Fitbug Holdings Plc ('Fitbug' or 'the Company')
Interim results and Launch of KiQplan Digital Coaching Product

Fitbug Holdings Plc, the AIM listed provider of online personal health and well-being services, announces its results for the six months ended 30 June 2014.

Overview

- Sales increased by 98% to £914,000 (H1 2013: £461,000) reflecting increased device sales following launch of Fitbug Orb
- Launch of KiQplan™ digital coaching product on track for November
- February 2015 trial date set for legal action against Fitbit
- Pre-tax loss of £1,610,000 (H1 2013: loss of £1,049,000) reflecting increased investment in KiQplan™ development and legal fees to support the Fitbit action
- New loan of £600,000 secured on attractive terms

Malcolm Fried, CEO, said: "The November launch of KiQplan™, together with the support of NW1 Investments Limited and the Kirsh Group, leaves the business well placed to continue developing its products and trading relationships and to pursue the legal action against Fitbit to fruition."

Chairman and CEO's Statement

This has been an active period for Fitbug. Sales growth during the period reflected increasing interest in wearables. In recent months, Fitbug has manufactured and shipped a significant volume of devices and KiQplan™ products to our US distributors ahead of the Thanksgiving/Christmas sale period.

KiQplan™ provides a range of personalized, digital health coaching services designed to work with a range of activity trackers to help participants meet specific health, weight and fitness goals. These digital products will also sync with the inbuilt tracker chips within the latest generation of mobile smart phones and smart watches, as well as leading compatible apps. The first four KiQplans will be launched in the US retail market in November 2014.

In anticipation of the release of our new KiQplan™ product in the US retail market, Fitbug has agreed further loan funding of £600,000. The loan is repayable by 31 July 2015 and will accrue interest at a favourable rate of 5% per annum, payable on a quarterly basis. The funds will be loaned by The Kirsh Group through NW1 Investments Limited, a company in which the family of David Turner and Allan Fisher have a material interest. The independent directors of the Company, being Fergus Kee, Malcolm Fried, Paul Landau, Ann Jones, Andrew Brummer and Geoffrey Simmonds, consider that, having consulted with Cantor Fitzgerald Europe, the terms of the loan are fair and reasonable in so far as the shareholders are concerned.

The results for the six months to 30 June show a pre-tax loss of £1,610,000 (H1 2013: loss of £1,049,000) reflecting increased investment in development of KiQplan™ together with legal and professional fees to support the legal action against Fitbit. Cash at 30 June 2014 was £160,000 (30 June 2013: £284,000).

A trial date of 9 February 2015 has been set by the U.S. District Court of Northern California to hear the Company's legal action against Fitbit. This legal action alleges trademark infringement, unfair competition and unfair business practices. The Company has asked the court to order Fitbit to permanently cease use of its Fitbit mark and from engaging in conduct that is causing confusion with Fitbug's brand and services. The Company believes that it has a strong case.

Fergus Kee, Chairman, Fitbug Holdings Plc
Malcolm Fried, CEO, Fitbug Holdings Plc

For further information visit www.fitbugholdings.com or contact:

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Consolidated statement of comprehensive income
for the period ended 30 June 2014

	Note	**Unaudited 6 months ended 30 June 2014 £'000**	Unaudited 6 months ended 30 June 2013 £'000	Audited Year Ended 31 December 2013 £'000
Continuing operations				
Revenue		**914**	461	749
Cost of sales - normal		**(578)**	(281)	(371)
Gross profit before exceptional items		**336**	180	378
Exceptional write down of obsolete inventory		**-**	-	(250)
		336	180	128
Operating and administrative expenses		**(1,804)**	(1,169)	(2,672)
Finance income		**-**	3	3
Finance costs		**(142)**	(63)	(152)
Loss for the period before tax		**(1,610)**	(1,049)	(2,693)
Income tax		**-**	-	50
Loss for the period and total comprehensive		**(1,610)**	(1,049)	(2,643)

income for the period attributable to equity holders of the parent

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Loss per share	2	**(1.0)**	(0.6)	(1.6)
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Consolidated statement of changes in equity for the six months ended 30 June 2014

