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cloudBuy plc
("cloudBuy" or the "Company")

Interim Results for the six months ended 30 June 2015

cloudBuy plc (AIM: CBUY), the global provider of cloud-based e-commerce marketplaces and B2B buyer and supplier solutions, today announces its unaudited interim results for the six months ended 30 June 2015.

Key Points

Financial

- Turnover decreased by 40% from H1 2014 to £0.887m (2014: £1.467m) due to the transition from a flat fee to a transactional model

- Turnover increased by 32% from H2 2014 reflecting initial growth in new model

- Administrative expenses, excluding share based payments, increased to £3.658m H1 2014: £2.681m), reflecting continued investment in sales and technology to exploit the market opportunities

- Cash and cash equivalents as at 30 June of £1.917m (30 June 2014: £2.3m) which increased by £1.0m post period end (see below)

- Post period end, raised £1.0m by way of a placing of new shares for working capital

Operational

- Strong international progress supported by global team
    - Pipeline of major opportunities with potential value at 30 June 2015 of £51m over 3 years
    - Contract win in Singapore for marketplace and up to 7,000 websites
    - Contract win for Middle East Ajman Free Zone

  - Partnered with EASi, a major US cloud based provider of procurement services, and secured purchasing portal contract with the Ohio Schools Council
  - Launch of Confederation of Indian Industry (CII) e-commerce marketplace
  - Signed agreement with the Ministry of Economy of a Middle Eastern state to provide a cloudBuy investor website and marketplace
  - Signed MoU with Yiwu Gov China's model city for ecommerce, and the world's largest physical marketplace
  - Entered into a strategic deal with Saudi Arabia's Bin Shamikh Group to promote CloudBuy's products in the Middle East and Africa
- Renewed Oracle Gold Partner status, accelerating our opportunities with those organisations using Oracle (and providing an Oracle-cloudBuy equivalent to SAP-Ariba)
- UK progress
  - Social care marketplace offering via a partnership with Lancashire-based social enterprise Salvere
  - Completed the build of NHS Care Marketplace potentially worth in the Directors' opinion £ 30 million per year at a 10% take up
  - Company formations passed 300,000 companies registered

Ronald Duncan, Executive Chairman of cloudBuy, commented, "During 2014, we successfully completed the transition from a flat fee revenue model to a marketplace transactional activity model and 32% growth in revenue in H1 2015 from H2 2014 demonstrates our underlying progress.

Our pipeline of major opportunities has a potential value of £51m over 3 years while the close strategic relationship with Visa is continuing to open up further global opportunities. Unfortunately, and beyond our the control, some of the more advanced marketplace opportunities have been delayed and will now only contribute a small amount of revenue in the current year, which means the Company may undershoot market expectations for the year ending 31 December 2015. Our quick and effective entry into North America, China and Saudi shows that we are able to execute projects globally and provides confidence in our pipeline.

The Company has a strong and professional team who are quickly acquiring and converting the growing numbers of commercial opportunities that will generate rapid and sustained long-term revenue growth."

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About cloudBuy PLC
cloudBuy provides cloud solutions for buyers and sellers – and brings them together to trade securely and ethically via an increasing number of public e-marketplaces and private purchasing portals that are powered by cloudBuy technology.

- cloudBuy solutions for buyers help B2B purchasers understand and control their spend, to reduce costs and increase value.
- Our cloudSell solutions enable sellers of all sizes, from start-ups to corporates, reach new customers and grow their business.
- cloudBuy's technology platform powers web sites, public marketplaces and private purchasing portals that enable all types of online interactions and relationships including, citizen and business to government; consumer to business; and business to business.

For more information, visit www.cloudbuy.com

CHAIRMAN'S STATEMENT

Introduction

I am delighted with the progress made in the first half of the year in both international expansion and our work in social care. These are two of the routes that I highlighted last year to us achieving annual revenue of £ 50 million at 90% gross margin and both are still on track.

During the period, we have successfully entered the North American and Chinese markets and are growing and converting the Company's pipeline of opportunities. We have also completed the build of our NHS Care Marketplace.

At a take up level of 10%, the NHS Care Marketplace could in the Directors' opinion potentially generate £30 million of revenue to the Company per year in 3 years' time from subscription fees, clearly higher take up levels of 30% (£ 90 million and 60% (£ 180 million) would be more attractive. Having built the system, we expect to launch the NHS Care marketplace in the next few weeks. This, combined with our international pipeline with a potential value of £51 million over 3 years means that we are confident in our prospects.

Project delays have resulted in us not recognising any of the £1.0 million that we carried forward from last year. The New South Wales Service First project has stalled after acceptance due to a change of management at the customer. The Singapore (ASME) and India (CII) marketplaces are not yet contributing to revenue whilst we wait for them to go live. The Hong Kong project has expanded greatly in size into a regional marketplace which means that we expect some revenue to move from the current year into subsequent years, and additional set up fees to be charged for the expanded scope

We have delivered some further cost efficiencies to reduce our cash burn and the focus is on delivering our existing cash generative contracts and focusing on converting the opportunities in our pipeline that will quickly deliver cash. Our pipeline is now significantly bigger and being converted, therefore we consider that our prospects have improved giving us greater optimism for the future.

