19 February 2015

Eco City Vehicles PLC

("Eco City", "ECV" or the "Company")

Results for the six months ended 30 June 2014

Eco City, previously a developer and supplier of the Mercedes London licensed taxi, announces its results for the six months ended 30 June 2014. The results reflect the position prior to ECV entering and subsequently exiting administration on the 22 December 2014 by way of a Company Voluntary Arrangement (the "CVA"), following approval by both ECV's creditors and shareholders.

On 24 December 2014 the Company issued a circular and a notice of General Meeting to its shareholders setting out proposals to raise funds totalling of £250,000 by means of a private placing of convertible loan notes ("CLNs"). £143,000 of the proceeds of the subscription has been applied to fund the CVA. The proposals also included resolutions for the reorganisation and consolidation of the Company's shares. All resolutions were approved at the General Meeting.

The placing of the CLNs was successful and the share reorganisation will be implemented once the suspension of trading in the Company's ordinary shares on AIM is lifted, which the board hopes will occur shortly after the publication of these results.

The interim results for the period to 30 June 2014 reflect activities of the Group which the directors expect will materially be classified as discontinued activities in the Company's financial statements for the year ended 31 December 2014.

Outlook

Following the implementation of the CVA the Company will be an Investing Company, as defined under Rule 15 of the AIM Rules for Companies. The Company's new Investing Policy is to invest and/or acquire companies and/or assets in the telecommunications, media and technology sectors where the Board believes there are opportunities for growth which, if achieved, will be earnings enhancing for shareholders. Details of the Investing Policy were set out in the circular sent to shareholders on 24 December 2014 and were approved by shareholders at the General Meeting held on 20 January 2015.

Financial highlights to 30 June 2104

- Total revenues reduced by 36% to £10.9m (H1 2013: £17.0m), reflecting the increased competition and market uncertainty.
- Operating loss before non-recurring items increased by £0.8m to a loss of £0.5m (H1 2013: £0.3m profit) primarily due to reduced sales and increase in administrative costs. Net loss increased by £1.66m to £1.96m (H1 2013: £0.3m Net loss).

Operating Performance

- Total new Vito licenses in the six months period decreased by 49% to 183 (H1 2013: 299).
- Decreased share of the new London licensed taxi market to 23.3% (H1 2013: 63.5%) based on Transport for London data.
- Inventories increased by £3.2m to £5.1m (H1 2013: £1.9m).

Post balance sheet events

- One80 Limited ("One80") the Company's intellectual property subsidiary, was placed in administration on 24 September 2014 by its directors.
- On 23 September 2014 Mercedes-Benz informed KPM-UK Taxis Plc ("KPM") that it was terminating its stocking facilities and trading agreements with immediate effect. On 19 September 2014 the trading in the Company's shares was suspended from trading on AIM and on 24 September 2014 the directors placed KPM into administration.
- On 6 October 2014 the Company filed a notice of intention to appoint an administrator for the Company and the resignation of Jonathan Moritz from the board.
- On 14 November 2014 the Company announced the appointment of Allenby Capital Limited as Nominated Adviser & Broker and the resignation of Peter DaCosta as a director of the Company.
- On 17 October 2014 the Company was placed in administration by its directors. On 1 December 2014 the administrators issued a proposal for the CVA to the Company's creditors and shareholders following discussions with a number of potential investors. The CVA proposals were approved by the Company's shareholders and creditors on 22 December 2014. Following the approval of the CVA proposal the Company exited administration and entered into the CVA. Management and control of the Company returned to its directors, John Swingewood and Ran Oren. The former Joint Administrators will continue in a different role as Joint Supervisors of the CVA for the purpose of implementing the CVA.
- On 24 December 2014 the Company issued a circular and a notice of General Meeting to its shareholders setting out proposals to raise funds in total of £250,000 by means of private placing of up to £250,000 CLN. £143,000 of the proceeds of the subscription to be applied to fund the CVA proposals. The proposals included resolutions for the reorganisation and consolidation of the Company's shares. The circular included details of the Company's Investing Policy, as required by Rule 15 of the AIM Rules for Companies.
- On 20 January 2015 all the resolutions set out in the proposal above were approved by the Company's shareholders.
- The Board has decided to continue with the Company's current name, Eco City Vehicles PLC.

