



30 September 2013

Cyan Holdings plc
("Cyan" or "the Company")

Interim Results for the six months ended 30 June 2013

Cyan Holdings plc (AIM:CYAN.L), the integrated system and software design company delivering mesh based flexible wireless solutions for utility metering, lighting control and M2M applications announces its Interim Results for the six months ended 30 June 2013.

Financial Highlights

- Turnover of £51,512 (H1 2012: £192,923)
- Operating loss reduced to £1,300,060 (H1 2012: £1,643,644)
- Basic and Diluted Loss Per Share of 0.05p (H1 2012: 0.12p)
- Cash and cash equivalents £1,725,948 (H1 2012: £700,536)
- Placing completed to raise £1 million
- Warrants exercised raising £427k during the period under review (£768k in total during exercise period)

Operational Highlights

- New deployment with a large public utility in the North of India (Haryana)
- Further strengthening of operational team in India with new country manager and technical team
- Successful presentation at the 5th India Smart Grid Summit

Post period highlights

- Strategic partnership agreement signed with Illumatic Brazil (including an order for \$135,000)
- Strategic partnership agreement with Nobre de la Torre, Brazil
- Strengthening of the Board, management and advisory teams with the appointments of:
 - Simon Smith as Chief Financial Officer
 - Stephen Page as Chief Operating Officer (non-Board)
 - Dr. Sean Cochrane as Product Director (non-Board)
 - Heather Peacock as Company Secretary
 - Stephen Newton as Non-Executive Director
 - Carlos Ferreira as Special Advisor for Latin America
- Meeting with India's Minister for Power at a Round Table event organised by the UK department for Trade and Investment
- Successful presentation at the 3rd World Smart Grid Conference, India
- Application to become an 'International Member' of the India Smart Grid Forum (ISGF) has been approved

John Cronin, Executive Chairman, commented: "The period under review has proven challenging in that the Tamil Nadu Electricity Board ("TNEB") tender has still not been awarded, despite the fact that 2,000 Cyan enabled meters (deployed by four of our local meter manufacturer partners) have been installed in Trichy and have demonstrated that they meet the TNEB tender specification.

Post period end, we have taken the opportunity to strengthen the board of directors, operational teams and advisory personnel within Cyan. We expect to continue to build our execution and advisory team to ensure we capture and execute the growing opportunities for Cyan, across multiple territories around the world. I welcome them to the Company and remain confident their combined experience and knowledge will help accelerate our traction in emerging markets across the globe.

The strengthened team and numerous opportunities around the world for Cyan’s technology and solutions, provide me with significant confidence that the Company will deliver on shareholders’ expectations”.

Enquiries:

Cyan Holdings plc

www.cyantechnology.com

John Cronin, Chairman

Tel: +44 (0) 1954 234 400

Allenby Capital Limited

Nominated Adviser and Joint Broker

Jeremy Porter / Mark Connelly

Tel: +44 (0) 20 3328 5656

XCAP Securities plc

Joint Broker

Jon Belliss / Adrian Kirk

Tel: +44 (0) 20 7101 7070

Walbrook PR

Financial PR

Paul Cornelius / Bob Huxford

Tel: +44(0) 20 7933 8780

CHAIRMAN'S STATEMENT

The six month period under review has proven to be both challenging and rewarding for the Company. In particular, the lodging of the TNEB tender announced just after the period end, effectively putting the tender process on hold, was particularly disappointing, given the amount of effort put in and progress made by Cyan and its partners in developing the product and completing a successful pilot in Trichy, India. A full update on the TNEB tender is provided further on in this statement.

However, having now spoken with India's Minister for Power, I remain convinced that India remains a significant commercial opportunity for the Company. Below is a link to the Smart Grid Vision and Roadmap for India as launched by the Minister in August 2013, which gives the full scale of opportunities in India.

<http://indiasmartgrid.org/en/Lists/News/Attachments/154/India%20Smart%20Grid%20Forum%20Booklet.pdf>

Cyan has in recent months taken measures to increase our infrastructure in the country through the appointment of senior personnel, who live and work within India as detailed below.

