

26 June 2015

**CloudTag Inc.**  
("CloudTag" or the "Company")

**Half Yearly Report**  
**for the six month period ended 31 March 2015**

CloudTag (CTAG:LN), the company that brings personal monitoring to the health, wellbeing and fitness markets is pleased to announce its interim results for the six months ended 31 March 2015.

**Summary and current trading update**

Period ending 31 March 2015

- Completion of £900,000 fund raising led by Amit Ben-Haim through the issue of unsecured convertible Loan Notes in December 2014
- Appointment of Amit Ben-Haim as CEO on the 10 February 2015, bringing with him the necessary skills to commercialise CloudTag

Post Period End

- Removal of Company debt through the conversion of the Loan Notes
- Company achieving development milestones in preparation for the launch of its wearable technology at the Consumer Electronics Show (CES) in Las Vegas in January 2016
- Product finalisation stage reached with technical partner Imec International, a world-leading research centre in nanoelectronics, providing cutting edge algorithms and sensors
- Strategic partnership with Adience, a mobile commerce and user profiling company with tens of millions of users
- Appointment of a new CTO and expansion of the technical team with experienced engineers to bring more product development in-house
- Opening of a new Research & Performance Unit ("RPU") for the technical team, strengthening IP generation and improving control of the product development timetable

**Amit Ben-Haim, CEO, commented:**

*"I am delighted with the progress the Company has made in the first half of this financial and calendar year with significant steps having been made to focus the business on releasing the wearable device in January 2016. Continuing the development of our technology while focussing expenditure on core business growth items, securing IP and technical 'know how' in the Company, growing our user base through strategic partnerships and removing debt through the conversion of the Loan Notes is vital to build shareholder value as we ready the Company for the product launch."*

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## **CHAIRMAN'S STATEMENT**

### **Introduction**

So far, 2015 has been a positive year for CloudTag. Following the successful completion of the fundraising of £900,000 in December 2014, the Company appointed Amit Ben-Haim as CEO in February 2015, who brings the necessary skills and expertise to commercialise CloudTag, and has brought technical expertise and product development skills in-house with a new CTO and the opening of the new Research and Performance Unit whilst building a partnership strategy to rapidly grow CloudTag's user base.

The vital focusing of the business, brought about by Amit, is evidenced in the market announcements made by the Company thus far. We strongly believe that these strategies are now gaining traction as we enter a very exciting period for CloudTag, building momentum towards the launch of our unique wearable device at the Consumer Electronics Show (CES) in Las Vegas in January 2016, where we will unveil the CloudTag technology on our exhibition stand. With regards to the finalisation of the wearable technology, CloudTag will meet its target of beginning field trials at CloudTag's new Research and Performance Unit in the UK before the end of June. During this time, the Company will continue to be working closely with the key technology partners Imec International, the world leading applied research institute specialising in nano-electronics and nano-technology, and Preciousbluedot Limited, our software partners, as the final iterations and improvements to the electronics, algorithms and mobile application are made. The Company is also in discussion with leading UK sport science and technology institutions for further testing and validation studies of the technology. Following the conclusion of field trials, the Company expects initial production runs of the device in Q3 2015 with production orders to be manufactured before the end of the year.

In December 2014 the Company defined a clear strategy to grow the user base of MyCloudTag by the end of 2015 and I am pleased to see the first step of this successfully executed through the strategic partnership with Adience announced earlier this month. Adience, which is a mobile commerce and deep user profiling ecosystem with tens of millions of users, will enable the Company to better understand the current app user base, identify the clusters and demographics of high value and engaged users and target Adience's platform of tens of millions of users for direct user acquisition. The Company is continuing discussions with further strategic partners and looks forward to updating the market in due course.

With the help of a measured and concise approach, the Company has significantly reduced its monthly costs and CloudTag is pleased to have removed debt from its balance sheet through the conversion of most of its unsecured loan notes and welcomed the loan note holders onto our shareholder base. Management continues to closely monitor CloudTag's costs and evaluate its working capital requirements whilst targeting the opportunities within our core target market.

