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CITY WINDMILLS HOLDINGS PLC
Registered in England, Co. # 0894545
Incorporated under the Companies Act 2006

**SUITE 39,
35 BUCKINGHAM GATE,
LONDON SW1E 6PA
UNITED KINGDOM**

August 24th, 2015

CITY WINDMILLS PLC. – Half-Year Accounts

GROUP STRATEGIC REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2015

BUSINESS REVIEW

The results for 1H2015 reflected modest growth as the wind turbine technology was tested and refined ahead of production, and planning commenced for the 3 strategic markets – USA, UK and Switzerland. Furthermore, a joint venture agreement was also signed for Central America, covering Panama, Cost Rica and Colombia. The capital markets limitations of the GXG Markets acted as a barrier to faster development, and the GBP 1 million placement through Beaufort Asset Clearing Services Ltd. was cancelled in May despite firm assurances of funding from Beaufort in mid-March, as GXG's regulatory status was down-graded – at half-year-end the GXG announced it was closing, and the Board is now handling the transition to the London-based ISDX before re-visiting the Toronto Stock Exchange secondary listing. The company has also filed an application for listing with the London-based Social Stock Exchange, a sector of the ISDX.

The global market for our products develops at a fast pace, with orders now being worked on for delivery in North and Central America, and planned pilot installations in UK and Europe.

PRINCIPAL RISKS AND UNCERTAINTIES

Our biggest risk is the treatment by global governments, at national and local level, towards the electricity generated by buildings for self-sufficiency and grid supply. The Board of Directors has vast international experience, and expects to be able to mitigate such risks as they arise.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group following shareholder approval in December 2014 to access the debt capital markets at rates between 5 and 7%, the Group commence a 6% 5-year debenture program in mid-2015. To date US\$ 200,000 of debentures have been issued. With sales commencing, the Directors envisage little further share issuance as the company moves to production start-up and global sales.

OTHER KEY PERFORMANCE INDICATORS

Completion of turbine design led to Design Protection applications in early 2015 in USA, EU and Switzerland.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks to the group are as follows:

- failure to develop an appropriate commercial application for its developing products;
- failure to obtain sufficient financial support to enable such products to be adequately delivered;
- failure to establish commercialisation partnerships with leading research universities

- competition from existing IP transfer businesses seeking to engage in cyber security commercialisation activity
- failure to commercialise the products that it develops.

At present the directors are pleased with progress in both of these areas and consider these risks are sufficiently mitigated.

FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

The directors consider the key financial performance indicator to be cash 'burn rate'. At present they consider that this is within reasonable parameters and will continue to monitor this in the future.

At this stage in its' development, the directors do not consider that there are any relevant non-financial key performance indicators.

David Mapley

Director

This report was approved by the board on 24 August 2015 and is signed on its behalf.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2015

| | 1H2015 (GBP) | Audited 2014 (GBP) |
|--|-----------------|--------------------------|
| TURNOVER | 2,067 | 20,707 |
| Administrative Losses | (241,144) | (1,732,144) |
| OPERATING LOSS | (239,077) | (1,732,144) |
| Interest receivable and similar income | 0 | 39 |
| LOSS ON ORDINARY ACTIVITIES | (239,077) | (1,711,398) |
| Foreign Exchange Losses | (13,316) | - |
| LOSS FOR THE FINANCIAL PERIOD | (252,393) | (1,711,398) |

All amounts relate to continuing operations

There were no recognized gains and losses for 2015 or 2014 other than those included in the Profit and Loss Account

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2015**

| | 2015 (GBP) | 2015 (GBP) | Audited 2014 (GBP) | Audited 2014 (GBP) |
|----------------------------------|---------------|------------------|--------------------------|--------------------------|
| FIXED ASSETS | | | | |
| Intangible Assets | | 2,594,500 | | 2,594,500 |
| CURRENT ASSETS | | | | |
| Debtors | 43,500 | | 28,169 | |
| Cash at bank | <u>79</u> | | <u>89,006</u> | |
| | 43,579 | | 117,175 | |
| CREDITORS | | | | |
| Amount falling due within 1 year | (333,940) | | (449,325) | |
| NET CURRENT LIABILITIES | | <u>(290,361)</u> | | <u>(332,150)</u> |
| NET ASSETS | | <u>2,304,139</u> | | <u>2,262,350</u> |
| CAPITAL AND RESERVES | | | | |
| Called up share capital | | 1,633,078 | | 1,489,152 |
| Share premium account | | 4,109,329 | | 3,891,140 |
| Other reserves | | (3,185,875) | | 1,298,826 |
| Profit and loss account | | (252,393) | | (4,416,768) |
| SHAREHOLDERS' FUNDS | | <u>2,304,139</u> | | <u>2,262,350</u> |

The financial statements were approved and authorized for issue by the board and were signed on its behalf on 24 August 2015.

Statutory Information

The financial information set out above does not constitute the Company's statutory accounts for the period ended 30 June 2015.

The financial information has been extracted from the unaudited management accounts of City Windmills Holdings PLC. and is presented using the same accounting policies.

For further information, please contact the company on info@city-windmills.com

David Mapley
Chief Executive Officer
pp City Windmills Holdings PLC.
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