Our Country Manager for India, Shiv Kaushik, has more than 18 years of experience with leading IT companies and has a wealth of experience in this sector selling software based solutions for companies such as Oracle, Wipro and Ferranti. Importantly for Cyan, we see our relationships with system integrators as being key to our future success and Shiv has previously worked with several system integrators and utilities to manage the deployment of the IT based systems for the implementation of energy management solutions.

I expect the new team in India to complete the deployment of smart meters with our new utility customer in Northern India and further our relationships with other utilities and meter manufacturers across the region.

Strengthening of the Management Team

Over the period under review I have met with Cyan's significant customers and strategic partners in key countries. I have been encouraged by their positive feedback on the strength of Cyan's technology platform and their optimism for further commercial opportunities. We therefore felt it necessary to strengthen the senior advisory and management teams within Cyan to complement the technical and commercial knowledge and experience we already have within the Company as we move forward across multiple territories with several key relations and partnerships.

We have today announced changes that will significantly strengthen the Board and management team within Cyan. Firstly, from 1 October 2013, Simon Smith will move from his current position as Non-Executive Director to an Executive Director role as Chief Financial Officer, which will also include him focusing on investor relations, identifying suitable acquisition targets and creating value for shareholders of the Company.

Having recently qualified as a Company Secretary through ICSA, Heather Peacock will be appointed to the role of Company Secretary from 1 October 2013, in addition to her existing role of Financial Controller, with responsibility for the corporate governance of the Company.

In addition to the executive roles mentioned above, Cyan has also recently taken the opportunity to strengthen its Board with the appointment of Stephen Newton as Non-Executive Director and is also seeking to add an additional Non-Executive to the Board before the end of the year.

Cyan has also strengthened its executive management team with the appointment of Stephen Page as Chief Operating Officer (non-Board) responsible for product development and operations. Stephen has successfully managed the development of CyLec and CyLux products in recent years. The Board is confident

Stephen has the ability to continue to deliver product development and add any additional operational capability they expect the Company will require to capitalise on its emerging commercial opportunities. He has recently overseen the successful qualification process by his team of the two Tier 1 contract equipment manufacturers, who are now fully qualified and able to manufacture and deliver substantial volumes of product for Cyan customers in India.

In addition, Dr Sean Cochrane has been appointed Product Director (non-Board) and will be responsible for refining the Company's product roadmap and ensuring customer requirements are defined and captured. Dr Cochrane has lead Cyan's technical field support team for the last 5 years and played a large part in ensuring the success of the pilots carried out in Trichy in 2012 as part of the TNEB tender.

When I visited many of our key customers, prospects and partners in early September there was an overwhelming request for more local Cyan staff to be in-country to support them. Therefore, we have strengthened our team in India to provide more continuity and be closer to our customers. Shiv Kaushik continues in the role of Country Manager for India and has recruited an additional Sales Manager to deliver on local opportunities in Southern India. With Shiv based in Northern India and two application engineers already in the field, the India team now consists of four staff based close to customer locations. As part of the management changes identified above, Bijan Mohandes is no longer an employee of the Company.

Cyan has also recently announced the appointment of Carlos Ferreira as Cyan's Special Advisor for Latin America, who has over 20 years' experience in various executive positions within power companies across Brazil. I am sure his experience will prove invaluable helping Cyan leverage its recent partnership agreement with Nobre de la Torre, in Brazil.

TNEB Update

Sixteen local meter manufacturers originally bid on the 1.5 million unit TNEB metering tender, of which only six companies chose to deploy pilots (at their own cost) of 500 meters in Trichy, Tamil Nadu. Of the six, four contained Cyan's wireless module and these were the only ones which met the TNEB tender specification as to inter-operability and 60 meter range through concrete walls. Cyan was notified by one of our meter manufacturer partners in early July that they had received a notification from TNEB that the tender was 'lodged' pending a decision from the TNEB Chairman on the best way to proceed. We were also told that the lodging was unrelated to the technical performance of Cyan's solution, but rather concerned the choice of which of the four Cyan partners would be awarded the business (expected to be 2-4 suppliers). At the time of preparation of this report, there have been many discussions internally at TNEB and with the meter manufacturer bidders, but the status has not yet officially changed and therefore we are not able to provide shareholders with a clear outcome. We estimate that the total opportunity for the meter manufacturers to supply the R-APDRP funded upgrade program of 18 million meters to TNEB is in the range of US\$500M and therefore the public tender procurement processes have to be strictly followed.

