
Date: Thursday 20, December 2012

AssetCo plc

("AssetCo" or the "Company")

Preliminary results for the year to 30 September 2012

Statement by the Chairman, Tudor Davies

Introduction

I am pleased to report that, following the successful restructuring and refinancing completed on 29 September 2011 the business has made progress in the year to 30 September 2012.

At the time of the restructuring, it was reported that the focus would be on the Group's outsourced fire and rescue operations in the Middle East within the United Arab Emirates ("UAE") and this would involve a move away from the historic UK vehicle leasing and maintenance businesses which had been the principal reason for the significant decline in shareholder value.

The continuing business has shown good returns from the existing contract in the Middle East and additional consultancy work as well; as planned, we successfully exited from the UK businesses during the course of the year and as a consequence, the Group's financial position has shown a significant improvement.

Results

The Consolidated Income Statement for the year under review reflects a profit for the year of £85.4m (18-months to 30 September 2011: a loss of £22.2m); this comprises a profit of £2.9m on Revenue of £15.9m from the continuing operations primarily in the Middle East; an Income tax credit of £1.1m; and a profit of £81.4m on the UK discontinued operations (this being the benefit from the exit from the liabilities of the UK businesses).

The Consolidated Statement of Financial Position shows a much stronger Total Equity position of £8.9m as at 30 September 2012 compared with a negative Total Equity position of £75.3m as at 30 September 2011.

As at 30 September 2012, the Group's net cash position improved significantly, to a cash position of £9.4m (Cash of £5.3m and an advance payment bond of £4.1m) changing from the financial liabilities of £76.8m as at 30 September 2011.

Potential Claims

The new Board has been considering claims to recover value for shareholders given the very significant decline in value following the four separate fundraisings amounting to £53m between 2009 and 2011 when, from the published accounts it appeared the Group's financial position was satisfactory. As explained in the 2011 Annual Report, the massive restatements to the 2009 and 2010 financial accounts and the requirement for a Scheme of Arrangement subsequently showed a very different situation, and the differences arose from the UK businesses. The funds raised between 2009 and 2011 had primarily been utilised in support of an apparently flawed business and financial model associated with the UK vehicle leasing and maintenance business, without any reasonable prospect of shareholder value. Following expert advice, the new Board is at the early stages of pursuing claims against those associated with the past for in excess of £50 million.

Current Trading

Trading in the Middle East continues to be satisfactory and in line with management expectations; we are working closely with our partners both on new opportunities within the region and on the extension to the existing contract which is due for renewal at the end of April 2013. We look forward to keeping shareholders updated as appropriate during the year.

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AssetCo plc
Consolidated Income Statement
for the year to 30 September 2012

	Notes	Year to 30 September 2012 Continuing	Year to 30 September 2012 Discontinued	18 months to 30 September 2011 Continuing	18 months to 30 September 2011 Discontinued
		£'000	**£'000**	£'000	£'000
Revenue	**4**	**15,923**	**19,802**	13,023	35,982
Cost of sales		**(10,927)**	**(11,794)**	(8,518)	(18,335)
Gross profit		**4,996**	**8,008**	4,505	17,647
Administrative expenses		**(1,618)**	**(5,284)**	66,337	(99,925)
Operating profit/(loss)	**5**	**3,378**	**2,724**	70,842	(82,278)
Analysed as:					
Operating profit/(loss) before exceptional items		**3,378**	**2,724**	200	(2,075)
Exceptional items		**-**	**-**	70,642	(80,203)
Profit/(loss) from disposal of business		**-**	**81,788**	-	(610)
Finance income		**51**	**19**	58	101
Finance costs		**(492)**	**(2,841)**	(860)	(8,061)
Loss on fair value of financial instruments		**-**	**(303)**	-	(1,390)
Profit/(loss) before tax		**2,937**	**81,387**	70,040	(92,238)
Income tax credit		**1,096**	**-**	-	-
Profit/(loss) for the period		**4,033**	**81,387**	70,040	(92,238)

