

31 March 2014

CloudTag Inc

(“CloudTag” or the “Company”)

Final Results for the year ended 30 September 2013

CloudTag Inc (AIM:CTAG.L), the physiological technology company announces its final results for the year ended 30 September 2013.

Summary of 2012/2013 and Current Year Update

- In March 2013 CloudTag was successfully admitted to AIM raising £1.5 million.
- The results for the year represent the costs of developing the Company’s physiological monitoring technology for the professional sports, consumer wellbeing and weight-loss market.
- The Wellness App, being developed by software partners, is concluding the user testing stage.
- Our development team is working with a number of parties on the hardware, to complement the unique CloudTag user interface and is on schedule to launch the first of its products in the second quarter of 2014.
- Conditional Placing agreed to raise £450,000 before expenses.

Enquiries:

CloudTag Inc.	+44 (0) 20 3740 7464
Andy Jackson/Jamie Bligh	
Strand Hanson Limited (Nominated Adviser)	+44(0) 20 7409 3494
James Harris / James Spinney/ Ritchie Balmer	
Gable Communications Limited	+44 (0) 7802 061 007
John Bick / Justine James	+44 (0) 20 7193 7463

CHAIRMAN'S STATEMENT

I am pleased to announce that CloudTag's development of its wearable technology devices is ahead of the schedule laid out in the May 2013 AIM admission document, with the Company currently completing the final testing of the User Interface and development of the Cloud interface in April of this year. CloudTag plans to launch this first product, the User Interface or 'Wellness App', in Q2 2014, which would allow us to bring our first product to market in line with the timing outlined in the AIM Admission document and deliver the Company's first revenue stream.

Management continues to monitor the Company's costs carefully and evaluate its working capital requirements against the evolving business model and potential opportunities to commence sales of CloudTag's products. These results, which are under the forecasted budget, reflect the costs of developing the Company's first products and of investment in the infrastructure for the continued development and marketing of the Company's products and initial sales activity.

The CloudTag 'Wellness App' aims to use cutting edge 'gamification', communities and competition to create a unique user experience and will include, on launch, high quality professional wellness and sporting video content to your mobile device. The Company plans to launch the "Wellness App" in Q2 2014 initially through Apple Incorporated's App Store and subsequently through similar retailers on Google's Android platform, allowing CloudTag to access a substantial user base. The software development of the 'Wellness App' continues in collaboration with Preciousbluedot Limited ("Preciousbluedot"). I am pleased to have Preciousbluedot as a shareholder in CloudTag as their team gives us an enormous wealth of experience in creating global customer-facing engaging technology products.

Preciousbluedot was formed from part of the executive management team at Rare Limited ("Rare"). From its roots as UK software house Rare achieved critical acclaim for games releases including Donkey Kong Country, GoldenEye 007 and Perfect Dark and went on to sell 110 million games world wide. Rare was acquired by Microsoft Corporation for \$375 million in 2002 and the Rare team went on to develop the Microsoft Xbox Kinect software technology and Microsoft Xbox avatar platform. We believe that they are extremely well-placed to use these proven programming and software development skills to create a CloudTag product offering which builds customer loyalty, and enables CloudTag to deliver what we believe will be a unique product to market with significant growth potential. The Wellness App has been targeted at weight loss and wellbeing markets through to sports and weekend-warrior markets. The software has been designed and built on a flexible and scalable platform that ensures it's accessible to the individual gym user as well as the competitive athlete or sports person across a range of disciplines.

CloudTag has completed the design of its core hardware device and, subject to the availability of funding, will be launching a range of wearable devices, which will incorporate vital-sign monitors that include clinical-grade ECG monitoring technology. The Company is in advanced discussions with a number of manufacturing partners with a view to enabling the mass manufacture of its devices in advance of the hardware launch. The devices will include a system for intelligent wireless body monitoring that facilitates real-time vital-sign data collection communicating using Bluetooth Low Energy directly to the tablet or smartphone. The wearable devices will have the added feature of being entirely waterproof, enabling them to be used for swimming and watersports.

