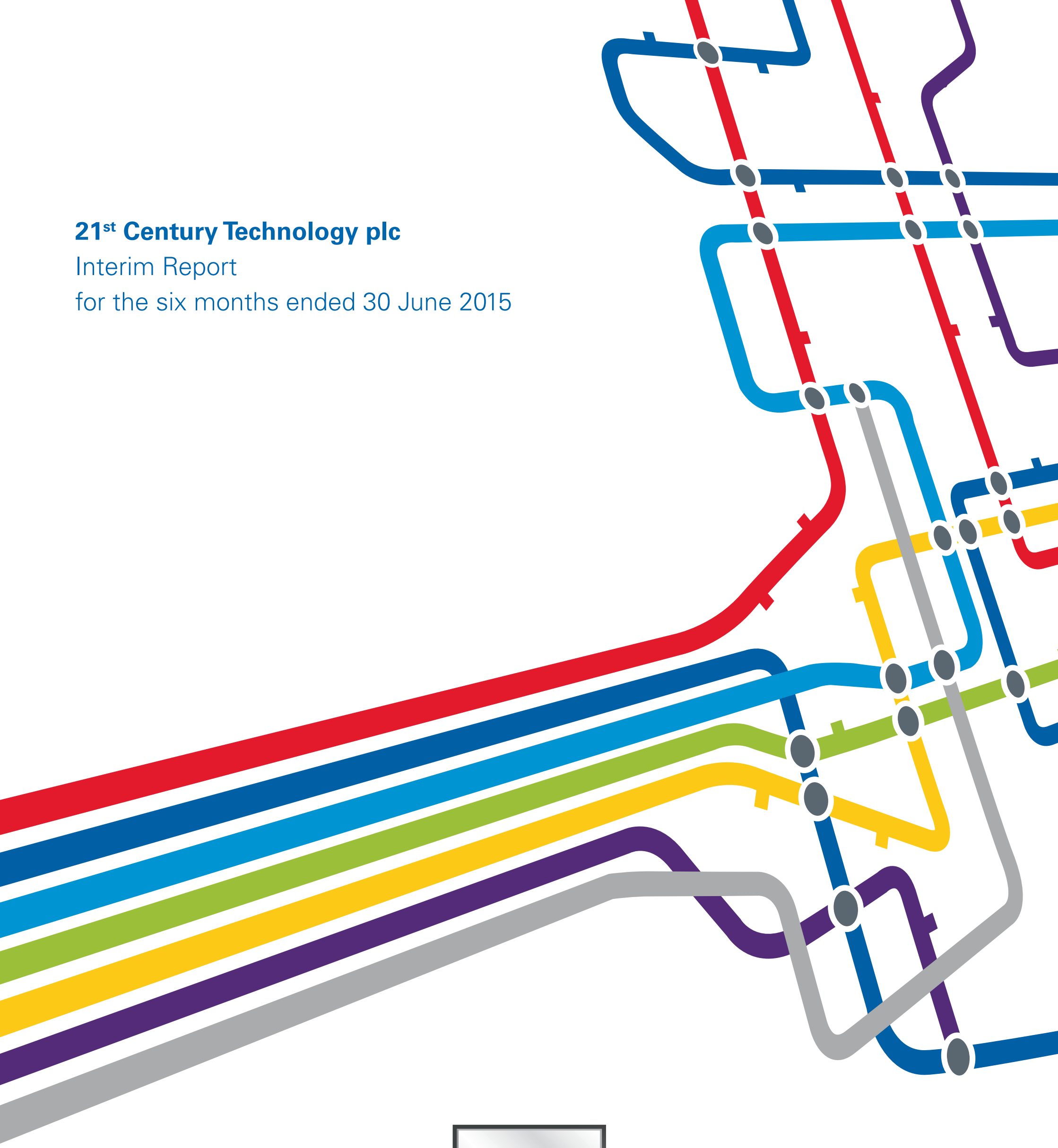


21st Century Technology plc

Interim Report

for the six months ended 30 June 2015

21ST Century

Innovation in Transport Technology

Introduction

21st Century Technology plc is one of the UK's leading specialist technology service providers to the transport industry. Our solutions cover both on-vehicle and off-vehicle requirements and specialities include CCTV, monitoring systems, passenger information displays, interactive kiosks and ticketing solutions. Our main customers are bus and rail operators, local authorities and passenger transport executives throughout the UK and selected European projects.