	Share capital	Share Premium	Retained deficit	Total Equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2013 (audited)	**1,685**	**1034**	**(3,583)**	**(864)**
Loss and total comprehensive income for the period	-	-	(1,049)	(1,049)
Share based payment	-	-	33	33
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Balance at 30 June 2013 (unaudited)	**1,685**	**1,034**	**(4,599)**	**(1,880)**
Loss and total comprehensive income for the period	-	-	**(1,594)**	**(1,594**
Share based payment	-	-	**34**	**34**
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Balance at 31 December 2013 (audited)	**1,685**	**1,034**	**(6,159)**	**(3,440)**
Loss and total comprehensive income for the period	-	-	(1,610)	(1,610)
Share based payment	-	-	33	33
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Balance at 30 June 2014 (unaudited)	**1,685**	**1,034**	**(7,736)**	**(5,017)**
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Consolidated Balance Sheet at 30 June 2014

	Unaudited 6 months Ended 30 June 2014 £'000	Unaudited 6 months Ended 30 June 2013 £'000	Audited Year Ended 31 December 2013 £'000
Assets			
Non-current assets			
Intangible assets	**285**	117	120
Property, plant and equipment	**17**	16	14
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Total non-current assets	**302**	133	134
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Current assets			
Inventories	**1,063**	422	723
Trade and other receivables	**398**	476	313
Cash and cash equivalents	**160**	284	139
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Total current assets	**1,621**	1,182	1,175
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Total assets	**1,923**	1,315	1,309
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Liabilities			
Non-current liabilities			
Borrowings	**6,089**	2,584	1,804
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Total non-current liabilities	**6,089**	2,584	1,804
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Current liabilities			

Trade and other payables	**776**	499	567
Borrowings	**75**	112	2,378
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Total current liabilities	**851**	611	2,945
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Total liabilities	**6,940**	3,195	4,749
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Net liabilities	**(5,017)**	(1,880)	(3,440)
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Capital and reserves			
Share capital	**1,685**	1,685	1,685
Share premium	**1,034**	1,034	1,034
Retained deficit	**(7,736)**	(4,599)	(6,159)
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Total equity	**(5,017)**	(1,880)	(3,440)
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Consolidated cash flow statement
for the six months ended 30 June 2014

	Six months	Six months	12 Months
	Ended	Ended	ended
	30 June	30 June	31 December
	2014	2013	2013
	£'000	£'000	£'000
Cash flows from operating activities			
Loss before taxation	**(1,610)**	(1,049)	(2,693)
Adjustments for:			
- Depreciation and amortisation	**6**	6	37
- Share-based payments	**33**	33	67
- Finance income	**-**	(3)	(3)
- Finance expense	**143**	63	152
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Cash flows from operating activities before changes in working capital and provisions	**(1,428)**	(950)	(2,440)
- Increase in inventories	**(340)**	(28)	(329)

- Increase in trade and other receivables	**(85)**	(228)	(40)
- Increase/(decrease) in trade and other payables	**209**	166	259
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Net cash used in operations	**(1,644)**	(1,040)	(2,550)
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Cash flow from investing activities			
Purchase of property, plant and equipment	**(9)**	(5)	(10)
Development costs capitalised	**(165)**	-	(27)
Finance income	**-**	-	3
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Net cash used in investing activities	**(174)**	(5)	(34)
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Cash flow from financing activities			
Loan advances	**2,000**	750	2,250
Loan repayments	**(18)**	(9)	(23)
Finance expense	**(143)**	(60)	(152)
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Net cash generated from financing activities	**1,839**	681	2,075
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Net increase /(decrease) in cash and cash equivalents	**21**	(364)	(509)
Cash and cash equivalents at beginning of period	**139**	648	648
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Cash and cash equivalents at end of period	**160**	284	139
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Unaudited notes forming part of the consolidated interim financial statements for the six months ended 30 June 2013

1 BASIS OF PREPARATION

Fitbug Holdings plc is a company incorporated in the United Kingdom under the Companies Act 2006. Its registered office address is 1st Floor Waterside House, 47-49 Kentish Town Road, London NW1 8NX.