Since the lodging of the tender, Shiv Kaushik remains in regular contact with the Cyan meter manufacturer partners who bid on the tender as well as with TNEB themselves. He visits key decision makers at TNEB in Chennai regularly in order to assist them with their procurement processes. Cyan also continues to support the 2,000 Cyan powered meters that were installed in Trichy and they continue to demonstrate that they fully meet the tender specification. Cyan has also supplied a written report to TNEB on the technical performance of the meters from the four Cyan meter manufacturer partners and this has also been provided to the Minister of Power, following my meeting with him earlier this month. Despite the extended delays, our recent discussions with TNEB and our meter manufacturer partners, provide continued indications that Cyan enabled wireless meters are likely to be procured by TNEB through funding from the Indian Government's R-APDRP program.

Financial Review

For the six months ended 30 June 2013 turnover was £51,512 (H1 2012: £192,923). This fall in revenue was largely expected due to the strategic focus during the period on smart metering in India. However, post period end, we signed a strategic agreement and received an initial order from Ilumatic S/A of Brazil for \$135,000 for street lighting applications.

I would like to draw your attention to Note 2 in the 'Notes to the Accounts' regarding the issue of Going Concern, which the Directors have discussed in detail and have satisfied themselves that it is appropriate to present the financial statements on the going concern basis.

Despite the fall in revenue, whilst maintaining our investment in research and development, tight operating cost control within the business resulted in the operating loss reducing to £1,300,060 (H1 2012: £1,643,644).

During the six months to 30 June 2013, warrants which were issued at the Company's General Meeting on 2 August 2012 were exercised, raising a total of £427k during the period. The total raised from exercise of these warrants between August 2012 and August 2013 was £768k.

In addition, on 5 April 2013, Cyan announced that it had raised an amount of £1,000,000 before expenses by way of a placing where a total of 223,333,333 ordinary shares were issued at a price of 0.45 pence per share. In addition to this placing, 74,444,444 warrants were issued with an exercise price of 0.65 pence per share, and 10,000,000 warrants with an exercise price of 0.63 pence per share. All of these warrants have an exercise period of six months from their approval date on 27 June 2013 at the company's AGM, allowing the potential for raising a further £547k. Cash balances at the period end were £1,725,948 (H1 2012: £700,536).

I would like to take this opportunity to welcome the new shareholders and thank our existing shareholders for their support.

Outlook

Cyan continues to be involved in discussions at senior levels around the world regarding smart metering and smart lighting solutions. The recent meeting with India's Minister for Power confirmed their ambition to supply electricity to all households by 2017 through smart grid technologies. This provides enormous confidence that India remains an exciting and significant opportunity for Cyan.

Cyan has also made significant progress in other emerging countries, particularly in Brazil where it now has a strategic agreement for smart meters and a significant order for smart lighting solutions. With the addition of Carlos Ferreira as Special Advisor for Latin America, I am confident this region will provide further opportunities for Cyan to commercialise its technology.

We also expect to appoint an additional non-executive director before the end of the current financial year who will provide the Company with specific insight into the Systems Integrator industry, which we now believe will be a key route to market for the Company.

Therefore, the numerous opportunities around the world for Cyan's technology and solutions provide me with significant confidence that the Company will deliver on shareholders' expectations.