Through innovation and design 21st Century Technology has developed a market leading portfolio of solutions specifically created for the challenging environment of today's public transport and rail freight industries. Our solutions are widely implemented by some of Europe's largest transport operators which value the robustness, reliability and quality of the service and solutions that are delivered by 21st Century Technology. The acquisition of Region Services Group has extended the portfolio 'off-vehicle' with passenger information displays, interactive kiosks and ticketing solutions for the transport sector, with particular strength in bus stops and stations. The solutions demonstrate the deep expertise in software and hardware needed to deliver in urban environments.

Overview

Financial Statements

For more information visit
www.21stplc.com

Highlights

Financial highlights

- Underlying profit before depreciation and amortisation* £0.03m (2014: £0.25m)
- Operating loss £0.3m (2014: break-even)
- H1 performance constrained by delays on rail contracts; bus operations slightly ahead
- Revenue £4.7m (2014: £5.5m) including £0.8m from acquired business
- Gross profit £2.0m (2014: £2.0m) including £0.4m from acquired business
- Net cash £1.3m (2014: £2.6m) after settling acquisition and associated costs
- Basic and diluted loss per share 0.38p (2014: 0.02p)

* Underlying profit represents profit before interest, tax and non-underlying items (which comprise reorganisation costs, acquisition costs and share-based payment charges).

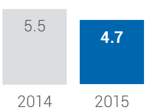
Operational highlights

- Strategic acquisition of Region Consultants Ltd, Region Services Ltd and RSL Cityspace Ltd (together the 'RSL Group'), adding solutions for real-time passenger information displays, interactive kiosks and ticketing into our portfolio. This extends the Group's reach to 'off-vehicle' systems for local authority and passenger transport executive (PTE) clients. It is part of a strategy to diversify earnings, add software capability and move towards highly integrated solutions.
- Breakthrough £1.1m contract awarded for our first supply of in-carriage systems in the rail industry.
- Project win in Nordic region on vehicles operated by Nobina, our first for this major operator.
- £4.5m order book across the enlarged Group, excluding maintenance and other recurring contracts.
- Significant investment in RSL Group, with the introduction of SAP Business One putting stock control and manufacturing systems into place, and the opening of a dedicated 5,000 sq. ft. design and assembly facility to cope with the growing demand for our solutions.
- Field-trial underway for an innovative next-generation system with a fully digital, server-based 'connected vehicle' application incorporating high definition IP cameras, cloud-based video recording, driver behaviour technology and passenger Wi-Fi service.

Financial overview

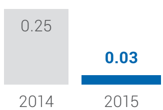
Revenue (£m)

£4.7m



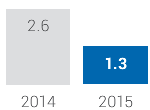
Underlying profit before depreciation and amortisation (£m)

£0.03m



Net cash (£m)

£1.3m



Chairman's and Chief Executive's review

We have made good progress in the first half of the year as we continue to implement the Group's strategy.

Summary

- Successful acquisition of RSL Group adds highly complementary products and services, diversifies earnings and broadens software capability.
- The fulfilment and service side in our business operating well; our ability to create or capture new opportunities has been slower than anticipated.
- We secured our first order for our 'in-carriage' CCTV solution in the rail industry, revenues for which will now fall into H2 2015.
- We retain our confident and cautiously optimistic view of the future.

We have made good progress in the first half of the year as we continue to implement the Group's strategy, with the acquisition of RSL Group, who are experts in the software and hardware for passenger information displays, interactive kiosks and smart ticketing solutions, and with the first award of an 'in-carriage' rail CCTV contract.

Combining both on and off-vehicle passenger and transport technical systems capabilities was an important first step in broadening and diversifying the Group and although we are only four months in at the present time, new and potentially significant multi-year opportunities are emerging that were previously unavailable to us; this is one of the ways in which we intended to grow into a more substantial and successful business.

As previously outlined, we are continuing the transition from a specialist provider of CCTV, monitoring and information systems for passengers and fleet operators in the bus and rail industries, into a more capable, broadly based systems integrator in the transport industry, serving local authorities, towns and cities and passenger transport executives (PTEs) as well as the fleet operators themselves.

Chairman's and Chief Executive's review continued

"

RSL Group's combination of hardware, software, installation and management of closely related products and services is highly complementary to 21st Century's offering and provides the Group with a valuable step towards realising the Board's strategic vision."

Mark W Elliott

Our business model is to compete by striving to offer better integrated solutions at reduced costs to our customers, based on an open system philosophy, using global scale products where possible, but with a local service offering tailored and optimised to customers' needs. We are targeting organic and acquisitive growth from a solid platform, which we have been developing over the last twelve months or so, and are now carefully assessing and researching other adjacent customer applications for growth opportunities. There are many, but we will only proceed when we have consolidated our position and where we can generate a significant market share by applying our skills, improving economies of scale benefits to customers and are confident of delivering profits to our shareholders.