Other opportunities

The flexibility of the CloudTag software platform has opened additional business opportunities to develop customised apps for corporate customers using the software platform architecture developed by CloudTag. Corporate sales opportunities continue at a pace as negotiations with 3 global gym chains and 2 global health insurers are approaching a conclusion. We look forward to updating the market on these exciting developments. These sales opportunities continue alongside our ongoing discussions with suitable global distribution partners and retailers in the UK and US for the sale of the wearable devices

Fund raising

As also announced today, the Company has conditionally raised gross proceeds of £450,000, through the issue of 5,625,000 new Ordinary Shares of 0.1pence each at a placing price of 8 pence per Ordinary Share with certain

existing and new investors (the “Placing”). The Placing, which was conducted through a direct subscription to the Company, is conditional, *inter alia*, upon the granting of shareholder approval at the Company’s AGM to be held on 23 April 2014 due to the Board not having authority at the time of releasing these financial statements to issue the additional shares. A notice of general meeting is being sent to shareholders today. The Directors have obtained irrevocable undertakings to vote in favour of the resolution to disapply pre-emption rights from shareholders holding in excess of 51 per cent of the issued share capital of the Company. A number of the investors have agreed to deposit a total of £150,000 of their subscription in advance of being issued the shares. As part of the Placing, each subscriber will also receive a warrant to subscribe for new equity shares at 8 pence on a one-for-one basis for a period of three years from the date of grant. Further information on the proposed placing and attached warrant is disclosed in the separate announcement released today.

In the unlikely event that the Placing does not proceed, the Company will be forced to seek alternative sources of financing which may or may not be on equivalent terms to that of the proposed Placing.

Results

In the year to 30 September 2013, the Group recorded a loss before and after tax of £2,840,000 (30 September 2012: £660,000). This includes certain fees settled in shares pursuant to admission and non-recurring costs associated with product development.

Share based payments (a non-cash item) amounted to £627,000, compared with £Nil in the previous year, development costs increased to £580,000 from £388,000 and other administrative expenses were £1,633,000 in the period, including £1,451,000 of costs associated with or settled on admission, compared with £272,000 the previous year. The Directors do not recommend the payment of a dividend at this time.

Outlook

The prime motivation to listing on the AIM market in London was to have access to capital and to give shareholders the opportunity to invest in the wearable technology market which is predicted to grow to \$19 billion by 2018, from \$1.4 billion in 2013.

CloudTag has made considerable progress with its strategy to develop its innovative solutions for the fitness and wellbeing markets. We look forward to launching our initial product in the coming months and updating the market on the conclusion of commercial discussions.

I would like to thank our partners, the management team and our employees for their dedication and effort during an intensive and eventful year for CloudTag.

Tony Reeves
Chairman
31 March 2014

STRATEGIC REPORT

Business review

The company has maintained a tight control of costs throughout the year and has focused all of its resources on the development of the products, detailed in the Chairman's Statement.

These results represent the initial costs of developing the Company's first products and the infrastructure for the continued development, marketing and initial sales activity. The Board expects that the Company will begin generating revenue in Q2 2014 following the launch of the 'Wellness App'.

Aims and objectives

To develop the user interface or "Wellness App" and create downloadable user content and training programmes in collaboration with industry professionals. To design, develop and sell unique wearable devices for global retail and distribution.

Key Performance Indicators

Given the early stage of the Company's development and its current scale of operations, the Board does not consider the use of particular financial or operational KPIs. The Board manages its cash flow on a week by week basis and measures the performance of its third party developers against contractual arrangements.

Business risks

There are a number of potential risks and uncertainties which could adversely impact the achievement of our corporate aims.

The Group faces risks frequently encountered by new companies. In particular, its future growth and prospects will depend on its ability to fund and manage growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls.

In order to mitigate these risks the Company maintains regular dialogue with its core investors regarding the possibility of providing additional funding as and when required. The Company maintains systems commensurate with the current development stage of the business and has plans to develop further appropriate systems when revenue streams commence.

Development of the products

CloudTag's development of the products is on-going. There are a number of steps in the development and requisite approval process of the products to be completed before the products can be launched. The completion of these steps may take longer than the Directors currently anticipate and/or issues may arise during the process which may delay launch of the products. The products may need additional testing in order to be sold in certain markets. Whilst the Directors do not anticipate that this testing will be problematic, it may create a delay in launching the products in those regions and could incur additional costs.

The company seeks appropriate legal advice regarding the processes and requirements and maintains dialogue with developers to ensure milestones are set and met.

