Fitbug Holdings Plc / Epic: FITB.L / Index: AIM / Sector: Leisure
31 May 2013

Fitbug Holdings Plc ('Fitbug' or 'the Company' or 'the Group')
Final Results - year of investment paves way for sales growth
Notice of AGM

Fitbug Holdings Plc, the AIM traded provider of online personal health and well-being services, announces its results for the year ended 31 December 2012 and gives notice of its AGM to be held at 1st Floor Waterside House, 47-49 Kentish Town Road, London NW1 8NX on Thursday 27 June 2013 at 1.00pm. The report and accounts for the year will be sent to shareholders on 31 May 2013 and will be available on the Company's website at www.fitbugholdings.com.

Overview

- 4% increase in turnover to £1,334,000 (2011: £1,283,000), and a loss of £1,444,000 (2011: loss £783,000) - reflects the strategic development of the Company's product range and US business reported in line with market expectation
- Continued support of the Kirsh Group with two investments in 2012 totalling £1.5m and one post period end of £0.75m
- Successful launch of four highly innovative, fully integrated connected health products (one of which was during the period and three of which were post period)
- Increased presence in buoyant Connected Health market - post period end secured new partnership agreements with leading wellness businesses and positive responses from exhibition at the Consumer Electronics Show ('CES')

Fergus Kee, Executive Chairman, said "Fitbug has successfully established its position in the Connected Health market, particularly in the US, where new partnerships continue to be won with leading wellness businesses. With a strong management team in place, the Company remains committed to capitalising on the growing market for wearable health and wellness related monitoring devices and connected health services, as highlighted by the successful launch of four highly innovative, fully integrated connected health products. After a year of strategic investment in 2012 the Company is now well placed for growth."

Executive Chairman's Statement

I am pleased to report on what has been a highly active and strategically valuable year for Fitbug. Our efforts over the period and post period end have culminated in the successful launch of four innovative Bluetooth compatible products, which have in turn helped us to secure new partnership agreements with wellness businesses and gain strong financial support from the Kirsh Group. Fitbug has made strong progress in securing its leading position in the growing global B2B Connected Health market, which is particularly buoyant in the US. The Company is now well placed for growth.

Connected Health describes the use of wearable devices which upload data to the internet to allow individuals and third parties to track and manage a range of health factors ranging from chronic disease to optimising wellness and fitness programmes. The market for wearable health and wellness related monitoring devices is growing strongly and has recently enjoyed significant media interest. Leading business magazine Forbes predicted in a feature article (dated 2 January 2013) that 2013 would be 'The Year of Digital Health', driven by a convergence of technology, consumer and payor interest, and US Health Reform. Furthermore, leading industry commentators, including Engadget, PC World, The Verge, Gizmo report, and CNet, have commended the versatility of wearable devices, with particular praise being given to the Fitbug Orb's choice of seven wear options, sleep tracking capability and market leading sub-$50 price point. Health Connectivity and Mobile Health were also one of the top themes at the Consumer Electronics Show ('CES') in Las Vegas this year, the leading global technology trade show which Fitbug exhibited at, and previewed the Orb, in January 2013.

The CES, which promotes innovation and development within the industry, connects global markets and people affiliated with the consumer electronic industry. Fitbug's decision to exhibit at the CES was highly significant, and reflective of the Company's increasing presence in the US marketplace. The CES provided the ideal platform from which the Company could launch three new products. This included 'Fitbug Orb', the first button-sized, Bluetooth Smart, wireless Fitbug activity tracker with seven wear options, a choice of colours and the ability to track sleep; 'Fitbug Wow', a Bluetooth Smart set of scales; and 'Fitbug Luv', a Bluetooth Smart blood pressure monitor. These new products, which followed the launch of Fitbug Air in September 2012, the world's first Bluetooth Low Energy Fitbug Activity tracker, mark a strong point of development. Fitbug now has a fully integrated range of mobile health products and so is able to target key facets of the Connected Health market.

Using the Bluetooth Smart low energy wireless protocol, all four of Fitbug's integrated products increase the usability of the Company's technology by offering seamless, wireless connectivity to the latest generation of mobile devices, including smartphones such as the Apple iPhone 4S and iPhone 5. It can also connect to Bluetooth Smart-enabled tablets such as the iPad, the recently updated iPod Touch, and selected android devices. This provides customers with instant access to their personalised health and wellness programme and Fitbug's motivational tools anywhere and at anytime. Activity levels, weight and blood pressure can be continuously uploaded and monitored without the need for cables, receivers or constant computer access. Additionally, the low energy nature of the technology enables months of continuous usage, eliminating the regular need to recharge or replace the battery.