	Year to 30 September 2012	18 months to 30 September 2011
Discontinued operations		
Profit/(loss) for the period from discontinued operations	**81,387**	(92,238)
Profit/(loss) for the period	**85,420**	(22,198)
Earnings per share (EPS)		
Basic - pence		
Continuing operations	**36.66**	47.72
Discontinued operations	**739.83**	(62.84)
Diluted – pence		
Continuing operations	**27.81**	47.72
Discontinued operations	**561.26**	(62.84)

Consolidated Statement of Comprehensive Income
for the year to 30 September 2012

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Recognised profit / (loss) for the period	**85,420**	(22,198)
Other comprehensive income		
Exchange differences on translating foreign operations	**11**	165
Actuarial losses on defined benefit pensions plan	**(1,288)**	(1,846)
Other comprehensive income, net of tax	**(1,277)**	(1,681)
Total comprehensive income for the period	**84,143**	(23,879)

AssetCo plc
Consolidated Statement of Financial Position
As at 30 September 2012

	30 September 2012	30 September 2011
	£'000	£'000
Assets		
Non-current assets		
Property, plant, and equipment	**74**	24,332
Goodwill	**-**	-
Other intangible assets	**-**	100
Retirement benefit surplus	**-**	-
Cash held in respect of a bond	**2,042**	4,226
Total non-current assets	**2,116**	28,658
Current assets		
Inventories	**377**	291
Trade and other receivables	**5,838**	13,326
Cash and cash equivalents (excluding bank overdrafts)	**5,266**	4,395
Cash held in respect of scheme of arrangement	**-**	5,000
Cash held in respect of a bond	**2,042**	-
Total current assets	**13,523**	23,012
Total assets	**15,639**	51,670
Shareholders' equity		
Share capital	**25,353**	25,353
Share premium	**62,645**	62,645
Reverse acquisition reserve	**-**	(12,644)
Foreign currency translation reserve	**118**	107
Profit and loss account	**(79,235)**	(150,723)
Total equity	**8,881**	(75,262)
Liabilities		
Current liabilities		
Trade and other payables	**6,758**	21,546
Amount held in respect of scheme of arrangement	**-**	5,000
Short-term provisions	**-**	3,638
Tax liabilities	**-**	-
Bank loans and short-term borrowings	**-**	78,166
Derivative financial instruments	**-**	7,211
Total current liabilities	**6,758**	115,561
Non-current liabilities		
Long-term borrowings	**-**	-
Retirement benefit liabilities	**-**	1,112
Long-term provisions	**-**	10,259
Total non-current liabilities	**-**	11,371
Total liabilities	**6,758**	126,932
Total equity and liabilities	**15,639**	51,670

AssetCo plc
Consolidated Statement of Changes in Equity
for the year to 30 September 2012

	Share Capital	Reverse acquisition reserve	Foreign currency translation reserve	Other reserves	Profit and loss reserve	Equity component of compound financial instruments	Share premium	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2010	22,678	(12,644)	(58)	680	(133,236)	7,917	29,288	**(85,375)**
Dividends	-	-	-	-	(1,360)	-	-	**(1,360)**
Preference share expense	-	-	-	-	7,917	(7,917)	-	-
Share based payments	-	-	-	(680)	-	-	-	**(680)**
Issue of shares	2,675	-	-	-	-	-	33,357	**36,032**
Transactions with owners	**2,675**	**-**	**-**	**(680)**	**6,557**	**(7,917)**	**33,357**	**33,992**
Loss for the period	-	-	-	-	(22,198)	-	-	**(22,198)**
Other comprehensive income:								
Exchange differences on translation	-	-	165	-	-	-	-	**165**
Actuarial losses on defined benefit pensions plan	-	-	-	-	(1,846)	-	-	**(1,846)**
Total comprehensive income for the period	**-**	**-**	**165**	**-**	**(24,044)**	**-**	**-**	**(23,879)**
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 plan	-	-	-	-	(1,288)	-	-	**(1,288)**
Reverse 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**

The reverse acquisition reserve has been transferred to retained earnings following the restructuring of the Group's operations in the year.