### **Financial Results**

In the six months to 31 March 2015, the Group recorded a loss before and after tax of £494,000, compared to £1,012,000 in the same period to March 2014 and £1,290,000 to the year ending September 2014. This period's loss includes certain fees settled in shares and non-recurring costs associated with product development. During this period the loss per share was reduced to 31 pence from 68 pence in the same period to 31 March 2014. The Company continues to be run with a measured and strategic approach to focus any expenditure on business growth. The Company carefully reviews the working capital requirements and is currently in advanced discussions with a number of parties. The board does not recommend the payment of a dividend at this time.

### **Outlook**

The wearable technology market continues grow at an outstanding rate and by 2020 it is expected to reach \$30bn with unit shipments of 210m. CloudTag has made considerable progress towards launching its wearable device for the health, wellbeing and fitness markets in January 2016 and the Board believes it is an exciting time for the Company and its stakeholders.

**Tony Reeves**  
**Chairman**  
**26 June 2015**

**CLOUDTAG INC.****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2015**

	<b>Unaudited</b>	Unaudited	Audited
	<b>Period ended</b>	Period ended	Year ended 30
<i>Note</i>	<b>31 March</b>	31 March	September
	<b>2015</b>	2014	2014
	<b>£'000</b>	£'000	£'000
Share based payments	<b>(25)</b>	(132)	<b>169</b>
Research and development costs	<b>(73)</b>	(420)	<b>(629)</b>
Other administrative expenses	<b>(396)</b>	(460)	<b>(830)</b>
Total administrative expenses	<b>(494)</b>	(1,012)	(1,290)
<b>Loss from operations and loss before taxation</b>	<b>(494)</b>	(1,012)	(1,290)
Taxation	-	-	<b>255</b>
<b>Loss after taxation, total comprehensive loss for the period and loss attributable to the equity holders of the Company</b>	<b>(494)</b>	(1,012)	<b>(1,035)</b>
<b>Loss per share</b>			
Total basic and diluted (pence per share)	<b>(0.31)</b>	(0.68)	(0.69)

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**CLOUDTAG INC.****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2015**

	Share capital	Share premium	Share based payments reserve	Convertible loan notes	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Audited Balance at 30 September 2013</b>	148	3,202	227	-	(3,510)	67
Share based payments	-	-	132	-	-	132
Loss for the period	-	-	-	-	(1,012)	(1,012)
<b>Unaudited Balance at 31 March 2014</b>	<u>148</u>	<u>3,202</u>	<u>359</u>	<u>-</u>	<u>(4,522)</u>	<u>(813)</u>
Issue of share capital	6	527	-	-	-	533
Share issue costs	-	(10)	-	-	-	(10)
Transfer to retained earnings	-	-	(58)	-	58	-
<b>Transactions with owners</b>	<u>6</u>	<u>517</u>	<u>(58)</u>	<u>-</u>	<u>58</u>	<u>523</u>
Share based payments	-	-	(301)	-	-	(301)
Loss for the period	-	-	-	-	(23)	(23)
<b>Audited Balance at 30 September 2014</b>	<u>154</u>	<u>3,719</u>	<u>-</u>	<u>-</u>	<u>(4,487)</u>	<u>(614)</u>
Issue of convertible loan notes	-	-	-	900	-	900
Issue of share capital	12	418	-	-	-	430
Share issue costs	-	(268)	-	-	-	(268)
<b>Transactions with owners</b>	<u>12</u>	<u>150</u>	<u>-</u>	<u>900</u>	<u>-</u>	<u>1,062</u>
Share based payments	-	-	-	-	25	25
Loss for the period	-	-	-	-	(494)	(494)
<b>Unaudited Balance at 31 March 2015</b>	<u>166</u>	<u>3,869</u>	<u>-</u>	<u>900</u>	<u>(4,956)</u>	<u>(21)</u>

**CLOUDTAG INC.**  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2015

		<b>Unaudited</b>	Unaudited	Audited
		<b>31 March 2015</b>	31 March 2014	30 September 2014
<b>Assets</b>	<b>Notes</b>	<b>£'000</b>	£'000	£'000
<b>Fixed assets</b>				
Property, plant and equipment		1	2	2
<b>Current</b>				
Cash and cash equivalents		<b>139</b>	100	25
Trade and other receivables	5	<b>155</b>	11	264
<b>Total current assets</b>		<b>294</b>	111	289
<b>Total assets</b>		<b>295</b>	113	291
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables	6	<b>316</b>	926	905
<b>Total liabilities</b>		<b>316</b>	926	905
<b>Equity</b>				
Issued share capital	7	<b>166</b>	148	154
Share premium		<b>3,869</b>	3,202	3,719
Share based payments reserve		-	359	-
Convertible loan notes	8	<b>900</b>	-	-
Retained earnings		<b>(4,956)</b>	(4,522)	(4,487)
<b>Equity attributable to owners of the company</b>		<b>(21)</b>	(813)	(614)
<b>Total equity and liabilities</b>		<b>295</b>	113	291

