29 September 2014

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

Interim Results for the six months ended 30 June 2014

Cyan Holdings plc (AIM:CYAN.L), the integrated system and software design company delivering mesh based flexible wireless solutions for utility metering and lighting control, announces its Interim Results for the six months ended 30 June 2014.

Financial Highlights
- Turnover of £65,510 (H1 2013: £51,512)
- Operating loss of £1,273,333 (H1 2013: £1,300,060)
- Basic and Diluted Loss Per Share of 0.03p (H1 2013: 0.05p)
- Cash and cash equivalents at 30 June 2014 of £716,786 (H1 2013: £1,725,948)

Operational Highlights
- First commercial order for retrofit smart metering solutions for Essel Utilities in India
- First pilot deployment of a retrofit smart metering solution in Brazil
- Deployment of pilots at two Tier 1 utilities with partner Nobre de la Torre in Brazil
- Teaming agreement signed with the M2M unit of Vodafone
- Board significantly strengthened with appointments of Harry Berry and Peter Mainz
- Meeting hosted in Cambridge with Chinese Minister Counsellor Zhou

Post Period Highlights
- First commercial order for smart metering solutions for Tata Power Mumbai, India
- Commercial order for 15,000 smart lighting modules in China from Aska Technology Ltd
- Second pilot deployment of a retrofit smart metering solution in Brazil
- MoU signed with global meter vendor El-Sewedy
- MoUs signed with Ecolibrium Energy & Innologix to build out India partner eco-system
- Teaming agreement signed with Gridsense Inc
- Partnership agreement signed with Dinsmore and Associates
- Award received from Frost & Sullivan for Technology Innovation Leadership
- Presentation delivered at India Utility Regulators & Policymakers Retreat, 2014 in Goa
- Placing completed to raise £3.5 million

John Cronin, Executive Chairman, commented:
"I am pleased to report that Cyan is now in the process of deploying our smart metering and lighting solutions in India, Brazil and China. The two orders we received in June and July for smart metering deployments at Tata Power Mumbai and Essel Utilities in India were quickly followed by a substantial smart lighting order from China. Additionally Cyan has now deployed multiple pilots in Brazil and opened up an additional emerging market opportunity in South Africa.

"Having raised significant additional funding from shareholders a few weeks ago, we are now very well positioned to exploit the commercial opportunity for Cyan's solutions in emerging markets across the globe and I look forward to delivering further positive news to shareholders in due course."

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CHAIRMAN'S STATEMENT

We believe the two recently announced commercial orders from end customers Tata Power Mumbai and Essel Utilities clearly demonstrate that Cyan offers one of the leading smart metering solutions in India. These commercial orders, in addition to the pilots currently being deployed by our partners in Brazil and the recent lighting order from China, give me confidence that Cyan is clearly moving from a status of development to one of commercialisation. This marks a clear transition for our shareholders in terms of the risk to reward ratio in investing in our Company. This was illustrated by new and existing shareholders through their recent investment of a further £3.5 million to enable us to fully exploit the expanding commercial opportunities across the multiple emerging markets that the Company now addresses.

Commercial Deployments
In the six week period to the end of July, Cyan announced orders for the commercial deployment of the Company's technology for Tata Power Mumbai and Essel Utilities in India and customers of Aska Technology in China.

In particular, Cyan's technology was selected by Larsen & Toubro ("L&T") for the deployment of its CyLec® Advanced Metering Infrastructure ("AMI") solution for Tata Power Mumbai ("Tata Power"). Tata Power Group is India's largest integrated power company with over 1.8 million customers and currently serving over 500,000 retail customers in Mumbai. Tata Power spent the previous 12 months evaluating the technology and Cyan subsequently received an order, via the consortium lead L&T, to provide a complete AMI solution. The initial contract with Tata Power is for the deployment of 5,000 consumer meters in a district of Mumbai and is currently planned to go live in the first half of 2015.