AssetCo plc
Consolidated Statement of Cash Flows
for the year to September 2012

	Note	**Year to 30 September 2012 £'000**	18 months to 30 September 2011 £'000
Cash flows from operating activities			
Cash (used)/generated from operations	6	**(2,842)**	4,554
Interest paid		**(3,316)**	(7,038)
Interest taxes paid		**-**	(1,096)
Net cash outflows from operating activities		**(6,158)**	(3,580)
Cash flows from investing activities			
Finance income		**70**	57
Disposal of businesses		**-**	2,515
Purchase of property, plant, and equipment		**(167)**	(2,589)
Sale of property, plant, and equipment		**138**	566
Cash deposited in respect of scheme of arrangement and a bond		**-**	(9,226)
Net cash generated/(used) in investing activities		**41**	(8,677)
Cash flows from financing activities			
Issue of shares (net of costs)		**8,041**	20,491
Dividends paid		**-**	(847)
Dividends/management charges		**-**	(450)
Repayments of amounts borrowed		**(379)**	(3,001)
Increase in borrowings		**-**	1,296
Finance lease additions		**-**	10,523
Finance lease repayments		**(612)**	(12,765)
Net cash generated in financing activities		**7,050**	15,247
Net change in cash and cash equivalents		**933**	2,990
Cash, cash equivalents and bank overdrafts at beginning of period		**4,377**	1,387
Cash disposed of with businesses		**(44)**	-
Cash, cash equivalents and bank overdrafts at end of period		**5,266**	4,377

AssetCo plc
Notes to the Preliminary Results for the year to 30 September 2012

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

The financial statements of AssetCo plc for the 18-month period to 30 September 2011 have been filed with the Registrar of Companies, were authorised for issue by the then Board of Directors on 10 April 2012 and the Balance sheet was signed on the Board's behalf by TG Davies. Those financial statements received a qualified audit report which did not contain statements under Section 237 (2) and (3) of the Companies Act 2006.

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

2. Basis of preparation

The Preliminary results for the period to 30 September 2012, 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. Discontinued operations

Profit on discontinued operations
On 15 August 2012, AssetCo plc completed the sale of its UK vehicle leasing and maintenance businesses to AB & A Investments Limited.

This disposal saw the Group exit its historic UK vehicle leasing and maintenance contracts which were based on a flawed business and financial structure and were the principal reason for the significant decline in shareholder value throughout 2010 and 2011.

The consideration for the sale of Continental Shelf 547 Limited and Continental Shelf 548 Limited and their subsidiaries, (announced on 15 August 2012) AssetCo London Limited, AssetCo Engineering Limited, AssetCo Lincoln Limited, AssetCo Solutions Limited, which held the contracts with London and Lincoln Fire authorities, and Mflow Limited was £2. The net liabilities on the date of disposal, being 15 August 2012, were:

Assets	**£'000**
Non-current assets	
Property, plant, and equipment	**21,066**
Total non-current assets	**21,066**
Current assets	
Inventories	**204**
Trade and other receivables	**3,255**
Cash and cash equivalents (excluding bank overdrafts)	**33**
Total current assets	**3,492**
Total assets	**24,558**
Liabilities	
Current liabilities	
Trade and other payables	**(4,509)**

Bank loans and short-term borrowings	**(61,072)**
Derivative financial instruments	**(7,514)**
Total current liabilities	**(73,095)**
Non-current liabilities	
Retirement benefit liabilities	**(2,078)**
Long-term provisions	**(850)**
Total non-current liabilities	**(2,928)**
Total liabilities	**(76,023)**
Net liabilities	**(51,465)**

In the audited 18-month period ended 30 September 2011, the companies being sold as part of the disposal of Continental Shelf 547 Limited and Continental Shelf 548 Limited made a loss after exceptional items but before tax of £16.5 million on revenue of £33.3 million and in the year to 30 September 2012 the companies made a profit after exceptional items but before tax of £0.4 million on revenue of £19.8 million. As at 30 September 2011, the net liabilities of the companies being sold had a book value of £50.2 million.