Reliance on third-party contractors

The Group relies on third parties to program, manufacture, assemble and test its products and its failure to successfully manage relationships with these contractors could in turn damage CloudTag's relationships with customers, decrease anticipated sales and limit growth. The Company cannot guarantee that there will not be a prolonged disruption in the supply of the modules.

The Company maintains good relationships with developers through regular contact. It also reviews alternative supply arrangements to ensure that the Company has a second supplier should any issues arise.

Legal and contractual risks

CloudTag Active has entered into a number of significant contractual arrangements with third parties in connection with the products and the development of certain product applications. There is no guarantee that it will be able to enforce any or all its rights under such agreements or arrangements.

To mitigate this risk, in negotiating contracts the Company engages lawyers with suitable expertise to ensure contractual terms are valid, and secondly wherever possible contracts are written subject to English law and enforced by English courts.

Impact of negative press

The Company cannot guarantee that those parties that currently or will endorse its products have not conducted themselves in the past and will not conduct themselves in the future in such a way as to bring negative publicity upon the Company. Equally, the Company cannot guarantee that a major customer has not committed or will not commit an action that attracts negative publicity to the Company. There is the risk that either of the above situations, or any product failure, may be of a high profile nature.

The Company is careful to conduct due diligence and to vet its customers and contractors to ensure a high standard of conduct in order to mitigate this risk.

Product liability

The Group may become exposed to product liability risks arising from the use of its technology in consumer products which, if not adequately covered by insurance, may have a material adverse effect upon the Group's financial condition.

The Company seeks to ensure that its insurance cover is adequate for perceived material risks. Furthermore all of the Company's literature contains disclaimers and protections.

Competition/competing technology

The markets in which the Group expects to operate are competitive and fast moving and may become even more competitive. There can be no guarantee that the Group's competitors will not develop similar or superior technology or offer superior product applications or services to the Group's target markets which may render one or more of CloudTag's technologies or intellectual property rights obsolete and/or otherwise uncompetitive. Technologies used by the Group may have a shorter commercial life than anticipated, if any, due to the invention or development of more successful technology or applications by competitors who may have greater financial, marketing, operational and technological resources than the Group. In order to mitigate this risk, the Company examines market movements and customer driven developments to ensure it continues to utilise cutting edge technology.

Economic climate

The trading activities of the Group will, to a certain extent, be dependent on the economic environment. The current adverse economic environment may have a detrimental effect on trading activity.

The company initiated this project during one of the harshest economic climates in decades and was established on a basis designed to be resilient to adverse economic conditions.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Directors are responsible for co-ordinating the Group's risk management and focus on actively securing the Group's short to medium term cash flows.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

Cash flow risks

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs by investing cash assets safely and profitably. The Directors prepare rolling cash flow forecasts and seek to identify the need and raise additional funding whenever a shortfall in facilities is forecast. Further information on going concern is given below.

Currency risks

The Group does not seek to hedge its foreign exchange risk and the Directors consider that the exposure to movements in foreign currencies is not significant. At the time when the Directors consider that exposure to foreign exchange trading risks becomes significant they will seek to adopt appropriate hedging strategies and products.

Going concern

At 30 September 2013 the Group held cash balances of £556,000. The Group has not earned revenue during the year ended 30 September 2013 or subsequent to this date and remains in the development phase. To this point, the operations of the business have been financed from the funds raised on Admission to AIM and the Group will continue to require the support of its existing and future shareholders.

The Directors have considered the cash requirements of the business for the next 12 months. As part of this process, they have prepared detailed cashflow forecasts which assume that no revenue is generated by the Group and demonstrate that the Group will require working capital of a minimum of £400,000 throughout the period extending to at least 12 months from the date of approval of these financial statements.

The forecasts include only unavoidable third party running costs of the Group and any committed expenditure at the date of approving the financial statements. The forecasts also assume that certain existing creditors will not be settled until the business has raised additional funds from a future fund raising. The creditors have been made aware of this fact and in the event that no future fundraising completes, these creditors will remain unpaid.