John Cronin

Executive Chairman
30 September 2013

Consolidated Income Statement

Six months ended 30 June 2013

	Notes	Unaudited six months ended 30 June 2013 £	Unaudited six months ended 30 June 2012 £	Year ended 31 December 2012 £
Continuing operations				
Revenue		51,512	192,923	315,194
Cost of sales		(34,619)	(117,933)	(203,654)
Gross Profit		16,893	74,990	111,540
Research and development costs		(600,963)	(584,431)	(1,141,005)
Other operating costs		(715,990)	(1,134,203)	(2,074,157)
Operating loss		(1,300,060)	(1,643,644)	(3,103,622)
Investment revenue		2,311	1,691	4,091
Finance costs		(10)	-	(3)
Loss before tax		(1,297,759)	(1,641,953)	(3,099,534)
Tax		102,000	120,000	222,762
Loss for the period		(1,195,759)	(1,521,953)	(2,876,772)
Loss per share (pence)				
Basic	3	(0.05)	(0.12)	(0.13)
Diluted	3	(0.05)	(0.12)	(0.13)

Consolidated Statement of Comprehensive Income

Six months ended 30 June 2013

	Unaudited six months ended 30 June 2013 £	Unaudited six months ended 30 June 2012 £	Year ended 31 December 2012 £
Loss for period	(1,195,759)	(1,521,953)	(2,876,772)
Exchange differences on translation of foreign operations	(153,423)	18,936	113,540
Total comprehensive income for the period	(1,349,182)	(1,503,017)	(2,763,232)

Consolidated Balance Sheet

At 30 June 2013

	Unaudited 30 June 2013 £	Unaudited 30 June 2012 £	31 December 2012 £
Non-current assets			
Intangible assets	-	-	-
Property, plant and equipment	5,674	16,444	8,990
	5,674	16,444	8,990
Current Assets			
Inventories	1,080,431	979,921	1,024,241
Trade and other receivables	197,112	320,660	333,021
Cash and cash equivalents	1,725,948	700,536	1,618,574
	3,003,491	2,001,117	2,975,836
Total assets	3,009,165	2,017,561	2,984,826
Current liabilities			
Trade and other payables	(262,794)	(328,424)	(287,772)
Total liabilities	(262,794)	(328,424)	(287,772)
Net current assets	2,740,697	1,672,693	2,688,064
Net assets	2,746,371	1,689,137	2,697,054
Equity			
Share capital	264,210	165,709	232,681
Share premium account	29,146,185	25,790,896	27,779,215
Own shares held	(808,856)	(690,191)	(808,856)
Share option reserve	776,190	604,536	776,190
Translation reserve	(368,240)	(303,889)	(214,817)
Retained loss	(26,263,118)	(23,877,924)	(25,067,359)
Total equity being attributable to owners of the Company	2,746,371	1,689,137	2,697,054

Consolidated statement of changes in equity

At 30 June 2013

	Share Capital £	Share Premium £	Own shares held £	Share Option Reserve £	Translation Reserve £	Retained Losses £	Total Equity £
Balance at 30 June 2012	165,709	25,790,896	(690,191)	604,536	(303,889)	(23,877,924)	1,689,137
Loss for the period	-	-	-	-	-	(1,189,435)	(1,189,435)
Other comprehensive income for the period	-	-	-	-	89,072	-	89,072
Total comprehensive income for the period	-	-	-	-	89,072	(1,189,435)	(1,100,363)
Issue of share capital	66,972	1,988,319	(118,665)	-	-	-	1,936,626
Credit to equity for share options	-	-	-	171,654	-	-	171,654
Balance at 31 December 2012	232,681	27,779,215	(808,856)	776,190	(214,817)	(25,067,359)	2,697,054
Loss for the period	-	-	-	-	-	(1,195,759)	(1,195,759)
Other comprehensive income for the period	-	-	-	-	(153,423)	-	(153,423)
Total comprehensive income for the period	-	-	-	-	(153,423)	(1,195,759)	(1,349,182)
Issue of share capital	31,529	1,366,970	-	-	-	-	1,398,499
Balance at 30 June 2013	264,210	29,146,185	(808,856)	776,190	(368,240)	(26,263,118)	2,746,371