In addition, as part of the restructuring programme initially announced in September 2011, a number of dormant or intermediary holding companies have entered insolvency procedures and consequently, the Group no longer holds an economic interest in or control of them:-

AssetCo Municipal Limited

On 1 December 2011, AssetCo Municipal Limited was placed into Administration. The net liabilities as at the date of disposal, being 1 December 2011 were:

Assets	**£'000**
Non-current assets	-
Property, plant, and equipment	-
Other intangible assets	-
Total non-current assets	-
Current assets	
Inventories	-
Trade and other receivables	-
Cash and cash equivalents (excluding bank overdrafts)	-
Total current assets	-
Total assets	-
Liabilities	
Current liabilities	
Trade and other payables	**(373)**
Bank loans and short term borrowings	**(176)**
Derivative financial instruments	**-**
Total current liabilities	**(549)**
Non-current liabilities	
Retirement benefit liabilities	-
Long-term provisions	**(2,457)**
Total non-current liabilities	
Total liabilities	**(3,006)**
Net liabilities	**(3,006)**

In the audited 18-month period ended 30 September 2011, AssetCo Municipal Limited made a loss after exceptional items and before tax of £3.1 million on revenue of £1.4 million and in the year to 30 September 2012, the companies made a profit after exceptional items and before tax of £0.3 million on revenue of £nil. As at 30 September 2011, the net liabilities of the companies where the Group no longer holds an economic interest in or control of them being sold had a book value of £3.3 million.

AssetCo Fire & Rescue Limited

On 1 March 2012, AssetCo Fire & Rescue Limited was placed into Administration and therefore, effective from this date, it and its subsidiaries left the Group. The subsidiaries involved were AssetCo Emergency Limited, AssetCo Servicecare Limited, AssetCo Contracts Limited, AssetCo Resource Limited, AssetCo Managed Services (ROI) Limited, AssetCo Managed Services Limited, Simentra Limited. The net liabilities on the date of disposal, being 1 March 2012, were:

Assets	**£'000**
Non-current assets	
Property, plant, and equipment	**396**
Other intangible assets	**33**
Total non-current assets	**429**
Current assets	
Inventories	**-**
Trade and other receivables	**12**
Cash and cash equivalents (excluding bank overdrafts)	**11**
Total current assets	**23**
Total assets	**452**
Liabilities	
Current liabilities	
Trade and other payables	**(677)**
Bank loans and short term borrowings	**(12,755)**
Derivative financial instruments	**-**
Total current liabilities	**(13,432)**
Non-current liabilities	
Retirement benefit liabilities	**-**
Long-term provisions	**(4,068)**
Total non-current liabilities	**(4,068)**
Total liabilities	**(17,500)**
Net liabilities	**(17,048)**

In the audited 18-month period ended 30 September 2011, the companies where the Group no longer holds an economic interest in or control of them as a result of AssetCo Fire & Rescue Limited entering Administration made a loss after exceptional items and before tax of £55.7 million on revenue of £nil and in the year to 30 September 2012, the companies made a loss after exceptional items and before tax of £1.3 million on revenue of £nil. As at 30 September 2011, the net liabilities of the companies where the Group no longer holds an economic interest in or control of them being sold had a book value of £16.6 million.