Trading results

Revenue for H1 2015 of £4.7m, (H1 2014: £5.5m) including £0.8m from two months' trading of RSL Group, was lower than the previous period due to a delayed execution on the £1.3m of rail contracts announced on 7 April 2015 and weaker than expected sales to one of the major UK bus operators ahead of their contract renewal process. This contract renewal process is now underway and we expect the decision to be announced before the end of the year.

Gross profit for H1 2015 of £2.0m, (H1 2014: £2.0m) including £0.4m from RSL Group, was lower than the previous period on a like-for-like basis reflecting the above points regarding revenue with an uplift from UK bus margins being ahead of last year due to sales mix. However, the contribution from RSL Group delivered an increase in gross profit compared to H1 2014.

The underlying profit before depreciation, amortisation, interest, tax, reorganisation costs, acquisition costs and share-based payments of £27k (2014: £251k) was disappointing due to the delay in being able to deliver on the awarded rail contracts. The operating result was a loss of £0.3m (2014: break-even).

Basic and diluted loss per share was 0.38p (2014: 0.02p) and net cash decreased to £1.3m at 30 June 2015 (2014: £2.6m) following the £1.1m cash paid out on acquiring the RSL Group.

Acquisition of RSL Group

The acquisition is part of our strategy to diversify earnings, add software capability and move beyond providing individual solutions for the supply and installation of CCTV, telematics and monitoring systems, towards highly integrated on-board technologies with connected and web-based back-office software management applications.

Chairman's and Chief Executive's review continued

The fulfilment and service side of our business is operating well as evidenced by our continuing relationships with our major clients.

Acquisition of RSL Group continued

RSL Group's combination of hardware, software, installation and management of closely related products and services is highly complementary to 21st Century Technology's offering and provides the Group with a valuable step towards realising the Board's strategic vision. In particular, we diversify our earnings with:

- **software capabilities –** UI, web, database, cloud, virtualisation, EPI, real time and graphics processing;
- **new technology areas –** Embedded hardware, LED and TFT displays, remote access services and ticketing;
- **new sales arenas –** Off-vehicle, large-scale networks, civil engineering projects and integration;
- **new customers –** Local authorities, passenger transport executives and intermediaries;
- **reduced revenue concentration –** Less reliance on major accounts and a potentially greater number of large new accounts; and
- **cross-pollination –** Access to new customers for both companies, with multi-modal potential.

Operating review

The fulfilment and service side of our business is operating well as evidenced by our continuing relationships with our major clients; however, we have been less successful in applying this capability to create or capture new opportunities in the form of new customer sales. Our previously reported efforts in the bus Tier 2 operator space in the UK have not delivered the results we had been targeting and, as a consequence, management changes have been made and we have recruited a small team following the recent insolvency of a competitor in the UK bus market to target sales at both Tier 1 and Tier 2 levels. Internationally, we have continued our progress in Sweden and we are particularly pleased with our first project with Nobina – a very large operator in the region.

In order to improve our standing with Tier 2 operators, we have been working with suppliers to broaden our technology offering and have developed some novel solutions that are a better fit to their current and likely future needs and we have a number of fully digital connected vehicle systems under evaluation with operators.

Chairman's and Chief Executive's review continued

"We are continuing the transition from a specialist provider of CCTV, monitoring and information systems for passengers and fleet operators in the bus and rail industries, into a more capable, broadly based systems integrator in the transport industry."

Russ Singleton

The rail industry, for both passengers and freight, is a relatively new sector for 21st Century Technology and it is an important and potentially high growth area. The main success in the period was the first order for our 'in-carriage' CCTV solution, which is a major development and complements our forward-facing offering to provide a broader, total solution for our customers. However, as we have previously noted, due to the nature, scale and complexity of rail projects the precise timing of contracts is difficult to assess. As we increase the number of projects in our order book this should lead to greater visibility of earnings.

Outlook

We are anticipating revenue for H2 to increase from the £4.7m level in H1, underpinned by our £4.5m order book for new systems and our maintenance contracts. This will include the completion of the in-carriage CCTV project and a full six months' trading of RSL Group. Margin levels in UK bus will see an expected unwinding of the sales mix benefit in H1 and we are sensitive to the contract renewal described earlier as well as an identified trend for bus operators and manufacturers to scale back orders and production towards the end of the year.