Market Review
UK
Our primary focus in the UK has been the emerging care market and the biggest opportunity in the NHS.

We have created mycaresupermarket with Salvere who will act as a bridge between the NHS and local government since it provides services to both.

We have invested in a new dedicated supplier adoption team for the care market. We had managed last year to bring on over 1,000 suppliers for no revenue. This has changed post period end with the new team which is bringing on suppliers with a minimum first year charge of £660 per supplier.

While the current rate of sign up for the Salvere marketplace is 10% of suppliers, the rate increases to 60% where the supplier contacts us directly. We believe that an effective NHS marketing campaign will make a big difference to supplier adoption rates and volumes, and this will occur post launch of the NHS Care marketplace.

The NHS estimates are that 5 million people will be on personal budgets, bringing about a major shift in the way that care is delivered. The Directors believe that 10% of the potential subscription fees could be worth £30 million per year in 3 years' time to cloudBuy. In addition there are website and transactional fees that should grow with time.

We expect to launch the NHS Care Marketplace in the next few weeks and once launched we will be able to further assess the figures and projections and provide shareholders with an update on the rate of take up in terms of clinical commissioning groups' individual care budgets, suppliers and revenue from the system.

Our focus in the local authority market has been with the Breeze-e consortium. We are in discussions with the consortium about its future, and the likelihood is that we will receive no revenues from the consortium. If we are unable to achieve a positive conclusion to the discussions, we will return to selling directly to the local authority care market.

Our presence across health, education and local authorities means that we are well placed when the Government autumn spending review finally starts to bite.

We have a good sales pipeline of private sector multinational opportunities in the USA and Canada, and are building our sales pipeline in UK private sector.

Asia Pacific
cloudBuy's strategic partnership with Visa Asia Pacific (AP) was boosted at events hosted by Visa AP in Singapore, Melbourne and Mumbai in the first half of 2015. We have successfully entered the Chinese market, the largest market in the region.

The MOU with Yiwu Gov provides us with a strong presence in China, at a strategic location since this is both the largest physical marketplace in the world and the model city for ecommerce in China. The Yiwu suppliers will enhance our system globally and they support our trading hub strategy.

The marketplace in Hong Kong, in association with a global financial institution, was ready for launch earlier this year. We had completed acceptance testing, built sites for the 20 largest suppliers and were moving down to the next 100 when a local legislative change that required our customer to assess which products required regulatory approval resulted in a period of assessment. The marketplace will be going ahead as a regional proposition and is now expected to launch at the end of this year. This increases the scale by more than 10 times since it is now expected to have over 100,000 suppliers and cover the entire region. All our fees were paid and we are in discussions around additional set up and service fees to cover the extra work.

The Singapore marketplace has had its launch delayed until the autumn. There are a number of factors that have delayed the launch, including syncing systems and personnel changes at the trade association, as well as finalising the grant application process. These are being resolved and the marketplace has good local support and looks like it will be a success when it launches.

The Confederation of Indian Industry ("CII") marketplace has had successful commercial pilots of the proposition in pre-launch, delivering revenues in line with management's expectations, and the CII has been creating a team to manage the supplier adoption. This process is now in place and the CII expects to launch in the autumn.

In Australia, we continue to work closely with Visa Australia and three leading financial institutions. The first e-marketplace contract in Australia was awarded by NSW Service First in July 2014, in conjunction with Visa. Service First has since been out-sourced and all NSW Service First programs are under review, we have not been informed of the progress or results of the review but are assuming that it is not going ahead given the lack of feedback. This is disappointing since the private purchasing portal had been accepted and paid for and was at the point of going live and generating ongoing revenues when Service First was outsourced.

We have completed the work to enhance the platform to support these activities. To meet customer requirements, the marketplace and supplier solutions have been translated into Hindi and traditional and simplified Chinese.

Middle East, North Africa

The Middle East is an important region for cloudBuy as it is moving forward with smart government initiatives. cloudBuy is working with Visa MENA and Visa clients in the Middle East and Pakistan.

In March 2015, we agreed to provide a portal to automate company formations in the Ajman Free Trade Zone. In May 2015, we agreed with the Ministry of Economy in the UAE to provide its investor website and marketplace. This has the potential to be extended to 40 government agencies and 250,000 businesses.

On 21 May 2015cloudBuy's partner in the region, DUC International Consulting, signed a strategic deal with Saudi Arabia's Bin Shamikh Group to promote cloudBuy's products in the Middle East and Africa. We now have 6 major opportunities in progress in Saudi Arabia as a result of this agreement.