Furthermore, Cyan was selected by Aquameas Instrument Pvt. Ltd ("Aquameas") for the first deployment of Cyan's retrofit CyLec AMI solution at Essel Utilities. Aquameas designs, manufactures and supplies electricity meters as well as water meters and other metering equipment and Essel Utilities operates multiple private utility franchises, serving one million customers across India. After the first meeting in February 2014 between Essel, Aquameas and Cyan the customer rapidly moved to a decision to place an initial order for a 5,000 unit CyLec AMI retrofit solution. The 5,000 retrofit modules are expected to be fitted to consumer meters manufactured by Genus, Landis+Gyr, HPL and Larsen & Toubro, with a planned live date of the first half of 2015.

Additionally, in April 2014, Cyan signed a master distribution agreement with Aska Technology Limited ("Aska") to act as the distributor of Cyan's CyLux lighting solutions in the China market and provide first line support to end customers. This was followed by a purchase order from Aska in July 2014. The order for 15,000 Cyan smart lighting control modules, in addition to Cyan's server control software, is expected to be delivered before the end of the current financial year. This order was in addition to previous orders for 9,000 lighting control modules, making a planned installation total of 24,000 intelligent street lights for multiple end customers across locations in mainland China.

Given our global ambitions for the Company, we remain focused on developing our commercial reach in China. In March 2014 we welcomed the Chinese Minister, Counsellor Zhou, to our office in Cambridge where we showcased our leading technology to a delegation from the Chinese Embassy.

In August 2014, Cyan was also recognized by Frost and Sullivan through their 2014 European award for Technology Innovation Leadership in developing a smart metering technology for the power sector in emerging economies.

Pilot Deployments
Cyan has now deployed a total of nine smart metering pilots in India for both private and public utilities with an additional three pilots currently in the planning stage. These pilots represent a strong pipeline of commercial opportunities for Cyan in the smart metering market across India.

Having signed a strategic partnership agreement in December 2013 with Nobre de la Torre ("Nobre") in Brazil, Nobre deployed pilots at two Tier 1 utilities during the period. The first pilot was a full AMI solution using the CyLec retrofit module. For the second retrofit pilot, in order to provide a thorough evaluation of the Nobre and Cyan technology in the field, the utility selected three different locations, each with different deployment challenges for smart metering technology.

Eco-system of Partners
During the period under review, Cyan has made substantial progress in developing its eco-system of partners. These partners will act as low-cost distribution channels for Cyan's solutions, as well as offering complementary solutions that utility customers typically seek in order to maximize their return on investment in smart metering and smart lighting solutions.

In June 2014, Cyan signed a teaming agreement with Vodafone's M2M team to develop joint propositions, scope new opportunities and submit compelling value propositions to customers to enable both parties to capture the smart metering opportunity in India. Vodafone and Cyan will deliver a managed service portfolio of solutions including Cyan's wireless mesh networking platform as a cost-effective extension to Vodafone's network for high-volume and low-value 'last mile' data communications to utility end customers. Vodafone's M2M Global Data Services Platform and managed hosting provide secure data communication and storage beyond the networked devices.

Cyan has now qualified eight meter manufacturer partners in India to provide private and public utility customers with a wide choice of smart meter hardware as well as adding further eco-system channel partners for Cyan-based smart metering solutions.

In August 2014, Cyan signed a non-exclusive partnership agreement with Dinsmore & Associates ("D&A"), who will act as a business development partner to identify opportunities for Cyan's smart metering, smart lighting and M2M solutions across the sub-Saharan African market. D&A will meet with potential partners and resellers independently to present Cyan's technology as well as assisting in the negotiation of commercial contracts with any opportunities that are taken forward.

Memorandums of Understanding ("MoUs") have recently been signed with global meter vendor El-Sewedy, Ecolibrium Energy, GridSense and Innologix to further build out the Company's eco-system of partners.