AssetCo Specialist Vehicles Limited

On 9 July 2012, AssetCo Specialist Vehicles Limited was placed into Administration and therefore, effective from this date, it and its subsidiaries left the Group. The subsidiaries involved were AssetCo SVO Limited and Papworth Specialist Vehicles Limited. The net liabilities on the date of disposal, being 9 July 2012, were:

Assets	**£'000**
Non-current assets	
Property, plant, and equipment	-
Total non-current assets	-
Current assets	
Inventories	-
Trade and other receivables	-
Cash and cash equivalents (excluding bank overdrafts)	-
Total current assets	-
Total assets	-
Liabilities	
Current liabilities	
Trade and other payables	**(1,317)**
Bank loans and short term borrowings	**(3,154)**
Derivative financial instruments	-

Total current liabilities	**(4,471)**
Non-current liabilities	
Retirement benefit liabilities	-
Long-term provisions	**(5,798)**
Total non-current liabilities	**(5,798)**
Total liabilities	**(10,269)**
Net liabilities	**(10,269)**

In the audited 18-month period ended 30 September 2011, the companies where the Group no longer holds an economic interest in or control of them as a result of AssetCo Specialist Vehicles Limited entering Administration made a loss after exceptional items and before tax of £16.3 million on revenue of £1.3 million and in the year to 30 September 2012, the companies made a profit after exceptional items and before tax of £nil on revenue of £nil. As at 30 September 2011, the net liabilities of the companies where the Group no longer holds an economic interest in or control of them being sold had a book value of £10.3 million.

Cash flows from discontinued operations	**2012 £'000**
Net cash flows from operating activities	**(1,683)**
Net cash flows from investing activities	**(10)**
Net cash flows from financing activities	**(991)**

No comparative figures are presented because, as set out in the 2011 Annual Report and Accounts, the breakdown in controls during the prior period and parts of the 2011 reporting period have made it impossible to rely on some of the accounting information from that time.

4. 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. Segment 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 rescue emergency services. A number of operations have been discontinued in the year and these are disclosed separately. The Directors consider that the chief operating decision maker is the Board. Unallocated comprised the head office.

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				
EBITDA	3,266	138	**3,404**	5,708
Operating profit before exceptional items	3,240	138	**3,378**	2,724
Exceptional items	-	-	-	-
Operating profit	3,240	138	**3,378**	2,724
Profit from 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
Assets 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
Depreciation	26	-	**26**	2,917
Amortisation and impairment of intangible assets	-	-	-	67

Segment result has been calculated by subtracting depreciation and amortisation from EBITDA.

Revenues of approximately £18,900,000 are derived from a single external customer within the discontinued segment and revenues of approximately £14,618,000 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 out of a branch in UAE. Revenue by destination is not materially different from the turnover by origin shown above. All revenue relates to services.

18 months to 30 September 2011	**UAE £'000**	**Unallocated £'000**	**Continuing Operations £'000**	**Discontinued Operations £'000**
Revenue				
Revenue to external customers	13,023	-	**13,023**	35,982
Inter-segment revenue	-	-	-	-
Total revenue	13,023	-	**13,023**	35,982
Result				
EBITDA	1,905	(1,667)	**238**	(2,104)
Operating profit / (loss) before exceptional items	1,867	(1,667)	**200**	(2,075)
Exceptional items	-	70,642	**70,642**	(80,203)
Operating profit / (loss)	1,867	68,975	**70,842**	(82,278)
Loss from disposal of businesses	-	-	-	(610)
Finance income	58	-	**58**	101
Finance costs	(773)	(87)	**(860)**	(8,061)
Loss on fair value of financial instrument	-	-	-	(1,390)
Profit / (loss) before tax	1,152	68,888	**70,040**	(92,238)
Income tax expense	-	-	-	-
Profit / (loss) for the period	1,152	68,888	**70,040**	(92,238)
Assets and liabilities				
Total segment assets	10,895	11,963	**22,858**	28,812
Total segment liabilities	(9,769)	(7,926)	**(17,695)**	(109,237)
Total net assets / (liabilities)	1,126	4,037	**5,163**	(80,425)
Other segment information				
Total capital expenditure	141	-	**141**	2,448
Depreciation	38	-	**38**	5,944
Amortisation and impairment of intangible assets	-	-	-	184

Segment result has been calculated by subtracting depreciation and amortisation from EBITDA.

Revenue of approximately £30,471,000 are derived from a single external customer within the discontinued segment and £13,023,000 are derived from another single external 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 out of a branch in UAE. Revenue by destination is not materially different from the turnover by origin shown above. All revenue relates to services.