Fitbug's ability to develop and expand its quality product offering has helped the Company to expand its operations, close further sales with The Vitality Group, Holmes Place, a number of large employers and secure new partnership deals with leading wellness businesses. In March 2013, Fitbug announced that it had signed an Alliance Marketing Agreement with MyFitnessPal, the leading US based nutrition and fitness tracking app with access to more than 30 million people, to combine MyFitnessPal's food diary capabilities with Fitbug's activity tracking capabilities. An agreement was also signed with Redbrick Health ('Redbrick'), a leading consumer health engagement and behaviour change technology provider, to integrate Fitbug data with Redbrick's tracking, social challenge and rewards engine (see announcement 7 March 2013). Furthermore, a partnership deal was agreed with wireless health innovator ConnectedHealth Pte. Ltd ('ConnectedHealth') to combine both companies' consumer health and fitness monitoring solutions with a focus on the US and Asian markets (see announcement 7 March 2013). The agreements offer the potential to significantly increase Fitbug's consumer reach and demonstrate the appeal and relevance of Fitbug's digital health platform in both B2C and B2B scenarios.

Fitbug will continue to focus upon expanding its innovative product suite and client reach in line with its strategy to increase its presence in the B2B Connected Health Market. In addition, following the launch of the new products the Company is also developing selective retail and consumer distribution channels. The Company has been well supported in these development plans thanks to the financial backing given to the Company by the Kirsh Group and NW1 Investments Limited. In July 2012, the Company agreed a £1,000,000 Convertible Loan with Kifin Limited, a Kirsh Group subsidiary. Since then, Kifin Limited has agreed a £500,000 loan to Fitbug, and NW1 Investments Limited and Kifin Limited have together agreed to loan a further £750,000 to the Company (see announcement 9 April 2013).

Financial Review

Fitbug's financial results for the year ended 31 December 2012 show a 4% increase in turnover to £1,334,000 (2011: £1,283,000), and a loss of £1,444,000 (2011: loss £783,000), which reflects the strategic development of the Company's product range and remains in line with the Company's and market expectation. Going forward, Fitbug looks forward to converting this investment into sales growth to boost revenues for the Company. Fitbug's cash balance at 31 December 2012 was £648,000 (2011: £182,000).

Outlook

After a year of investment Fitbug is now well placed to accelerate its growth and development, particularly in the US. With a highly experienced Board and management team in place, a strong range of fully integrated Connected Health products and a growing pipeline of business development opportunities in both consumer and business markets, the future looks very positive. The last year has been an important one for Fitbug and the business is now very focussed on driving sales growth. There is clear and strong evidence that the market in which we operate will develop significantly over the next few years and we are confident that our proven knowledge and capability within the sector will enable us to capitalise on this growth.

The Board and I would like to thank our shareholders for their support, and the hugely talented and committed Fitbug team for their continued hard work, resilience, enthusiasm and loyalty.

Fergus Kee
Executive Chairman
31 May 2013

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Consolidated Income Statement
For the year ended 31 December 2012

	Year to 31 December 2012 £'000	Year to 31 December 2011 £'000
Continuing Operations		
Revenue	**1,334**	1,283
Cost of sales	**(524)**	(428)
Gross profit	**810**	855
Operating and administrative expenses	**(2,296)**	(1,805)
Finance income	**67**	171
Finance costs	**(56)**	(30)
Loss before tax	**(1,475)**	(809)
Income tax	**-**	-

Loss for the year from continuing operations	**(1,475)**	(809)
Discontinued operations		
Profit/(loss) for the year from discontinued operations	**31**	26
Loss for the year and total comprehensive income for the year attributable to equity holders of the parent	**(1,444)**	(783)
Loss per share		
From continuing and discontinued operations Basic (pence per share)	**(0.9)**	(0.7)
From continuing operations Basic (pence per share)	**(0.9)**	(0.7)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2012

	Share capital £'000	Share premium £'000	Retained deficit £'000	Total equity £'000
1 January 2011	980	-	(1,356)	(376)
Loss and total comprehensive income for the year	-	-	(783)	(783)
Issue of shares for cash	292	678	-	970
Costs of issuing shares	-	(33)	-	(33)
Debt for equity swap	35	140	(96)	79
Share-based payment	-	-	96	96
31 December 2011	1,307	785	(2,139)	(47)
Loss and total comprehensive income for the year	-	-	(1,444)	(1,444)
Issue of shares for cash	328	252	-	580
Costs of issuing shares	-	(28)	-	(28)
Debt for equity swap	50	25	(67)	8
Share-based payment	-	-	67	67
31 December 20112	**1,685**	**1,034**	**(3,583)**	**(864)**