Whilst Cyan will continue to build out its eco-system of partners, many of the building blocks are now in place resulting in sufficient, diverse channels to market as well as offering our utility customers complete end-to-end solutions.

Strengthening of the Board of Directors
Cyan's Board of Directors has been significantly strengthened recently with the appointments of Harry Berry and Peter Mainz. Both individuals are already making a positive impact at Cyan and we expect their contributions and expertise to become more valuable over the coming months as the commercial opportunity unfolds.

Harry has over 30 years' experience in the technology and telecommunications industries and has held a wide range of senior positions and responsibilities across the sales, change management and product development functions of global companies. Harry was responsible for the creation of BT Brightstar, a corporate incubator focusing on BT's R&D portfolio to create technology venturing. He is currently European Partner with New Venture Partners, a global venture capital firm dedicated to corporate technology spinouts with over $700 million under management.

Between 2006 and 2011, Harry was an independent director on the Board of Subex Azure Limited (now Subex Limited), a leading global provider of Business Support Systems, headquartered in Bangalore (India) with operations in the UK, US, Singapore, Dubai and Australia.

Peter was the CEO & President of global smart metering leader Sensus USA Inc. and this is his first non-executive role since stepping down. Sensus is a leader in the electricity, water and gas smart metering markets with operations in 22 countries across five continents. Under his tenure the company grew into a leading technology provider to the global utility industry through multiple technology acquisitions, resulting in one of the largest installed Advanced Metering Infrastructure bases in the world. The growth included being part of the winning consortium for the UK smart metering rollout for the North of England and Scotland announced in August 2013 to connect 16 million meters to 10 million homes.

Financial Review
For the six months ended 30 June 2014 turnover was £65,510 (H1 2013: £51,512). The continued low level of revenue was in line with management expectations due to the ongoing focus on developing a broad pipeline of smart metering and smart lighting opportunities. Cost control within the business remained a core focus resulting in an operating loss similar to the prior period of £1,273,333 (H1 2013: £1,300,060), despite further investment in R&D as well as the expansion of Cyan operations in both India and the UK.

On 25 July 2014, Cyan announced that it had raised £3,500,000, before expenses, by way of an equity placing where a total of 1,000,000,000 ordinary shares were issued at a price of 0.35 pence per share. In addition to this placing, 500,000,000 warrants were issued with an exercise price of 0.60 pence per share and 17,000,000 warrants with an exercise price of 0.349 pence per share. The 0.60 pence warrants have an exercise period of twelve months from their approval date on 19 August 2014 at the Company's General Meeting and the 0.349 pence warrants have an exercise period of six months from the same date. Together the warrants allow the potential for raising a further £3,059,000. Net cash at the period end was £716,786 (H1 2013: £1,725,948), whereas net cash as of 31 August 2014 was £3,304,503.

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

Outlook
During the remainder of 2014 and throughout 2015, the Board intends to further develop the commercial opportunity for the Company through a combination of:

- conversion of existing deployed metering pilots in India and Brazil into commercial orders
- deployment of additional metering and lighting pilots in India, Brazil, China and Sub-Saharan Africa
- adding complementary eco-system partnerships in our chosen emerging markets as well as the commercial exploitation of the existing partnerships
- expansion into additional emerging markets through local partners
- additional partnerships and commercial opportunities as a result of the teaming agreement signed with Vodafone
- conversion of follow on orders from the initial projects with both Tata Power and Essel Utilities
- further investment in a world class management team

The numerous opportunities around the world for Cyan's technology and solutions provide confidence that the Company will deliver on customers' expectations of return on investment of their smart metering and lighting projects and as a result create significant shareholder value.

Myself, the other Board members and the Cyan management team firmly believe that Cyan remains in a strong position to secure revenues from a very large market.