Commenting on the results, John Swingewood, Chairman, said: "The market conditions became very difficult for London taxi sales and unfortunately the Company was unable to continue trading in these conditions. Subsequently the board has worked hard to restructure the business to enable it to become an investing vehicle that hopefully in the long term will return value to the Company's existing and new shareholders following the completion of the above mentioned CLN subscription. "

Enquiries:

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Overview

The Company and its subsidiaries (together the Group") performance in the first half of the year reflected the difficult market condition and the market uncertainty. Total new Vito licenses in the six months period decreased by 49% to 183 (H1 2013: 299)

Total revenues were 36% lower at £10.9m (H1 2013: £17.0m) with gross margin slightly increased to 17.0% (H1 2013: 16.4%). The upturn was mainly due to the increase in Parts sales and Used Taxi sales.

Operational Review

Taxi Sales

Taxi sales decreased by 44% to £7.5m (H1 2013: £13.4m). Based on Transport for London (TfL) data, the Mercedes Vito reduced its share of the new London licensed taxi market to 23.3% in the first six months of the year, against a market share of 64% in the same period last year. New Vito taxi licenses decreased by 49% to 183 vehicles in the first six months against 299 in the same period last year.

Sales of used taxis decreased by 7% to £2.6m (H1 2013: £2.8m) as a result of the market uncertainty around the future of the conditions of fitness requirements.

After Sales Division – Parts and Service

The parts business has seen a revenue decrease of 6% to £1.7m (H1 2013 revised: £1.8m) as a result of increased competition from LTI distributors. Gross margins increased slightly from 21% to 22%.

One80 Limited

One80 had a licence agreement which provided a fixed licence fee per Vito taxi produced with a minimum guaranteed level of 450 units per annum. One80 owned the intellectual property rights to the rear wheel steer technology used on the Mercedes Vito taxi.

One80 had been notified by its licensee that further production is currently on hold owing to existing stock levels of completed vehicles. With a lack of production revenues and, also previously announced the impending legal case against One80 by the non-exclusive licence holder, One80 was placed in administration on 24 September 2014.

VAT Recovery

Cabvision Limited, a former related party, has a VAT claim with HMRC, for which the net proceeds have been assigned to KPM-UK Taxis PLC, a wholly owned subsidiary of ECV. The case was heard in September 2012 and (as announced on 5 March 2014) judgment has been received in favour of Cabvision Limited. As announced on 7 September 2012, ECV, in the context of restructuring related party repayments in conjunction with its equity placing, agreed that any proceeds (net of corporation tax and legal costs which currently amounts to approximately £2.5m) received from HMRC as a result of the VAT claim be applied firstly in repayment of the KPM-UK Taxi PLC Discretionary Pension Scheme ("Pension Scheme") loan ("Pension Scheme Loan") and secondly (once the Pension Scheme Loan has been repaid in full) in repayment of the Global Meters Systems Limited ("Global Meters") arrears. The Pension Scheme Loan and Global Meters arrears balances are £1.3m and £0.4m respectively as at 31 March 2014.

In May 2014 the Group has agreed a deal with Cabvision Network Limited ("Cabvision Network" and the "VAT Recovery Transaction"), under which the benefit of the VAT claim will be assigned to Cabvision Network as part of the purchase by Cabvision Network of the Group's £5m receivable from Cabvision Limited (which is held at nil value in the Group's accounts). The consideration for the purchase is £0.6m cash, of which £0.1m will be used to reduce the Pension Scheme Loan to £1.2m, together with the novation of the Pension Scheme Loan and Global Meters arrears to Cabvision Network. These novated liabilities total £1.2m and £0.4m respectively. This will result in a total non-recurring benefit of £2.2m to the Group's accounts, improving its balance sheet.