Consolidated Balance Sheet at 31 December 2012

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Assets		
Non-current assets		
Intangible assets	**117**	110
Property, plant and equipment	**17**	21
	134	131
Current assets		
Inventories	**394**	165
Trade and other receivables	**223**	169
Cash and cash equivalents	**648**	182
	1,265	516
Total assets	**1,399**	647
Liabilities		
Non-current liabilities		
Borrowings	**1,856**	308
	1,856	308
Current liabilities		
Trade and other payables	**308**	234
Borrowings	**99**	132
	407	386
Total liabilities	**2,263**	694
Net liabilities	**(864)**	(47)
Capital and reserves attributable to equity holders of the Company		
Share capital	**1,685**	1,307
Share premium	**1034**	785
Retained deficit	**(3,583)**	(2,139)
Total equity	**(864)**	(47)

Consolidated Statement of Cash Flows

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Cash flows from operating activities		
Loss before taxation	**(1,444)**	(783)
Adjustments for:		
- Depreciation and amortisation	**120**	103
- Share-based payments	**67**	96
- Finance income	**(67)**	(171)
- Finance expense	**56**	29
Cash flows from operating activities before changes in working capital and provisions	**(1,268)**	(725)
Increase in inventories	**(229)**	(101)
Increase in trade and other receivables	**(83)**	(22)
Increase/(decrease) in trade and other payables	**98**	(329)
Net cash used in operations	**(1,482)**	(1,177)
Cash flow from investing activities		
Purchase of property, plant and equipment	**(6)**	(24)
Development costs capitalised	**(117)**	(16)
Net cash used in investing activities	**(123)**	(40)
Cash flow from financing activities		
Issue of ordinary shares for cash	**580**	970
Costs directly related to issue of shares	**(28)**	(33)
Loan advances	**1575**	135
Finance expense	**(56)**	(30)
Net cash generated from financing activities	**2,071**	1,042
Net increase/(decrease) in cash and cash equivalents	**466**	(175)
Cash and cash equivalents at beginning of year	**182**	357
Cash and cash equivalents at end of year	**648**	182

Notes to the Consolidated Financial Statements for the year to 31 December 2012

1. General Information
Fitbug Holdings plc is a company incorporated in the UK and its activities are as described in the Chairman's statement.

The preliminary announcement of results is not the Company's statutory accounts. Statutory accounts for the year ended 31 December 2012 have not been delivered to the Registrar of Companies. The auditors have reported on the statutory accounts for the year ended 31 December 2011 on 31 May 2013 and their report was unqualified and included a reference to a matter to which the auditor drew attention by way of emphasis without qualifying the report.

Emphasis of matter
The auditors' report drew attention by emphasis of matter to issues surrounding going concern as set out in note 2.

2. Basis of preparation and significant accounting policies
The consolidated financial statements of Fitbug Holdings Plc have been prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively "IFRSs") as adopted for use in the European Union and as issued by the International Accounting Standards Board, and with those parts of the Companies Act applicable to companies reporting under IFRS.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Group and the Company will have sufficient resources to enable it to continue trading for the foreseeable future.

The directors have since the end of the financial year secured further funds for the Company:

- The Kirsh Group and NW1 Investments Limited have agreed a further loan facility of £750,000. The loan is repayable by 31 July 2014, but if during the term of the loan, the Group undertakes an equity issue, the loan holder can elect to convert some or the entire loan into new ordinary shares.
- Repayment terms of directors' loans of £75,000 have been deferred until 30 June 2014.

The directors have prepared financial forecasts which suggest that, based on conversion of the anticipated sales pipeline; sufficient facilities will be available to meet the Group's short term funding requirements. However the board consider that it will be necessary to secure further longer term funding to support the development of the business and planned growth in the US. The directors are currently exploring several opportunities to put such funds in place.

The directors have continued to adopt the going concern concept in preparing the financial statements on the basis that they believe that the new funds secured as described above and the anticipated sales pipeline will provide sufficient cash until such time that longer term finance can be sourced. The sales forecasts are however necessarily based on the achievement of timings and revenue forecasts which, although believed reasonable by the directors, are nevertheless outside the Group's control. If significant delays were to take place, these may render the Group's cash resources insufficient.

If as a result the Group were unable to continue as a going concern, then adjustments would be necessary to write assets down to their recoverable amounts, non-current assets and liabilities would be re-classified as current assets and liabilities and provisions would be required for any costs associated with closure.

3. Loss per share

The loss per share from continuing and discontinued operations is based on a loss of the year attributable to equity holders of the Parent Company of £1,444,000 (2011: £783,000) and the weighted average number of ordinary shares in issue for the year of 159,440,927 (2011: 115,603,364). The loss per share from continuing operations is based on a loss for the year of £1,475,000 (2011: £809,000) and the same number of ordinary shares.

The exercise of the outstanding options would reduce the loss per share and hence have an anti-dilutive effect.

There are 13,000,000 (2011: 13,300,000) shares that could potentially be issued under the terms of options and a further 66,666,667 shares that could potentially be issued under the terms of a convertible loan that will potentially reduce future earnings per share.

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