



29 September 2015

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

**Interim results for the six months ended 30 June 2015**

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 2015.

**Financial Highlights**

- Turnover of £157,328 (H1 2014: £65,510)
- Operating loss of £2,289,523 (H1 2014: £1,273,333)
- Basic and diluted loss per share of 0.05p (H1 2014: 0.03p)
- Cash and cash equivalents at 30 June 2015 of £628,069 (H1 2014: £716,786)

**Operational Highlights**

- £1m smart metering order from Enzen Global Solutions
- Letter of Intent from El Sewedy for prospective US\$3m order
- Successfully deployed over 4,000 smart meters for Tata Power Mumbai
- Strategic agreements in South Africa with Adenco and XLink
- Sales and marketing, software and customer delivery teams strengthened
- Increased investment in research and development of Cyan solutions
- Indian subsidiary established and commenced trading

**Post Period Highlights**

- £4.6m (gross) raised via two equity placings to fund staffing costs for the delivery of customer projects won in India, development and delivery of managed services solutions, business development, customer pilot/project deployments in other regions and further product research and development work
- This round of funding was substantially supported by institutional investors, adding Herald Investment Management to the shareholder base as well as a further investment from Legal & General

**John Cronin, Executive Chairman, commented:**

"Having won the £1m smart metering contract with Enzen in January, announced the successful deployment of Cyan's solution for Tata Power Mumbai in April, the \$3M Letter of Intent from El Sewedy in May and the new funding of £4.6m in June, it has been six months of strong progress for Cyan.

The Company remains well placed to add new customers across India, Brazil, Africa and China and to develop existing commercial relationships with utilities through to large scale commercial rollout. The Company has a pipeline of potential orders for the remainder of this year and going into 2016 across multiple regions and I look forward to reporting further progress to shareholders in due course."

**Enquiries:**

**Cyan Holdings plc**

John Cronin, Executive Chairman  
[www.cyantechnology.com](http://www.cyantechnology.com)

Tel: +44 (0) 1954 234 400

**Allenby Capital Limited**

Nominated Adviser and Joint Broker  
Jeremy Porter / Alex Brearley

Tel: +44 (0)20 3328 5656

**Beaufort Securities Limited**

Joint Broker  
Jon Belliss

Tel: +44 (0)20 7382 8300

## **CHAIRMAN'S STATEMENT**

This was a busy period for the Company as we focused on strengthening our geographic reach, balance sheet and marketing initiatives whilst further commercialising our smart metering solutions. As such, we believe that we are well placed to further grow existing relationships and to expand our pipeline of opportunities via our strong ecosystem of partners.

### **Commercial Deployments**

A key milestone for the Company during the period was the successful deployment of over 4,000 meters with Tata Power Mumbai ("Tata Power"), which the Directors believe is the first 865MHz Advanced Metering Infrastructure ("AMI") commercial project in India. The meters that Tata Power has installed are already providing data to generate customer bills, real-time information on electricity outages and other factors related to the quality and cost of power delivery. In July, Tata Power announced the successful deployment of this project and this is a strong endorsement of the quality of the Cyan solution as well as the commercial benefits achieved to date.

In addition to the commercial deployment with Tata Power, the Company received a £1m purchase order from Enzen Global Solutions Pvt Ltd ("Enzen") for a large smart metering project being implemented for the Chamundeshwari Electricity Supply Corporation, Mysore, Karnataka in southwest India. In addition to supplying over 21,000 smart meters, Cyan is managing the end to end solution delivery for smart metering, highlighting the strength and potential scalability of the Company's offering. The Directors believe that this is the first commercial implementation of AMI technology by a public utility for consumers in India. The project is now in the delivery phase (first 500 meters installed in customer homes and in the process of being commissioned), with both procurement and invoicing taking place through Cyan's recently established Indian subsidiary.

### **Eco-system of Partners**

We further extended our geographic reach during the period and were delighted to be selected by Adenco Construction (Pty) Ltd ("Adenco") as its preferred supplier of smart metering and lighting solutions as well as related Internet of Things ("IoT") applications across South Africa. Given the scope and scale of expected grid modernization in South Africa, we believe this partnership will help to further boost our presence in this exciting region.

This relationship builds on the 100 unit proof of concept project and distribution agreement with XLink Communications (Pty) Ltd, announced in March, for the distribution of our metering and lighting solutions and related IoT applications in South Africa.

The Company also received a Letter of Intent ("LOI") from El Sewedy Electrometer Group EMG ("El Sewedy") for a prospective US\$3 million order to be delivered in Ghana, Western Africa. The LOI outlines plans for Cyan to provide a full AMI solution for up to 200,000 consumers. We are obviously excited by the potential scale of this opportunity and to be working with El Sewedy which has a solid presence in a number of growing geographies and will act as a channel to market for Cyan in these regions.

### **Strengthened Team**

We were delighted to welcome Vikas Kashyap as Vice President Asia in January 2015. His focus is on business development across Asia and managing the Company's strategic relationships in this key region. His experience and contact base in the region will help us to further develop our pipeline of opportunities and continue to grow our ecosystem of partners. Given the number of opportunities, his near term focus is on converting prospects in India into commercial orders.