5. Operating profit/(loss)

The analysis of the components of operating profit / (loss) is shown below, after charging the following:

	Year to 30 September 2012		18 months to 30September 2011	
	£'000	**£'000**	£'000	£'000
Depreciation of property, plant and equipment		**2,943**		5,982
Amortisation and impairment of intangible assets		**67**		184
Exceptional items		**-**		9,561
Fees payable to the company's auditor for the audit of the annual accounts	**90**		100	
Fees payable to the company's auditor and its associates for other services:				
- the audit of the company's subsidiaries, pursuant to legislation	**120**		255	
- other services relating to taxation	**28**		332	
- all other services	**13**		123	
		251		810
Operating lease rentals on group properties		**167**		1,062
Operating lease rentals on other		**68**		71
Employee benefit expense		**12,261**		18,827
Raw materials and consumables used		**9,013**		10,147

Exceptional items

During the year to 30 September 2012, the Group incurred £nil exceptional charges (2011: £9,561,000). All exceptional items are included within discontinued operations.

	Year to 30 September 2012	18 months to 30 September 2011	
Exceptional items by category			
	£'000	£'000	£'000
Goodwill impairment	**-**		610
Creation of provisions	**-**		2,530
Sale of fixed assets	**-**		347
Fair value of liabilities associated with guarantees		4,353	
Scheme of arrangement		4,990	
Gain from the write-off of liabilities subject to the scheme		(6,922)	
Loss in respect of creditor scheme of arrangement	**-**		2,421
Gain on preference share exchange	**-**		(1,600)
Gain from share options	**-**		(680)
Correction of accounting errors	**-**		180
Restructuring expenses	**-**		5,753
	-		9,561

Goodwill impairment

There was a £nil charge for the year to September 2012 (2011: £610,000).

Creation of provisions

The expense in 2011 relates to the creation of provisions as detailed in note 23 of the 2011 Report & Accounts, for the year to 30 September 2012 £nil.

Loss in Respect of Creditor Scheme of Arrangement

In August 2010, the Group announced a Creditor Scheme of Arrangement (the "Scheme") whereby, all known and unknown liabilities at 28 December 2011 would be settled for a maximum amount of £4,990,000 in respect of third parties (excludes £10,000 in respect of amounts due to subsidiaries).

Under the Scheme, the Group has obligations in respect of certain guarantees provided previously and, the fair value of these obligations amounting to £4,353,000, have been recognised.

As noted above, under the Scheme of Arrangement, all liabilities are to be settled for a maximum amount of £4,990,000 and this sum has been expensed in the 18-month period to 30 September 2011. The liabilities to be settled amounted to £6,922,000 in respect of third parties and these amounts have been credited to the income statement in the 18-month period to 30 September 2011.

A loss has been recognised in the Income statement, effectively, netting the loss from recognising the fair value of guarantees with the cost of the Scheme and the gain from settling liabilities. There was £nil charge for the year to 30 September 2012.

Gain on Preference Share Exchange
Following the Capital re-organisation, announced on 9 September 2011, 3,750,000 Ordinary Shares with a nominal value of 10p each were issued in consideration for the purchase of £15m Preference Shares in AssetCo (Abu Dhabi) Limited. The fair value of the Ordinary Shares issued has been assessed at £7,500,000 and at purchase date the book value of liabilities in respect of the Preference Shares was £17,017,000. Of this amount £7,917,000 was identified as equity instruments and therefore the book profit recognised in the operating loss for the 18-month period to 30 September 2011 was £1,600,000. There was £nil charge for the year to 30 September 2012.

Gain from share options
All share options immediately lapsed and ceased to be exercisable upon the presentation of the winding up petition against the Group in March 2011. Accumulated charges have therefore been reversed to the income statement in the18-month period to September 2011. There was £nil charge for the year to 30 September 2012.