The condensed consolidated interim financial statements of the company for the six months ended 30 June 2014 comprise the company and its subsidiaries (together referred to as "the group"). These interim statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The interim financial information has been prepared using the same accounting policies, presentation, method of computation and estimation techniques as are expected to be adopted in the group financial statements for the year ending 31 December 2014 and which were adopted in the audited group financial statements for the year ended 31 December 2013.

The financial information for the year ended 31 December 2013 has been extracted from the statutory accounts for that period. The auditors have reported on the statutory accounts for the year ended 31 December 2013 and their report was unqualified. The auditors' report drew attention by emphasis of matter to issues surrounding the ability of the company to continue as going concern. A copy of those financial statements has been filed with the Registrar of Companies.

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted in the EU. While the financial figures included in this half yearly report have been computed in accordance with IFRSs as adopted in the EU applicable to interim periods, this half yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

2 LOSS PER SHARE

The loss per share is based on a loss for the period attributable to equity holders of the Parent Company of £1,610,000 (2013 - loss of £1,049,000) and the weighted average number of ordinary shares being in issue for the period of 168,514,973 (2013 - 168,514,973).

The exercise of the outstanding options would reduce the loss per share and hence have an anti-dilutive effect. There are 13,000,000 (2013: 13,000,000) shares that could potentially be issued under the terms of options and a further 66,666,667 shares that could be potentially issued under the terms of the convertible loan that will potentially reduce future earnings per share.

3 GOING CONCERN

The condensed interim financial statements for the six months ended 30 June 2014 have been prepared on the assumption that the group will be able to continue trading as a going concern for the foreseeable future. At 30 June 2014 the group had net liabilities of £5,017,000, which includes loans of £1,500,000 from Kifin Limited, a Kirsh Group subsidiary, including a £1,000,000 loan issued under a convertible loan note instrument dated 28 June 2013. The other loan is repayable by 31 July 2015 and accrues interest at a rate of 5% per annum, payable on a quarterly basis.

The group also has loans of £4,589,000 from NW1 Investments Limited, a company connected to two of the directors of the Group.

Post period end, Fitbug Holdings plc agreed two separate loans totalling £2,350,000 loan from NW1 Investments Limited which are repayable by 31 July 2015 and will accrue interest at a rate of 5% per annum, payable on a quarterly basis.

The directors have prepared financial forecasts which suggest that, based on anticipated sales pipeline, the Group has sufficient facilities to meet its working and development capital requirements.

The directors have continued to adopt the going concern concept in preparing these interim financial statements on the basis that they believe that the anticipated sales pipeline and a number of opportunities currently available to them will generate improved revenue and profitability. The sales forecasts are however based on the achievement of and timings of revenue forecasts which, although believed reasonable by the directors are nevertheless, in part, outside the Group's direct 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 reclassified as current assets and liabilities and provisions would be required for any costs associated with closure.

Notes to Editors

Fitbug is a leading provider of online health and well-being services to help individuals to improve their lifestyles by making realistic changes to their daily routine. It combines activity tracking devices, which download to the Fitbug app and fitbug.com to provide an understanding of each user's daily activity achievements, with mobile and web technology which provides users with personalised weekly activity and nutrition targets, feedback, advice and encouragement.

Key market sectors and distribution channels include retail, health insurance and rewards providers, workplace health programmes, fitness operators and consumers. Increasingly, Fitbug's platform acts as the driving force behind third party services such as white label sites, activity driven games and challenge microsites and rewards programmes. An important part of the Company's focus is on building strategic partnerships with organisations which can integrate Fitbug into their own service/product offerings or resell to their customer base. The Company has operations in the UK, Australia and Asia, with the United States remaining the primary market. For more information, visit www.fitbug.com.