**CLOUDTAG INC.****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2015**

	<b>Unaudited Period ended 31 March 2015</b>	Unaudited Period ended 31 March 2014	Audited Year ended 30 September 2014
	<b>£'000</b>	£'000	£'000
<b>Operating activities</b>			
Loss after tax	(494)	(1,012)	(1,035)
Share based payments	25	132	(169)
Depreciation	1	-	1
Fees paid in shares	162	-	33
Decrease/(increase) in trade and other receivables	109	(6)	(259)
Increase in trade and other payables	(589)	431	410
<b>Net cash (outflow) from operating activities</b>	<b>(786)</b>	<b>(455)</b>	<b>(1,019)</b>
<b>Cash flows from investing activities</b>			
<b>Purchase of property, plant and equipment</b>	<b>-</b>	<b>(1)</b>	<b>(2)</b>
<b>Net cash outflow from financing activities</b>	<b>-</b>	<b>(1)</b>	<b>(2)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital	-	-	500
Share issue costs	-	-	(10)
Proceeds from issue of loan notes	900	-	-
Amounts deposited with shareholder	-	(550)	-
Amounts returned from shareholder	-	550	-
<b>Net cash inflow from financing activities</b>	<b>900</b>	<b>-</b>	<b>490</b>
<b>Net change in cash and cash equivalents</b>	<b>114</b>	<b>(456)</b>	<b>(531)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>25</b>	<b>556</b>	<b>556</b>
<b>Cash and cash equivalents at end of period</b>	<b>139</b>	<b>100</b>	<b>25</b>

## CLOUDTAG INC.

### NOTES TO THE INTERIM REPORT

#### FOR THE PERIOD ENDED 31 MARCH 2015

#### 1. GENERAL INFORMATION

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The figures for the year ended 30 September 2014 have been extracted from the 2014 statutory financial statements. The auditors' report on those accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

#### 2. ACCOUNTING POLICIES

The Company's shares are quoted on the AIM market of the London Stock Exchange and the Company applies the Companies Act 2006 when preparing its annual financial statements.

The annual financial statements will be prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) and the principal accounting policies adopted remain unchanged from those adopted in preparing its financial statements for the year ended 30 September 2014.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

#### 3. SEGMENTAL REPORTING

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and an assessment of performance and about which discrete financial information is available.

The chief operating decision maker has defined that the Group's only operating segment during the period is the development of physiological technology. All of the corporate headquarter costs are allocated to this segment.

The Group has not generated any revenues from external customers during the period.

In respect of the non-current assets all arise in the UK at 31 March 2015 and 30 September 2014.

#### 4. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The impact of the options and warrants on the loss per share is anti-dilutive.

	<b>Unaudited Period ended</b>	Unaudited Period ended	Audited Year ended
	<b>31 March 2015</b>	31 March 2014	30 September 2014
	<b>£'000</b>	£'000	£'000
Loss on ordinary activities after tax (£000)	<u>(494)</u>	<u>(1,012)</u>	<u>(1,035)</u>



Weighted average number of shares for calculating basic loss per share	<b>160,857,483</b>	147,775,000	150,696,507
	<hr/>	<hr/>	<hr/>
<b>Basic and diluted loss per share (pence)</b>	<b>(0.31)</b>	<b>(0.68)</b>	(0.69)
	<hr/>	<hr/>	<hr/>

## 5. TRADE AND OTHER RECEIVABLES

	<b>Unaudited</b>	Unaudited	Audited
	<b>31 March 2015</b>	31 March 2014	30 September 2014
	<b>£'000</b>	£'000	£'000
VAT recoverable	<b>4</b>	<b>7</b>	5
Prepayments	<b>8</b>	<b>4</b>	4
Other receivables	<b>143</b>	-	255
Total	<b>155</b>	<b>11</b>	264

Trade and other receivables are usually due within 30 - 60 days and do not bear any effective interest rate. The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. The unpaid share capital outstanding at 31 March 2013 has been received in full.