John Cronin
Executive Chairman
29 September 2014

Consolidated Income Statement

Six months ended 30 June 2014

	Notes	Unaudited six months ended 30 June 2014	Unaudited six months ended 30 June 2013	Year ended 31 December 2013
		£	£	£
Continuing operations				
Revenue		65,510	51,512	137,996
Cost of sales		(30,170)	(34,619)	(87,366)
Gross profit		35,340	16,893	50,630
Operating costs		(1,308,673)	(1,316,953)	(2,843,939)
Provision for stock obsolescence		-	-	(473,448)
Operating loss		(1,273,333)	(1,300,060)	(3,266,757)
Investment revenue		1,856	2,311	4,437
Finance costs		(112)	(10)	(10)
Loss before tax		(1,271,589)	(1,297,759)	(3,262,330)
Tax		140,000	102,000	270,135
Loss for the period		(1,131,589)	(1,195,759)	(2,992,195)
Loss per share (pence)				
Basic	3	(0.03)	(0.05)	(0.1)
Diluted	3	(0.03)	(0.05)	(0.1)

Consolidated Statement of Comprehensive Income

Six months ended 30 June 2014

	Unaudited six months ended 30 June 2014	Unaudited six months ended 30 June 2013	Year ended 31 December 2013
	£	£	£
Loss for period	(1,131,589)	(1,195,759)	(2,992,195)
Exchange differences on translation of foreign operations	-	(153,423)	65,075
Total comprehensive income for the period	(1,131,589)	(1,349,182)	(2,927,120)

Consolidated Balance Sheet

At 30 June 2014

	Unaudited 30 June 2014	Unaudited 30 June 2013	31 December 2013
	£	£	£
Non-current assets			
Property, plant and equipment	11,901	5,674	3,875
	11,901	5,674	3,875
Current Assets			
Inventories	593,967	1,080,431	583,200
Trade and other receivables	210,181	197,112	345,794
Cash and cash equivalents	716,786	1,725,948	1,636,149
	1,520,934	3,003,491	2,565,143
Total assets	1,532,835	3,009,165	2,569,018
Current liabilities			
Trade and other payables	(318,630)	(262,794)	(298,441)
Total liabilities	(318,630)	(262,794)	(298,441)
Net current assets	1,202,304	2,740,697	2,266,702
Net assets	1,214,205	2,746,371	2,270,577
Equity			
Share capital	345,126	264,210	341,638
Share premium account	30,642,130	29,146,185	30,570,401
Own shares held	(808,856)	(808,856)	(808,856)
Share option reserve	376,690	776,190	376,690
Translation reserve	(149,742)	(368,240)	(149,742)
Retained loss	(29,191,143)	(26,263,118)	(28,059,554)
Total equity being attributable to owners of the Company	1,214,205	2,746,371	2,270,577

Consolidated statement of changes in equity

At 30 June 2014

	Share Capital £	Share Premium £	Own shares held £	Share Option Reserve £	Translation Reserve £	Retained Losses £	Total Equity £
Balance at 30 June 2013	**264,210**	**29,146,185**	**(808,856)**	**776,190**	**(368,240)**	**(26,263,118)**	**2,746,371**
Loss for the period	-	-	-	-	-	(1,796,436)	**(1,796,436)**
Other comprehensive income for the period	-	-	-	-	218,498	-	**218,498**
Total comprehensive income for the period	-	-	-	-	218,498	(1,796,436)	**(1,577,938)**
Issue of share capital	77,428	1,424,216	-	-	-	-	**1,501,644**
Debit to equity for share options	-	-	-	(399,500)	-	-	**(399,500)**
Balance at 31 December 2013	**341,638**	**30,570,401**	**(808,856)**	**376,690**	**(149,742)**	**(28,059,554)**	**2,270,577**
Loss for the period	-	-	-	-	-	(1,131,589)	**(1,131,589)**
Other comprehensive income for the period	-	-	-	-	-	-	**-**
Total comprehensive income for the period					-	(1,131,589)	**(1,131,589)**
Issue of share capital	3,488	71,729	-	-	-	-	**75,217**
Balance at 30 June 2014	**345,126**	**30,642,130**	**(808,856)**	**376,690**	**(149,742)**	**(29,191,143)**	**1,214,205**