Consolidated Cash Flow Statement

Six months ended 30 June 2013

	Notes	Unaudited six months ended 30 June 2013 £	Unaudited six months ended 30 June 2012 £	Year ended 31 December 2012 £
Net cash outflow from operating activities	4	<u>(1,086,195)</u>	<u>(1,217,236)</u>	<u>(2,765,349)</u>
Investing activities				
Interest received		2,311	1,691	4,091
Purchases of property, plant and equipment		<u>(2,854)</u>	<u>(46,958)</u>	<u>(4,919)</u>
Net cash used in investing activities		<u>(543)</u>	<u>(45,267)</u>	<u>(828)</u>
Financing activities				
Interest paid		(10)	-	(3)
Proceeds on issue of shares		1,465,817	1,759,990	4,185,627
Share issue costs		<u>(67,318)</u>	<u>(154,434)</u>	<u>(296,094)</u>
Net cash from financing activities		<u>1,398,489</u>	<u>1,605,556</u>	<u>3,889,530</u>
Net increase in cash and cash equivalents		311,751	343,053	1,123,353
Cash and cash equivalents at beginning of period		1,618,574	364,590	364,590
Effect of foreign exchange rate changes		<u>(204,377)</u>	<u>(7,107)</u>	<u>130,631</u>
Cash and cash equivalents at end of period		<u><u>1,725,948</u></u>	<u><u>700,536</u></u>	<u><u>1,618,574</u></u>

Notes to the Accounts

Six months ended 30 June 2013

1. Basis of preparation

The interim financial information has been prepared in accordance with the IFRS accounting policies used in the statutory financial statements for the year ended 31 December 2012.

These interim financial statements do not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006. Results for the six month periods ended 30 June 2013 and 30 June 2012 have not been audited. The results for the year ended 31 December 2012 have been extracted from the statutory financial statements of Cyan Holdings plc.

Statutory financial statements for the year ended 31 December 2012 are available on the Company's website www.cyantechnology.com and have been filed with the Registrar of Companies. The Company's auditor issued a report on those financial statements that was unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006; however the auditor's report was modified to emphasise the uncertainty around the Company's ability to continue as a going concern.

2. Going Concern

The directors have prepared a business plan and cash flow forecast for the period to 31 December 2014. The forecast contains certain assumptions about the level of future sales and the level of gross margins. The directors acknowledge that the Group is trading in emerging markets that are relatively new to the Group. This may impact both the Group's ability to generate positive cash-flow and to raise new finance. There is a risk that the level of sales achieved is materially lower than the level forecast or at materially lower margins. The directors have taken steps to satisfy themselves about the robustness of sales forecasts but acknowledge that the timing of customer orders in the Group's target markets is inherently uncertain. The directors are of the opinion that this business plan is achievable. As a result, the directors have prepared the financial statements on the going concern basis.

There is however, material uncertainty related to the assumptions described above which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. In the event the Group ceased to be a going concern, the adjustments would include writing down the carrying value of assets to their recoverable amount and providing for any further liabilities that might arise.

3. Loss per share

Basic and diluted loss per ordinary share has been calculated by dividing the loss after taxation for the periods as shown in the table below.

	Unaudited six months ended 30 June 2013 £	Unaudited six months ended 30 June 2012 £	Year ended 31 December 2012 £
Losses (£)	1,195,759	1,521,953	2,876,772
Weighted average number of shares	2,418,355,380	1,293,298,323	2,297,507,867

IAS33 "Earnings per share" requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making company with outstanding share options, net loss per share would only be increased by the exercise of out of the money options. Since it seems inappropriate to assume that option holders would act irrationally and there are no other diluting future share issues, diluted EPS equals basic EPS.

4. Reconciliation of operating loss to operating cash flows

	Unaudited six months ended 30 June 2013	Unaudited six months ended 30 June 2012	Year ended 31 December 2012
	£	£	£
Operating loss for the period	(1,300,060)	(1,643,644)	(3,103,622)
Adjustments for:			
Depreciation of property, plant and equipment	7,167	14,784	24,993
Share-based payment expense	-	-	(10,314)
Operating cash flows before movements in working capital	(1,292,893)	(1,628,860)	(3,088,943)
Increase in inventories	(56,190)	(6,344)	(50,664)
Decrease in receivables	567	105,300	98,436
Increase / (decrease) in payables	24,978	(20,702)	(61,355)
Cash reduced by operations	(1,323,538)	(1,550,606)	(3,102,526)
Income taxes received	237,343	333,370	337,177
Net cash outflow from operating activities	(1,086,195)	(1,217,236)	(2,765,349)