## 6. TRADE AND OTHER PAYABLES

	<b>Unaudited</b>	Unaudited	Audited
	<b>31 March 2015</b>	31 March 2014	30 September 2013
	<b>£'000</b>	£'000	£'000
Trade payables*	271	371	672
Other payables	-	160	40
Tax and social security	8	6	6
Accruals	37	389	187
	<b>316</b>	<b>926</b>	<b>905</b>

\*As of the 25 June 2015 trade payables have been reduced to £113,000.

## 7. SHARE CAPITAL

The movement in share capital is set out below.

	<b>Unaudited</b>	Unaudited	Audited
	<b>31 March 2015</b>	31 March 2014	30 September 2014
	<b>£000</b>	£000	£000

Allotted, issued and fully paid 165,900,836 ordinary shares of 0.01p (31 March 2013: 147,775,000, 30 September 2014: 154,437,500)	<b>166</b>	<b>148</b>	<b>154</b>
	<hr/>	<hr/>	<hr/>

## 8. CONVERTIBLE LOAN NOTES

On 4<sup>th</sup> December 2014 the Company announced that subject to shareholder approval it would be issuing Loan Notes with the following terms, and after shareholder approval £900,000 of Loan Notes were duly issued.

The Loan Notes will become convertible at 100% of their principal amount plus accrued interest into new ordinary shares of 0.1 pence each in the capital of the Company (“Ordinary Shares”) either:

(i) at the holder's option at a conversion price which is fixed at 3.75 pence of indebtedness per one Ordinary Share, representing an effective discount of 3.23% to the closing mid-market price of an Ordinary Share on 3 December 2014 (being 3.875 pence), the last business day prior to the publication of this document; or (ii) at the Company's option at a conversion price which is fixed at 3.75 pence of indebtedness per 1.5 Ordinary Shares (equivalent to 2.5 pence of indebtedness per one Ordinary Share), representing an effective discount of 35.48% to the closing mid-market price of Ordinary Shares on 3 December 2014 (being 3.875 pence), the last business day prior to the publication of this document.

The Loan Notes carry nil interest for the first six months following issue and thereafter carry interest at a rate of 8% per annum beginning on the business day after the six-month anniversary of issue. The Loan Notes are unsecured, are not listed and are transferable.

Unless previously redeemed, converted or cancelled, the Loan Notes will be redeemable at any time at the Company's option at 100% of their principal amount plus accrued interest. Unless previously redeemed, converted or cancelled (including if Resolution 1 is not passed), the Loan Notes will mature and become repayable at 100% of their principal amount plus accrued interest on 3 December 2015.

As the Company has the option of converting the Loan Notes into a fixed number of shares, until such time as they become interest bearing, the Loan Notes have therefore been treated as equity in the Statement of Financial Position at 31 March 2015.

On 29 May 2015 the Company announced that it has converted £850,000 (of the £900,000) unsecured convertible loan notes into 34,000,000 new ordinary shares.

## 9. SHARE OPTIONS

The Group operates share option schemes for certain employees (including directors). Options are exercisable at the option price agreed at the date of grant. The options are settled in equity once exercised. The options are exercisable from the date the conditions are met until 10 years from the grant date. The expected life of the options varies from six months to three years.

Details of the number of share options and the weighted average exercise price (“WAEP”) outstanding during the year are as follows:

<b>Unaudited 31 March 2015</b>		<b>Unaudited 31 March 2014</b>		<b>Audited 30 September 2014</b>	
<b>Number</b>	<b>WAEP £</b>	<b>Number</b>	<b>WAEP £</b>	<b>Number</b>	<b>WAEP £</b>

Outstanding at the beginning of the period	<b>4,549,998</b>	<b>0.2176</b>	4,549,998	0.2176	4,549,998	0.2176
Lapsed or surrendered	<b>(4,049,998)</b>	<b>0.2198</b>	-	-	-	-
Issued on 8 January 2015	<b>7,700,000</b>	<b>0.09</b>	-	-	-	-
Outstanding at the end of the period	<b>8,200,000</b>	<b>0.0967</b>	4,549,998	0.2176	4,549,998	0.2176

The options have the following exercise prices and fair values at the date of grant:

First exercise date (when vesting conditions are met)	Grant date	Exercise price	Fair value	31 March 2015	31 March 2014	30 September 2014
		£	£	Number	Number	Number
20 March 2013	20 March 2013	0.2	0.1163	500,000	500,000	500,000
On launch of product if by 20 March 2014	20 March 2013	0.2	0.1163	-	1,100,000	1,100,000
On launch of product if by 20 March 2014	20 March 2013	0.25	0.10665	-	200,000	200,000
On launch of product if by 20 March 2014	20 March 2013	0.3	0.09862	-	166,666	166,666
Turnover exceeds £750,000 in a month and share price exceeds 40p for 5 consecutive days	20 March 2013	0.2	0.1163	-	1,100,000	1,100,000
Turnover exceeds £750,000 in a month and share price exceeds 40p for 5 consecutive days	20 March 2013	0.25	0.10665	-	200,000	200,000
Turnover exceeds £750,000 in a month and share price exceeds 40p for 5 consecutive days	20 March 2013	0.3	0.09862	-	166,666	166,666
Turnover exceeds £1,500,000 in a month and share price exceeds 60p for 5 consecutive days	20 March 2013	0.2	0.1163	-	750,000	750,000
Turnover exceeds £1,500,000 in a month and share price exceeds 60p for 5 consecutive days	20 March 2013	0.25	0.10665	-	200,000	200,000
Turnover exceeds £1,500,000 in a month and share price exceeds 60p for 5 consecutive days	20 March 2013	0.3	0.09862	-	166,666	166,666

8 January 2015	8 January 2015	0.06	1.9042	1,925,000	-	-	
8 January 2015	8 January 2015	0.08	1.6343	1,925,000	-	-	
8 January 2015	8 January 2015	0.1	1.4298	1,925,000	-	-	
8 January 2015	8 January 2015	0.12	1.2686	1,925,000	-	-	
					<u>8,200,000</u>	<u>4,549,998</u>	<u>4,549,998</u>

The share options can be exercised from the date when the conditions are met until ten years from the grant date.

At 31 March 2015, 8,200,000 options were exercisable.

For those options granted to employees and directors where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	<b>8 January 2015</b>	<b>20 March 2013</b>
Risk free rate	1.50%	0.50%
Share price volatility	46.30%	50%
Expected life	Between 1 and 4 years	Between 6 months and 3 years
Share price at date of grant	£0.04	£0.20

Expected volatility was determined by calculating the historical volatility of the share price of the Company. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The following assumptions were used:

The options granted on 20 March 2013, exercisable on launch of the product provided that this is within 12 months of admission, were assumed to vest in 12 months.

The options granted on 20 March 2013, exercisable immediately, were assumed to vest in 6 months as the share price was expected to rise above 20p by that time.

The options granted on 20 March 2013, exercisable when turnover exceeds £750,000 in a month and the share price exceeds 40p for five consecutive days, were assumed to vest in 24 months.

The options granted on 20 March 2013, exercisable when turnover exceeds £1,500,000 in a month and the share price exceeds 60p for five consecutive days, were assumed to vest in 36 months.

The options granted on 8 January 2015, exercisable immediately at 6p, 8p 10p and 12p, were assumed to vest in 1, 2, 3 and 4 years respectively as the share price was expected to rise above the option prices by those times.

The Group recognised a charge of £19,000 (period ending 31 March 2014 £132,000 and year ended 30 September 2014: credit of £169,000) relating to these equity-settled share-based payment transactions during the period.

The costs charged to profit or loss in respect of these options was £227,000 in the year ended 30 September 2013. The Directors reconsidered the assumptions used in calculating the share based

payments during the year ended 30 September 2014, and considered that there was little likelihood that the options granted with vesting conditions would vest, and since the end of that financial year the options were waived to the extent that they had not already lapsed. Therefore the charge of £169,000 relating to these options in the year to 30 September 2013 was reversed in the year to 31 December 2014.

## 10. WARRANTS

On 31 March 2014, 412,500 ordinary shares of 0.1p were issued at 8p in payment of fees totalling £33,000. On 31 March 2014, 6,250,000 ordinary shares 0.01p were placed at 8p raising total proceeds of £500,000 before expenses. Each Ordinary Share issued for cash on 31 March had a three-year warrant attached to it which is exercisable at 8 pence. The warrants will not be admitted to trading on AIM. There were 6,250,000 warrants outstanding at 30 September 2014 at a weighted average exercise price of 8p and a weighted average remaining contractual life of 2.59 years.