Consolidated Cash Flow Statement

Six months ended 30 June 2014

	Notes	Unaudited six months ended 30 June 2014	Unaudited six months ended 30 June 2013	Year ended 31 December 2013
		£	£	£
Net cash outflow from operating activities	4	(985,310)	(1,086,195)	(3,001,981)
Investing activities				
Interest received		1,856	2,311	4,437
Purchases of property, plant and equipment		(11,014)	(2,854)	(5,198)
Net cash used in investing activities		(9,158)	(543)	(761)
Financing activities				
Interest paid		(112)	(10)	(10)
Proceeds on issue of shares		75,217	1,465,817	3,037,961
Share issue costs		-	(67,318)	(137,818)
Net cash from financing activities		75,105	1,398,489	2,900,133
Net (decrease) / increase in cash and cash equivalents		(919,363)	311,751	(102,609)
Cash and cash equivalents at beginning of period		1,636,149	1,618,574	1,618,574
Effect of foreign exchange rate changes		-	(204,377)	120,184
Cash and cash equivalents at end of period		716,786	1,725,948	1,636,149

Notes to the Accounts
Six months ended 30 June 2014

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 2013.

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 2014 and 30 June 2013 have not been audited. The results for the year ended 31 December 2013 have been extracted from the statutory financial statements of Cyan Holdings plc.

Statutory financial statements for the year ended 31 December 2013 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
Since the end of the period being reported, the Company has raised a further £3.5 million (gross), with 0.6p warrants being issued at the same time that could raise a further £3 million if fully exercised. As a result of this, the Directors believe that the Company will be able to meet their liabilities as they fall due for at least 12 months, however they have highlighted the risks that the company continues to face below.

The directors have recognised that the Group is trading principally in three emerging country markets, namely India, Brazil and China. These markets have an inherent level of uncertainty associated with them and this may result in the predicted level of sales not being achieved and/or the timing of orders being delayed, as has been the case for the Group in the past. This may impact both the Group's ability to generate positive cashflow and to raise new finance should it be required in the future.

There is uncertainty as to whether or not the share price of the Company will reach the level required for the 0.6p warrants issued in August 2014 to be exercised before their expiration in August 2015.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern. In the event that the company ceased to be a going concern, the adjustments would include writing down the carrying value of assets, including stocks, to their recoverable amount and providing for any further liabilities that might arise.

Notwithstanding the material uncertainties described above, because of the additional funding raised in August 2014, the directors have a reasonable expectation that the Company can continue to meet their liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

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 2014 £	Unaudited six months ended 30 June 2013 £	Year ended 31 December 2013 £
Losses (£)	1,131,589	1,195,759	2,992,195
Weighted average number of shares	3,468,702,660	2,418,355,380	2,797,766,136

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 2014	Unaudited six months ended 30 June 2013	Year ended 31 December 2013
	£	£	£
Operating loss for the period	(1,273,333)	(1,300,060)	(3,266,757)
Adjustments for:			
Depreciation of property, plant and equipment	2,988	7,167	9,334
Share-based payment expense	-	-	(399,500)
Operating cash flows before movements in working capital	(1,270,345)	(1,292,893)	(3,656,923)
(Increase) / decrease in inventories	(10,767)	(56,190)	441,041
Decrease / (increase) in receivables	5,478	567	(12,773)
Increase / (decrease) in payables	20,189	24,978	(10,669)
Cash reduced by operations	(1,255,445)	(1,323,538)	(3,239,324)
Income taxes received	270,135	237,343	237,343
Net cash outflow from operating activities	(985,310)	(1,086,195)	(3,001,981)