In order to build on the strong momentum achieved in India we set up a local subsidiary, Cyan Technology India Private Limited, during the period and have since been building out the customer delivery team

employed by this company. Recruitment in India has continued post the period end as we continue to grow our sales and delivery teams on the ground to allow the Company to pursue and deliver the numerous smart grid opportunities around the country.

Martin Collar joined Cyan as VP Operations & Development in August to oversee operations and development and specifically meet the increasing demands in order fulfilment around the smart energy, emerging smart city and IoT markets. Martin has significant experience in managing complex development programs across a wide range of industries including energy, mobile devices and telecoms.

## **Financial Review**

For the six months ended 30 June 2015 turnover was £157,328 (H1 2014: £65,510). Operating loss for the period was £2,289,523 (H1 2014 £1,273,333) and net loss after tax increased to £2,019,773 (H1 2014: £1,131,589). The increased operating loss was as a result of our strategic investment in building out the Cyan team, in order to capture the significant global opportunity for our solutions, as well as additional investment in research and development (which was £1,455,377 in the period, H1 2014: £833,218) to accelerate the product development required to deliver on customer orders and extend Cyan's competitive advantage in the marketplace. Cash as at 30 June 2015 was £628,069 (H1 2014: £716,786).

During June 2015, Cyan announced it had raised a total of £4,590,000, before expenses, from two equity placings issuing a total of 2,305,000,000 ordinary shares at a price of 0.2 pence per share. Given the growing levels of commercialisation, the new monies will be used to fund staffing costs for the delivery of customer projects won in India, development and delivery of managed services solutions, business development, customer deployments and further product development work. This round of funding was substantially supported by institutional investors and we welcome Herald Investment Management to our shareholder base as well as a further investment from Legal & General.

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

## **Outlook**

The Company remains well placed to add new utility customers across India, Brazil, Africa and China and to develop existing commercial relationships with utilities through to large-scale commercial rollout of our smart metering solutions.

Myself, the other Board members and the strengthened Cyan management team firmly believe that Cyan is now in a stronger position than my last report to shareholders after having successfully demonstrated the value of our solution at Tata Power, won the new £1M order from Enzen and continued our expansion into new markets. We also firmly believe this strong position will deliver considerable value for our shareholders.

## **John Cronin**

Executive Chairman  
29 September 2015

## Consolidated Income Statement

Six months ended 30 June 2015

	Notes	Unaudited six months ended 30 June 2015 £	Unaudited six months ended 30 June 2014 £	Year ended 31 December 2014 £
<b>Continuing operations</b>				
Revenue		157,328	65,510	193,550
Cost of sales		(93,126)	(30,170)	(123,099)
<b>Gross profit</b>		64,202	35,340	70,451
Operating costs		(2,353,726)	(1,308,673)	(3,330,514)
<b>Operating loss</b>		(2,289,523)	(1,273,333)	(3,260,063)
Investment revenue		2,485	1,856	5,157
Finance costs		(657)	(112)	(391)
<b>Loss before tax</b>		(2,287,695)	(1,271,589)	(3,255,297)
Tax		267,922	140,000	401,334
<b>Loss for the period</b>		(2,019,773)	(1,131,589)	(2,853,963)
<b>Loss per share (pence)</b>				
Basic	3	(0.05)	(0.03)	(0.01)
Diluted	3	(0.05)	(0.03)	(0.01)

## Consolidated Statement of Comprehensive Income

Six months ended 30 June 2015

	Unaudited six months ended 30 June 2015 £	Unaudited six months ended 30 June 2014 £	Year ended 31 December 2014 £
Loss for period	(2,019,773)	(1,131,589)	(2,853,963)
Exchange differences on translation of foreign operations	(3,316)	-	-
<b>Total comprehensive income for the period</b>	<b>(2,023,089)</b>	<b>(1,131,589)</b>	<b>(2,853,963)</b>

# Consolidated Balance Sheet

At 30 June 2015

	Unaudited 30 June 2015 £	Unaudited 30 June 2014 £	31 December 2014 £
<b>Non-current assets</b>			
Leasehold Improvements	7,669	-	-
Property, plant and equipment	29,694	11,901	23,726
	<b>37,363</b>	<b>11,901</b>	<b>23,726</b>
<b>Current Assets</b>			
Inventories	528,298	593,967	574,530
Trade and other receivables	466,103	210,181	574,248
Cash and cash equivalents	628,069	716,786	2,344,344
	<b>1,622,470</b>	<b>1,520,934</b>	<b>3,493,122</b>
<b>Total assets</b>	<b>1,659,833</b>	<b>1,532,835</b>	<b>3,516,848</b>
<b>Current liabilities</b>			
Trade and other payables	(649,675)	(318,630)	(508,290)
<b>Total liabilities</b>	<b>(649,675)</b>	<b>(318,630)</b>	<b>(508,290)</b>
<b>Net current assets</b>	<b>972,795</b>	<b>1,202,304</b>	<b>2,984,832</b>
<b>Net assets</b>	<b>1,010,158</b>	<b>1,214,205</b>	<b>3,008,558</b>
<b>Equity</b>			
Share capital	447,662	345,126	446,493
Share premium account	33,935,138	30,642,130	33,911,618
Own shares held	(808,856)	(808,856)	(808,856)
Share option reserve	522,562	376,690	522,562
Translation reserve	(153,058)	(149,742)	(149,742)
Retained loss	(32,933,290)	(29,191,143)	(30,913,517)
<b>Total equity being attributable to owners of the Company</b>	<b>1,010,158</b>	<b>1,214,205</b>	<b>3,008,558</b>