Non recurring items

The Group has incurred one-off non-recurring items of £1.3m (H1 2013: £0.5m) due to legal, restructuring and impairment costs.

Inventory

Inventory levels increased to £5.1m (H1 2013: £1.9m) at June 2014 due to the reduction in sales and the continued production of vehicles by One80.

Cash balances and funding

Cash balances at 30 June 2014 were £0.7m (H1 2013: £0.9m) with borrowings decreasing by £1.3m to £0.4m (H1 2013: £1.7m) following the VAT recovery agreement with the Pension scheme as outlined above.

Post balance sheet events

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Board changes

On 5 March 2014 the Group announced that Trevor Parker had stepped down from the Board to pursue other interests and the appointment of Ran Oren as non-executive director.

On 6 October 2014 Jonathan Moritz resigned from his position as Finance Director of the Company and other subsidiaries.

On 16 November 2014 Peter DaCosta resigned from the board as non executive director.

John Swingewood
Chairman

Consolidated Statement of Comprehensive Income

For the period ended 30 June 2014

	Notes	Unaudited 30 June 2014 £000	Unaudited 30 June 2013 £000	Audited 30 December 2013 £000
Revenue		10,896	16,995	30,939
Cost of sales		(9,045)	(14,201)	(26,372)
Gross profit		1,851	2,794	4,567
Administrative expenses		(3,861)	(3,320)	(6,692)
Other income		244	335	3,321
(Loss)/profit from operations before non-recurring items		(469)	313	439
Non-recurring items	3	(1,297)	(506)	757
(Loss)/profit from operations		(1,766)	(193)	1,196
Finance costs	4	(194)	(108)	(219)
(Loss)/profit before taxation		(1,960)	(301)	977
Taxation		6	-	50
(Loss)/profit for the period and total comprehensive loss		(1,954)	(301)	1,027
(Loss)/profit for year attributable to owners of		(1,916)	(263)	996
Non-controlling interest		(38)	(38)	31
		(1,954)	(301)	1,027
(Loss)/profit per share		Pence	Pence	Pence
Basic and diluted (Loss)/profit per share :	5	(0.41)	(0.06)	0.21

eco city vehicles plc
Consolidated statement of financial position
As at 30 June 2014

Assets	Notes	Unaudited 30 June 2014 £000	Unaudited 30 June 2013 £000	Audited 30 December 2013 £000
Non-current				
Property, plant and equipment		2,548	1,218	3,185
Intangible assets		131	739	661
Goodwill		-	1,420	564
Total non-current assets		2,679	3,377	4,410
Current				
Inventories		5,132	1,911	2,932
Trade and other receivables		2,168	2,063	6,217
Cash and cash equivalents		695	907	930
Total current assets		7,995	4,881	10,079
Total assets		10,674	8,258	14,489
Equity and liabilities				
Equity				
Equity attributable to owners of the parent:				
Share capital		4,713	4,692	4,692
Share premium		3,190	3,177	3,177
Reverse acquisition reserve		(1,709)	(1,709)	(1,709)
Retained deficit		(6,639)	(5,961)	(4,723)
		(445)	199	1,437
Non-controlling interest		46	15	84
Total equity		(399)	214	1,521
Current liabilities				
Borrowings	6	422	674	1,387
Trade and other payables		7,705	5,674	7,703
Provisions		355	367	285
Total current liabilities		8,482	6,715	9,375
Non-current liabilities				
Borrowings	6	2,337	998	3,170
Trade and other payables		254	331	254
Provisions		-	-	169
Total non-current liabilities		2,591	1,329	3,593
Total liabilities		11,073	8,044	12,968
Total equity and liabilities		10,674	8,258	14,489

eco city vehicles plc
Consolidated statement of changes in equity - unaudited
As at 30 June 2014