Fundraising

The Directors expect to raise £450,000 from a placing of 5,625,000 shares at 8p per share, which is expected to complete on 24 April 2014. Prior to the subscription the directors have obtained legally binding Placing letters from subscribers confirming the subscriptions in full subject only to the approval of the resolution to dis-apply pre-emption rights to allow the issue of the subscription shares. At the time of releasing these financial statements the board does not have authority to issue the additional shares and they have therefore obtained confirmation from 51% of the existing shareholders that they will vote in favour of approval of the resolution to dis-apply pre-emption rights for the subscription shares at the AGM on 23 April 2014. A number of the investors have agreed to deposit a total of £150,000 of their subscription in advance of being issued the shares. As part of the Placing, each participant will also receive a warrant to subscribe for new equity shares at 8 pence on a one-for-one basis.

The directors are confident that the placing letters and the irrevocable undertakings in place from shareholders in respect of voting in favour of the dis-application resolution give sufficient comfort that the full value of £450,000 of funds will be available to the Group on or around 24 April 2014. However they recognise that there is a risk that the total funds raised may vary and that there may be delays receiving the full placing proceeds.

On the basis of the assumptions above and following a detailed review by the Directors of the group's cashflow requirements, the directors believe that the Group has sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are signed. Consequently, the financial statements have been prepared on a going concern basis.

Future prospects

CloudTag has made considerable progress with its strategy to develop its innovative CloudTag solutions for the fitness and wellbeing markets. We look forward to launching our products in 2014 and concluding commercial discussions.

Andy Jackson
Chief Executive Officer
On behalf of the board
31 March 2014

CLOUDTAG INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2013

	<i>Note</i>	Year ended 30 September 2013	Year ended 30 September 2012
		£000	£000
Administrative expenses			
Share based payments		(627)	-
Research and development costs		(580)	(388)
Other administrative expenses		(1,633)	(272)
Total administrative expenses		<u>(2,840)</u>	<u>(660)</u>
Loss from operations and loss before taxation		<u>(2,840)</u>	<u>(660)</u>
Loss before taxation		(2,840)	(660)
Taxation		<u>-</u>	<u>-</u>
Loss after taxation and loss attributable to the equity holders of the Company and total comprehensive income for the period		<u>(2,840)</u>	<u>(660)</u>
Loss per share			
Total basic and diluted (pence per share)	2	<u>(2.01)</u>	<u>(0.71)</u>

All of the activities of the Group are classed as continuing.

CLOUDTAG INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2013

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 1 October 2011	5	-	-	(10)	(5)
Issue of share capital	129	459	-	-	588
Share issue costs	-	(41)	-	-	(41)
Transactions with owners	<u>129</u>	<u>418</u>	<u>-</u>	<u>-</u>	<u>547</u>
Loss for the period	-	-	-	(660)	(660)
Balance at 30 September 2012	<u>134</u>	<u>418</u>	<u>-</u>	<u>(670)</u>	<u>(118)</u>
Issue of share capital	14	2,860	(400)	-	2,474
Share issue costs	-	(76)	-	-	(76)
Share based payments	-	-	627	-	627
Transactions with owners	<u>14</u>	<u>2,784</u>	<u>227</u>	<u>-</u>	<u>3,025</u>
Loss for the period	-	-	-	(2,840)	(2,840)
Balance at 30 September 2013	<u>148</u>	<u>3,202</u>	<u>227</u>	<u>(3,510)</u>	<u>67</u>

CLOUDTAG INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 30 September 2013

	30 September 2013	30 September 2012
Assets	£000	£000
Fixed assets		
Property, plant and equipment	1	-
Current		
Cash and cash equivalents	556	142
Trade and other receivables	5	107
Total current assets	<u>561</u>	<u>249</u>
Total assets	<u>562</u>	<u>249</u>

Liabilities		
Current		
Trade and other payables	495	367
Total liabilities	<u>495</u>	<u>367</u>
Equity		
Issued share capital	148	134
Share premium	3,202	418
Share based payment reserve	227	-
Retained earnings	<u>(3,510)</u>	<u>(670)</u>
Equity attributable to owners of the company	67	(118)
Total equity and total liabilities	<u>562</u>	<u>249</u>

The consolidated financial statements were approved by the Board on 31 March 2014.

A Jackson
Director

CLOUDTAG INC.