Correction of accounting errors
The Group was subject to a breakdown in systems and controls during the period to 30 September 2011 and the expense of £180,000 related to a write-off of unsubstantiated balances. There was £nil charge for the year to 30 September 2012.

Restructuring expenses
During the 18-month period to 30 September 2011, the Group incurred significant incremental adviser costs in respect of the various liquidity issues that the Group has faced. These issues are explained in detail within the Report & Accounts for 2011 and principally related to: creditor action, breaches of bank facilities, share placings, and a Creditor Scheme of Arrangement. There was £nil charge for the year ending 30 September 2012.

6. Reconciliation of profit / (loss) before tax to net cash (used)/ generated from operations

	30 September 2012	30 September 2011
	£'000	£'000
Profit/(loss) for the year before taxation	**84,324**	**(22,198)**
Depreciation and impairment	**2,943**	**5,982**
Amortisation and impairment	**67**	**184**
(Profit)/loss on sale of property, plant, and equipment	**(138)**	**347**
(Profit)/loss on disposal of businesses	**(81,788)**	**610**
Share-based payments	**-**	**(680)**
Interest rate swaps	**303**	**1,390**
Other finance expense/(income)	**17**	**(102)**
Interest expense	**3,316**	**7,826**
Interest received	**(70)**	**(57)**
Other non-cash movements	**181**	**3,737**
(Increase)/decrease in inventories	**(290)**	**374**
Increase in debtors	**(2,731)**	**(1,013)**
(Decrease) / increase in creditors	**(7,913)**	**9,169**
Increase in provisions	**(724)**	**(1,108)**
Loss on pension settlement	**-**	**30**
Contributions to the DB pension scheme in excess of service cost	**(339)**	**63**
Cash (used)/generated from operations	**(2,842)**	**4,554**

Analysis of net (cash) / debt		
	2012	2011
	£'000	£'000
Bank borrowings	**-**	16,116
Finance lease liabilities	**-**	62,032
Bank overdrafts	**-**	18
Cash at bank and in hand	**(5,266)**	(13,621)
	(5,266)	64,545
Interest rate swaps	**-**	7,211
	(5,266)	71,756

Net (cash)/debt of (£5,266,000) (2011: £71,756,000) includes the fair value of the interest rate swaps taken out with HBOS, Co-Op and Barclays and cash held in a bond £4,084,000 (2011: £4,226,000 and cash held in the scheme of arrangement of £5,000,000).

7. Income tax

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Current taxation		
UK corporation tax at 25% (2011: 27.33%)		
Current period	-	-
Prior period	(1,096)	-
Total current tax	(1,096)	-
Income tax credit	(1,096)	-

The difference between the loss on ordinary activities at an effective corporation tax rate of 25% (2011: 27.33%) ruling in the UK and the actual current tax shown above is explained below:

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Profit/(loss) on ordinary activities before taxation	84,324	(22,198)

	£'000	£'000
Tax on profit/(loss) on ordinary activities at a standard rate of 25% (2011: 27.33%)	21,081	(6,067)
Factors affecting tax charge for the period:		
Expenses not allowable for tax purposes	8	2,876
Income not taxable	(686)	-
Disposal profit not taxable	(20,447)	-
Amortisation of intangible assets	17	537
Tax losses eliminated	1,092	2,740
Tax losses utilised	(776)	-
Preference shares for share exchange	-	(437)
Deferred tax balances (not) / recognised	(289)	351
Adjustments in respect of prior years	(1,096)	-
	(1,096)	-

A number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by UK Parliament on 26 March 2012, reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The Directors believe that corporation tax in prior periods may have been overpaid based on the previously submitted corporation tax returns and that as a result corporation tax may be recoverable as at 30 September 2011. The Directors confirm that £1,096,000 of tax overpaid in recent financial years has been received from HMRC post 30 September 2012.

8.

A copy of this Preliminary Results announcement is available for viewing on the Company's website. The Group's Annual Report & Financial Statements, together with a Notice convening the Annual General Meeting will be posted to shareholders and available on the Company's website (www.assetco.com) in due course.