	Share capital £000	Share premium £000	Reverse acquisition reserve £000	Shares to be issued £000	Retained deficit £000	Total attributable to equity holders of Parent £000	Non-Controlling Equity £000	Total Equity £000
At 1 January 2013	4,565	3,070	(1,709)	189	(5,697)	418	53	471
Total comprehensive loss	-	-	-	-	(263)	(263)	(38)	(301)
Issue of share capital	127	107	-	(189)	-	45	-	45
Share based payment	-	-	-	-	(1)	(1)	-	(1)
At 30 June 2013	4,692	3,177	(1,709)	-	(5,961)	199	15	214
Total comprehensive loss	-	-	-	-	1,259	1,259	69	1,328
Issue of share capital	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	(21)	(21)	-	(21)
At 31 December 2013	4,692	3,177	(1,709)	-	(4,723)	1,437	84	1,521
Total comprehensive loss	-	-	-	-	(1,916)	(1,916)	(38)	(1,954)
Issue of share capital	21	13	-	-	-	34	-	34
Share based payment	-	-	-	-	-	-	-	-
At 30 June 2014	4,713	3,190	(1,709)	-	(6,639)	(445)	46	(399)

eco city vehicles plc
Consolidated statement of cash flows
For the period ended 30 June 2014

	Unaudited 30 June 2014 £000	Unaudited 30 June 2013 £000	Audited 30 December 2013 £000
Net cash inflow from			
Operating activities			
(Loss)/profit for the year	(1,954)	(301)	1,027
Adjustments for:			
Depreciation	337	105	322
Amortisation	143	125	250
Impairment	991	-	856
Share option charge	-	(1)	(22)
Finance cost	194	108	219
Income tax expense	(6)	-	(50)
Payments to acquire assets held for rental	-	(533)	(141)
	(295)	(497)	2,461
Decrease/(Increase) in debtors	4,049	(121)	(4,275)
(Decrease)/increase in creditors	(97)	(1,161)	878
(Increase)/decrease in stocks	(2,200)	2,227	1,206
Cash generated from operations	1,457	448	270
Income taxes received	6	-	50
Net cashflows from operating activities	1,463	448	320
Investing activities			
Payments to acquire tangible fixed assets	160	(627)	(125)
Sale of tangible fixed assets	(523)	563	-
Purchase of intangibles	23	-	(47)
Net Cash used in investing activities	(340)	(64)	(172)
Financing activities			
Net cash generated from share issue	34	-	45
Interest paid	(194)	(108)	(219)
Repayments of pension loans	(1,166)	(21)	(84)
Income from related party VAT claim	600	-	-
Movement in stock financing	(632)	61	449
Net cash (used in)/from financing activities	(1,358)	(68)	191
Increase/decrease in cash	(235)	316	339
Cash and cash equivilents at beginning of the year	930	591	591
Cash and cash equivilents at end of the year	695	907	930

1. General Information

Eco City Vehicles PLC is a company incorporated in the United Kingdom and listed on AIM. The address of the registered office is 31st Floor, 40 Bank Street, London, E14 5NR.

During the period the Company and its subsidiaries were engaged in the sale and service of new and used taxicabs to owner operators of licensed taxis in London and the provision of related services. During the interim period the Group operated from a single site in East London from where it conducted all operations.

This unaudited consolidated interim report is presented in British Pounds Sterling, the currency of the primary economic environment in which the Group operates. The Group comprises Eco City VehiclesPLC and its subsidiary and associated companies as set out in the Note 3 of the Parent Company's financial statements, for the period ended 30 June 2014

The unaudited consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

The financial information for the year ended 31 December 2013 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies. The Independent Auditors' Report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2. Basis of preparation

The unaudited consolidated interim financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The same accounting policies, presentation and method of computation are followed in this financial information as was applied in the group's latest annual audited financial statements and using accounting policies that are expected to be applied for the financial year ending 31 December 2014. Practice is continuing to evolve on the application and interpretations of IFRS. Further standards may be issued by the International Accounting Standards (IASB) and standards currently in issue and endorsed by the EU may be subject to interpretations issued by IFRIC.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this consolidated financial information.