With these sensitivities in mind, in particular the current retendering process, it is difficult to give more specific guidance on the likely outlook for FY15. Once this situation is determined and the full integration of the RSL Group is completed then the Board intends to initiate guidance to the market with regard to anticipated trading performance.

It is against this backdrop that I retain my confident and cautiously optimistic view of the future for 21st Century Technology.

Mark W Elliott
Chairman
18 September 2015

Russ Singleton
Chief Executive
18 September 2015

Consolidated statement of comprehensive income

for the six months ended 30 June 2015

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Revenue	**4,715**	5,512	9,027
Cost of sales	**(2,688)**	(3,504)	(5,741)
Gross profit	**2,027**	2,008	3,286
Underlying administrative expenses before depreciation and amortisation	**(2,000)**	(1,757)	(3,324)
Underlying profit/(loss) before depreciation and amortisation	**27**	251	(38)
Depreciation and amortisation	**(80)**	(55)	(91)
Share-based payments	**(147)**	(64)	(129)
Acquisition costs	**(93)**	–	–
Reorganisation costs	**(56)**	(140)	(160)
Administrative expenses	**(2,376)**	(2,016)	(3,704)
Operating loss	**(349)**	(8)	(418)
Finance (expense)/income	**(1)**	–	1
Loss before taxation from continuing operations	**(350)**	(8)	(417)
Taxation	**(4)**	(15)	34
Loss for the period being total comprehensive income attributable to owners of parent	**(354)**	(23)	(383)
Loss per share (note 3)			
Basic and diluted	**(0.38p)**	(0.02p)	(0.41p)

All results derive from continuing operations.

Consolidated statement of changes in equity shareholders' funds

for the six months ended 30 June 2015

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity shareholders' funds £'000
Balance at 1 January 2014	6,061	8	1,061	7,130
Loss and total comprehensive income for the period	—	—	(23)	(23)
Share-based payments	—	—	64	64
Balance at 30 June 2014	6,061	8	1,102	7,171
Balance at 1 January 2014	6,061	8	1,061	7,130
Loss and total comprehensive income for the year	—	—	(383)	(383)
Share-based payments	—	—	129	129
Balance at 31 December 2014	6,061	8	807	6,876
Loss and total comprehensive income for the period	—	—	(354)	(354)
Share-based payments	—	—	147	147
Balance at 30 June 2015	**6,061**	**8**	**600**	**6,669**

Consolidated statement of financial position

at 30 June 2015

	Unaudited 30 June 2015 £'000	Unaudited 30 June 2014 £'000	31 December 2014 £'000
Non-current assets			
Goodwill	**5,833**	4,318	4,318
Other intangible assets	**835**	–	–
Property, plant and equipment	**349**	173	155
Deferred tax asset	**73**	41	73
	7,090	4,532	4,546
Current assets			
Inventories	**1,027**	1,133	851
Trade and other receivables	**4,131**	2,110	1,320
Current tax asset	**22**	–	28
Cash and cash equivalents	**1,315**	2,619	2,661
	6,495	5,862	4,860
Total assets	**13,585**	10,394	9,406
Liabilities			
Current liabilities			
Trade and other payables	**(3,375)**	(2,088)	(1,418)
Tax liabilities	**–**	(1)	–
Loans and borrowings	**(293)**	–	–
Deferred revenue	**(1,458)**	–	–
Deferred tax liability	**(13)**	–	–
Provisions	**(403)**	(422)	(351)
	(5,542)	(2,511)	(1,769)
Net current assets	**953**	3,351	3,091
Non-current liabilities			
Loans and borrowings	**(103)**	–	–
Deferred revenue	**(496)**	–	–
Deferred tax liability	**(52)**	–	–
Provisions	**(723)**	(712)	(761)
Total liabilities	**(6,916)**	(3,223)	(2,530)
Net assets	**6,669**	7,171	6,876
Shareholders' equity			
Share capital	**6,061**	6,061	6,061
Share premium account	**8**	8	8
Retained earnings	**600**	1,102	807
Total equity shareholders' funds	**6,669**	7,171	6,876

Consolidated statement of cash flows

for the six months ended 30 June 2015

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Net cash from operating activities (note 4)	**(362)**	1,302	1,377
Investing activities			
Acquisition of subsidiary undertaking (net of cash acquired)	**(983)**	–	–
Purchases of property, plant and equipment	**(66)**	(26)	(44)
Purchases of intangible fixed assets	**(26)**	–	–
Net cash from investing activities	**(1,075)**	(26)	(44)
Financing activities			
Issue of loan note	**200**	–	–
Repayment of loans	**(31)**	–	–
Net cash from financing activities	**169**	–	–
Net (decrease)/increase in cash and cash equivalents	**(1,268)**	1,276	1,333
Cash and cash equivalents at beginning of period	**2,661**	1,343	1,343
Effect of foreign exchange rate changes	**(78)**	–	(15)
Cash and cash equivalents at end of period	**1,315**	2,619	2,661

Notes to the interim financial statements

for the six months ended 30 June 2015

1. Basis of preparation and approval of interim statement

The financial information for the six months ended 30 June 2015 and for the six months ended 30 June 2014 is unaudited.