CONSOLIDATED CASH FLOW STATEMENT For the year ended 30 September 2013

	Year ended 30 September 2013	Year ended 30 September 2012
	£000	£000
Operating activities		
Loss after tax	(2,840)	(660)
Share based payments	627	-
Fees paid in shares	950	-
Decrease/(increase) in trade and other receivables	102	(107)
Increase in trade and other payables	<u>127</u>	<u>362</u>
Net cash outflow from operating activities	<u>(1,034)</u>	<u>(405)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	<u>(1)</u>	<u>-</u>
Net cash outflow from financing activities	<u>(1)</u>	<u>-</u>
Financing activities		
Proceeds from issue of share capital	1,525	588

Share issue costs	(76)	(41)
Amounts deposited with shareholder	(745)	-
Amounts returned from shareholder	745	-
Net cash inflow from financing activities	1,449	547
Net change in cash and cash equivalents	414	142
Cash and cash equivalents at beginning of period	142	-
Cash and cash equivalents at end of period	556	142

BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands which do not prescribe the adoption of any particular accounting framework. The Board has therefore adopted and complied with International Financial Reporting Standards as adopted by the European Union (IFRS).

The Group's shares are listed on AIM, a market operated by the London Stock Exchange plc.

The principal accounting policies of the Group which have been applied consistently, are set out in the annual report and financial statements.

Going concern

At 30 September 2013 the Group held cash balances of £556,000. The Group has not earned revenue during the year ended 30 September 2013 or subsequent to this date and remains in the development phase. To this point, the operations of the business have been financed from the funds raised on Admission to AIM and the Group will continue to require the support of its existing and future shareholders.

The Directors have considered the cash requirements of the business for the next 12 months. As part of this process, they have prepared detailed cashflow forecasts which assume that no revenue is generated by the Group and demonstrate that the Group will require working capital of a minimum of £400,000 throughout the period extending to at least 12 months from the date of approval of these financial statements.

The forecasts include only unavoidable third party running costs of the Group and any committed expenditure at the date of approving the financial statements. The forecasts also assume that certain existing creditors will not be settled until the business has raised additional funds from a future fund raising. The creditors have been made aware of this fact and in the event that no future fundraising completes, these creditors will remain unpaid.

Fundraising

The Directors expect to raise £450,000 from a placing of 5,625,000 shares at 8p per share, which is expected to complete on 24 April 2014. Prior to the subscription the directors have obtained legally binding Placing letters from subscribers confirming the subscriptions in full subject only to the approval of the resolution to dis-apply pre-emption rights to allow the issue of the subscription shares. At the time of releasing these financial statements the board does not have authority to issue the additional shares and they have therefore obtained confirmation from 51% of the existing shareholders that they will vote in favour of approval of the resolution to dis-apply pre-emption rights for the subscription shares at the AGM on 23 April 2014. A number of the investors have agreed to deposit a total of £150,000 of their subscription in advance of being issued the shares. As part of the Placing, each participant will also receive a warrant to subscribe for new equity shares at 8 pence on a one-for-one basis.

The directors are confident that the placing letters and the irrevocable undertakings in place from shareholders in respect of voting in favour of the dis-application resolution give sufficient comfort that the full value of £450,000 of funds will be available to the Group on or around 24 April 2014. However they recognise that there is a risk that the total funds raised may vary and that there may be delays receiving the full placing proceeds.

On the basis of the assumptions above and following a detailed review by the Directors of the group's cashflow requirements, the directors believe that the Group has sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are signed. Consequently, the financial statements have been prepared on a going concern basis.

CLOUDTAG INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2013

1. SEGMENTAL INFORMATION

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 (2012: all) arise in the UK.

2. LOSS PER SHARE

	year ended 30 September 2013	year ended 30 September 2012
Loss on ordinary activities after tax (£000)	<u>(2,840)</u>	<u>(660)</u>
Weighted average number of shares for calculating basic loss per share	<u>141,040,411</u>	<u>92,997,808</u>
Basic and diluted loss per share (pence)	<u>(2.01)</u>	<u>(0.71)</u>

There are 4,549,998 share options. Their effect is anti-dilutive, but are potentially dilutive against future profits.

3. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not constitute statutory accounts. The consolidated statement of financial position at 30 September 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and associated notes for the year then ended have been extracted from the Group's 2013 financial statements upon which the auditor's opinion is unqualified.

The accounts for the year ended 30 September 2013 will be posted to shareholders shortly and laid before the Company at the Annual General Meeting which will be held on 24 April 2014 at 11.00 a.m. at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG. Copies will also be available on the Company's website (www.cloudtag.com) in accordance with AIM Rule 26.