8. *Non recurring items*

	Unaudited 30 June 2014 £000	Unaudited 30 June 2014 £000	Unaudited 30 June 2013 £000	Unaudited 30 June 2013 £000	Audited 31 December 2013 £000	Audited 31 December 2013 £000
Professional fees						
- Restructuring	108		43		67	
- One80 stock resolution	120		5		6	
		228		54		73
Impairment of One80	991		-		856	
		991		-		856
VAT claim	-		-		(2,239)	
		-		-		(2,239)
Employment/recruitment	-		-		24	
		-		-		24
Compensation for loss of office	53		53		123	
		53		53		123
Vehicle upgrade costs	-		349		-	
		-		349		-
Exceptional Warranty-related costs	-		-		347	
		-		-		347
Other	25		50		59	
		25		50		59
		1,297		506		(757)

4. *Finance costs*

	Unaudited 30 June 2014 £000	Unaudited 30 June 2013 £000	Audited 30 December 2013 £000
Finance costs			
Interest payable on borrowings	56	52	97
Fair value movement on interest rate swap	-	-	-
Consignment stock interest	72	56	101
Finance lease interest	66	-	21
	194	108	219

5. *Loss per share*

	Unaudited 30 June 2014 £000	Unaudited 30 June 2013 £000	Audited 30 December 2013 £000
Profit/(losses)			
Total Comprehensive Profit/(loss) for the period, used in the calculation of total basic earnings per share	(1,916)	(263)	996
Profit/(loss) for the year used in the calculation of total basic earnings per share from continuing operations	(1,916)	(263)	996
Non-recurring items	(1,297)	506	757
Adjusted profit/(loss) for the period	(3,213)	243	1,753
Weighted average number of ordinary shares for the purpose of basic and adjusted profit/(loss) per share	471,302,000	469,203,187	467,833,000
Profit/(loss) per share			
Continuing operations (pence)	(0.41)	(0.06)	0.21
Adjusted for non-recurring items (pre-tax) (pence)	(0.68)	0.05	0.37

Due to the losses returned diluted loss per share is equal to the basic loss per share. Share options have been excluded from the earning per share calculation because they are anti-dilutive but may become dilutive in future periods.

;. Borrowings

	Unaudited 30 June 2014 £000	Unaudited 30 June 2013 £000	Audited 30 December 2013 £000
Current portion of long term borrowings			
Obligations under finance leases	422	424	1,054
Pension loans	-	250	333
Total	422	674	1,387
Non-current long term borrowings			
Obligations under finance leases	2,337	19	2,337
Pension loans	-	979	833
Total	2,337	998	3,170

7. Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue								
		Unaudited 30 June 2014 £'000		Unaudited 30 June 2013 £'000		Audited 31 December 2013 £'000	Unaudited 30 June 2014 £'000	Unaudited 30 June 2013 £'000	Audited 31 December 2013 £'000
Vehicle Sales		7,479		13,408		23,858	133	390	1,258
Parts Sales	1,916		2,039		3,925				
Parts Sales (inter-segment)	(180)	1,736	(208)	1,831	(390)	3,535	151	183	378
After-sales	758		867		1,559				
After-sales (inter-segment)	(129)	629	(45)	822	(106)	1,453	(171)	(73)	(343)
Rental		319		6		113	(49)	(17)	(59)
Licence Revenue		733		928		1,978	84	170	492
Non-allocated		-		-		2	-	-	2
Total for continuing operations		10,896		16,995		30,939	148	652	1,728
Other operating income							-	25	9
Finance costs							(36)	(29)	(104)
Non-recurring items							(1,297)	(506)	757
Central administration costs							(775)	(444)	(1,437)
(Loss)/profit before tax per management information							(1,960)	(302)	953
Reconciliation to statutory accounts:									
(Loss)/profit per management information							(1,960)	(302)	953
Reconciling items:									
- Share based payments							-	1	22
(Loss)/profit before tax per statutory accounts							(1,960)	(301)	977

8. Post balance sheet events

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