## Consolidated Statement of Changes in Equity

At 30 June 2015

	Share Capital £	Share Premium £	Own shares held £	Share Option Reserve £	Translation Reserve £	Retained Losses £	Total Equity £
<b>Balance at 30 June 2014</b>	<b>345,126</b>	<b>30,642,130</b>	<b>(808,856)</b>	<b>376,690</b>	<b>(149,742)</b>	<b>(29,191,143)</b>	<b>1,214,205</b>
Loss for the period	-	-	-	-	-	(1,722,374)	(1,722,374)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(1,722,374)	(1,722,374)
Issue of share capital	101,367	3,269,488	-	-	-	-	3,370,855
Debit to equity for share options	-	-	-	145,872	-	-	145,872
<b>Balance at 31 December 2014</b>	<b>446,493</b>	<b>33,911,618</b>	<b>(808,856)</b>	<b>522,562</b>	<b>(149,742)</b>	<b>(30,913,517)</b>	<b>3,008,558</b>
Loss for the period	-	-	-	-	-	(2,019,773)	(2,019,773)
Other comprehensive income for the period	-	-	-	-	(3,316)	-	(3,316)
Total comprehensive income for the period	-	-	-	-	(3,316)	(2,019,773)	(2,023,089)
Issue of share capital	1,169	23,520	-	-	-	-	24,689
<b>Balance at 30 June 2015</b>	<b>447,662</b>	<b>33,935,138</b>	<b>(808,856)</b>	<b>522,562</b>	<b>(153,058)</b>	<b>(32,933,290)</b>	<b>1,010,158</b>

## Consolidated Cash Flow Statement

Six months ended 30 June 2015

	Notes	Unaudited six months ended 30 June 2015 £	Unaudited six months ended 30 June 2014 £	Year ended 31 December 2014 £
<b>Net cash outflow from operating activities</b>	4	(1,716,148)	(985,310)	(2,713,621)
<b>Investing activities</b>				
Interest received		2,485	1,856	5,157
Purchases of property, plant and equipment		(23,330)	(11,014)	(29,022)
<b>Net cash used in investing activities</b>		(20,845)	(9,158)	(23,865)
<b>Financing activities</b>				
Interest paid		(657)	(112)	(391)
Proceeds on issue of shares		32,340	75,217	3,655,275
Share issue costs		(7,650)	-	(209,203)
<b>Net cash from financing activities</b>		24,032	75,105	3,445,681
<b>Net (decrease) / increase in cash and cash equivalents</b>		(1,712,959)	(919,363)	708,195
<b>Cash and cash equivalents at beginning of period</b>		2,344,344	1,636,149	1,636,149
Effect of foreign exchange rate changes		(3,316)	-	-
<b>Cash and cash equivalents at end of period</b>		628,069	716,786	2,344,344

# Notes to the Accounts

Six months ended 30 June 2015

## 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 2014.

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 2015 and 30 June 2014 have not been audited. The results for the year ended 31 December 2014 have been extracted from the statutory financial statements of Cyan Holdings plc.

Statutory financial statements for the year ended 31 December 2014 are available on the Company's website [www.cyantechnology.com](http://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 £4.6 million (gross) from 2 equity placings. 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 four emerging markets, namely India, Brazil, China and Africa. 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.

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 June 2015, 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 2015 £	Unaudited six months ended 30 June 2014 £	Year ended 31 December 2014 £
Losses (£)	2,019,773	1,131,589	2,853,965
Weighted average number of shares	4,470,961,223	3,468,702,660	3,279,766,136

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 2015	Unaudited six months ended 30 June 2014	Year ended 31 December 2014
	£	£	£
Operating loss for the period	(2,289,523)	(1,273,333)	(3,260,063)
Adjustments for:			
Depreciation of property, plant and equipment	9,694	2,988	9,171
Share-based payment expense	-	-	145,872
Operating cash flows before movements in working capital	(2,279,829)	(1,270,345)	(3,105,020)
Decrease / (Increase) in inventories	46,203	(10,767)	8,670
(Increase) / Decrease in receivables	(25,267)	5,478	(97,255)
Increase in payables	141,412	20,189	209,849
Cash reduced by operations	(2,117,482)	(1,255,445)	(2,983,756)
Income taxes received	401,334	270,135	270,135
<b>Net cash outflow from operating activities</b>	<b>(1,716,148)</b>	<b>(985,310)</b>	<b>(2,713,621)</b>

#### 5. Interim Results

The Company's Interim Results in word format are available for download on the Company's website. The report will not be posted to shareholders.