The interim financial statement for the six months to 30 June 2015 does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.

The financial information has been prepared on the basis of IFRSs that the Directors expect to be applicable as at 31 December 2015.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those set out in the Group's Annual Report and Financial Statements 2014, which were prepared in accordance with IFRSs.

This interim financial statement does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2014 were approved by the Board on 1 April 2015 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

The interim financial statement was approved by the Board of Directors on 18 September 2015.

2. International Financial Reporting Standards

The Group follows the standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB and endorsed by the EU that are relevant to its operations.

3. Loss per Ordinary Share

Details of the weighted average number of Ordinary Shares used as the denominator in calculating the basic and diluted earnings per Ordinary Share are given below:

	Unaudited six months ended 30 June 2015 '000	Unaudited six months ended 30 June 2014 '000	Year ended 31 December 2014 '000
Basic weighted average number of shares	**93,240**	93,240	93,240
Dilutive potential Ordinary Shares	**–**	343	–
	93,240	93,583	93,240

Notes to the interim financial statements continued

for the six months ended 30 June 2015

4. Cash generated from operations

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Loss for the period	**(354)**	(23)	(383)
Adjustments for:			
– Finance expense/(income)	**1**	–	(1)
– Income tax expense/(credit)	**4**	12	(5)
– Deferred tax charge/(credit)	**–**	3	(29)
– Depreciation and amortisation	**80**	55	91
– Share-based payment expense	**147**	64	129
– Foreign exchange rate	**78**	–	15
– Increase in provisions	**14**	75	53
Operating cash flows before movement in working capital	**(30)**	186	(130)
(Increase)/decrease in working capital balances	**(333)**	1,019	1,421
Cash (outflow)/inflow from operations	**(363)**	1,205	1,291
Income taxes received	**2**	97	85
Interest (paid)/received	**(1)**	–	1
Net cash (outflow)/inflow from operating activities	**(362)**	1,302	1,377

Notes to the interim financial statements continued

for the six months ended 30 June 2015

5. Acquisition

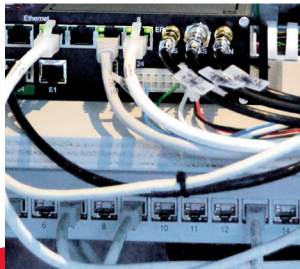
On 30 April 2015, 21st Century Technology Solutions Limited ('21CTSL') acquired the entire issued share capital of Region Consultants Ltd, Region Services Ltd and RSL Cityspace Ltd (together the 'RSL Group'). Total consideration for the acquisition of RSL Group is £1.3m and was satisfied with £1.1m in cash and a three-year loan note of £0.2m bearing interest at 6%. The loan note is repayable in whole or in part, in each case subject to notice, at the holder's election on each anniversary date of issue or at the Company's election at any time six months after issue.

RSL Group is one of the UK's market leaders in developing and supplying public information systems for bus travel, such as interactive terminals, real-time display screens and kiosk-based ticketing machines. Founded over 20 years ago, RSL Group has built an enviable reputation for high quality design and installation of travel information displays and ticketing systems in bus and rail hubs. Its customers include passenger transport executives (PTEs) and local authorities and their technologies are installed in many towns and cities around the UK. RSL Group has its own development team and its industry-proven electronic passenger information (EPI) software is now in its fourth generation.

The provisional assets and liabilities, as at 30 April 2015, arising from the acquisition were as follows:

	Book value £'000	Fair value £'000
Other intangible assets	513	840
Property, plant and equipment	177	177
Inventories	193	193
Trade and other receivables	1,745	1,745
Cash and cash equivalents	317	317
Loans and borrowings	(227)	(227)
Trade and other payables	(1,199)	(1,199)
Deferred tax liability	–	(65)
Deferred income	(1,996)	(1,996)
Net liabilities acquired	(477)	(215)
Goodwill		1,515
Total consideration		1,300
Satisfied by:		
Cash		1,100
Loan note		200
		1,300

"21st Century Technology plc is one of the UK's leading specialist technology service providers to the transport industry."



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