These warrants fall outside the scope of IFRS2 as they have been issued to shareholders in their capacity as shareholders and have therefore not been treated as share based payments.

On 4 December 2014, the Company announced that it has granted to Golden Bridge Services Limited conditional warrants to subscribe for up to 22,000,000 new Ordinary Shares at a subscription price of 4.25p per share (“Warrant Shares”). The conditions are either (i) the introduction by GBSL, within 150 days, of one or more investor(s) investing together not less than £500,000 in the Company, such new investment being on equal or better terms to the Company than the convertible Loan Note issue; or (ii) the introduction of a strategic partner; that means a strategic partner concluding a transaction, acquisition or collaboration with the Company, such party being a hardware, software or sports and fitness company which has mutual business interests with the Company’s business operations and which brings either significant strategic advantages to the Company or which has a platform (being any, some or all of a website, app or e-commerce platform) with not less than 30 million unique users. No share based payment charge has been made in respect of these warrants in the period, as the warrants are conditional upon the introduction of capital or a strategic partner. Since the period end, with the introduction of Adience, the conditions have been met and the warrants became exercisable.

On 12 January 2015, the Company announced that it has granted a total of 3,000,000 warrants over new ordinary shares to certain Directors and employees.

Details of the number of warrants and the weighted average exercise price (“WAEP”) outstanding during the year are as follows:

	Unaudited 31 March 2015		Unaudited 31 March 2014		Audited 30 September 2014	
	Number	WAEP £	Number	WAEP £	Number	WAEP £
Outstanding at the beginning of the period	6,250,000	0.08	-	-	-	-
Issued on 1 May 2014	-	-	-	-	6,250,000	0.08
Issued on 4 December 2014	22,000,000	0.0425	-	-	-	-
Issued on 8 January 2015	3,000,000	0.09	-	-	-	-

Outstanding at the end of the period	<b>31,250,000</b>	<b>0.05456</b>	-	-	6,250,000	0.08
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The warrants have the following exercise prices and fair values at the date of grant:

First exercise date (when vesting conditions are met)	Grant date	Exercise price	Fair value	<b>31 March 2015</b>	31 March 2014	30 September 2014
		£	£	<b>Number</b>	Number	Number
1 May 2014	1 May 2014	0.08	-	6,250,000	-	6,250,000
On introduction of capital/partner	4 December 2014	0.0425	-	22,000,000	-	-
8 January 2015	8 January 2015	0.06	1.9042	750,000	-	-
8 January 2015	8 January 2015	0.08	1.6343	750,000	-	-
8 January 2015	8 January 2015	0.1	1.4298	750,000	-	-
8 January 2015	8 January 2015	0.12	1.2686	750,000	-	-
				<b>31,250,000</b>	-	<b>6,250,000</b>

For those warrants granted to employees and directors where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	<b>8 January 2015</b>
Risk free rate	1.50%
Share price volatility	46.30%
Expected life	Between 1 and 4 years
Share price at date of grant	£0.04

The Group recognised a charge of £6,000 (period ending 31 March 2014 and year ended 30 September 2014: £Nil) relating to these equity-settled share-based payment transactions during the period.

## **11. CONTINGENT LIABILITIES**

The Company's subsidiary company is currently involved in litigation with one of its suppliers, which is claiming €290,000 (£226,509) against the Company for services supplied. The directors have included €150,000 (£109,713, 30 September 2014: £117,160) as a provision for this in the accounts which they consider to be prudent. There is therefore a contingent liability of €140,000 (£102,399, 30 September 2014: £109,349).

The Company is vigorously defending this claim as it considers the services delivered were unsatisfactory and has entered a counter claim at least equal to the amount claimed.

There were no contingent liabilities at 31 March 2014.

## **12. EVENTS AFTER THE REPORTING DATE**

On 17 April 2015 the Company announced that it has issued 831,831 new ordinary shares at an average price of 3.41 pence per share in settlement of fees for professional services.

On 29 May 2015 the Company announced that it has converted £850,000 (of the £900,000) of unsecured convertible loan notes into 34,000,000 new ordinary shares.

On 29 May 2015 the Company also announced that it has issued 1,869,918 new ordinary shares at 3p in settlement of fees.