USA & Canada

In March 2015, we partnered with EASi, a major US cloud based provider of procurement services, and secured our first USA contract for a purchasing portal with the Ohio Schools Council. We can now deliver an integrated suite of services covering all aspects of procurement from sourcing to settlement. EASi's client base represents over $3 billion in annual spend under management; these client organisations will now have access to the spend analysis, market intelligence and procure-to-pay services that cloudBuy brings to the partnership.

The Ohio Schools Council system is live and transacting and cloudBuy is receiving revenues. The volume will increase now the schools have come back off holiday.

We have other school, university, government and private sector customers in our pipeline at various stages from discussion, through to tender and contract negotiations.

Financial Results

Turnover decreased by 40% from H1 2014 to £0.887m although turnover increased by 32% from H2 2014.

Administrative expenses, excluding share based payments, increased to £3.658m (2014: £2.681m), reflecting continued investment in sales and technology to exploit market opportunities. After a charge for share based payments of £0.217m (2014 £0.214m, the operating loss increased to £3.163m (2014 £1.621m).

Cash and cash equivalents as at 30 June 2015 were £1.917m (30 June 2014: £2.3m) reflecting the investment in capability expansion and pipeline.

Net assets as at 30 June 2015 were £2.025m compared to £3.452m at 30 June 2014.

Post period end, we raised £1.0 million by way of a placing of new shares at 20p per share with a single investor to provide us with additional working capital.

The Company had a potential sales pipeline of major opportunities at 30 June 2015 with a value of £51m over 3 years with projected revenues from set up fees, software licences and annual maintenance and support.

Strengthened Management Team

As previously announced we have had 3 new senior members of the team during the period.

Al Powell joined as Vice President of North America Sales on 2 February, Al joined cloudBuy from Serus Corporation where his role as Vice President Worldwide Sales provided him with extensive experience in the supply chain and procurement business for G1000 companies. Al targeted some of the largest global manufacturers in the world including AMD, Nvidia, Micron, and Qualcomm to assist them in improving the visibility, quality, responsiveness, and reducing the cost of their extensive supply chains. Previously, Al was Vice President of Worldwide Sales for other enterprise software and SaaS-based companies including Corticon (acquired by Progress Software), Postini (acquired by Google) and Intershop Communications, an ecommerce software company with HQ in SF, CA. that Al helped become a public company with a very successful IPO.

Peter Robertshaw joined as Marketing Director in February, Peter has 20 years experience of both ERP and analytics software sectors. Peter joined cloudBuy from leading analytics company SAS where he was Marketing Director UK and Ireland. Prior to SAS he was SVP Global Marketing for Active Risk, Global Marketing Director of IFS World Operations, and Marketing Director SAP UK and Ireland where Peter worked for 12 years with the last 5 years as Marketing Director. Peter served with Ronald Duncan on the software association board (BASDA).

David Gibbon joined as CFO on 11 June, David has 18 years' experience as CFO for technology companies. Prior to joining cloudBuy, he was briefly Chief Financial Officer of Allocate Software plc, a provider of workforce and compliance optimisation solutions, until its take private by Hg Capital. David had previously been CFO of Omnico Groupwhich was formed through the merger of Clarity Commerce Solutions plc, an AIM-quoted POS software company, and Digipos, a POS hardware company. Prior to joining Omnico Group, David was CFO of Kewill plc.

This gives us additional confidence that we have the people required to deliver our key opportunities.

Outlook

With the projects that have been won and delivered in the first half of the year we are confident that we are making good progress. Once more of our existing contracts become operational, this should lead to substantial cash generation.

Ronald Duncan
Executive Chairman
11 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	*6 months to 30 June 2015 £'000*	*6 months to 30 June 2014 £'000*	*Year ended 31 Dec 2014 £'000*
Revenue	2	887	1,467	2,124
Cost of sales		(175)	(195)	(397)
Gross profit		712	1,272	1,727
Administrative expenses		(3,658)	(2,681)	(5,866)
Share based payments		(217)	(214)	(490)
Operating loss		(3,163)	(1,623)	(4,629)
Finance income/(costs)		-	2	4
Loss on ordinary activities before taxation		(3,163)	(1,621)	(4,625)
Income tax expense		-	-	59
Loss for the year attributable to equity shareholders of the parent		(3,163)	(1,621)	(4,566)
Other comprehensive income – item which will or may be reclassified to profit and loss				
Exchange gain arising on translation of foreign operations		60	(7)	18
Total comprehensive income		(3,103)	(1,628)	(4,548)
Loss per share – basic and diluted	3	(2.6)p	(1.5)p	(4.1)p

Revenue and operating loss all derive from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	30 June 2015 £'000	*30 June 2014 £'000*	*31 Dec 2014 £'000*
Assets			
Non-current assets			
Other intangible assets	5	126	38
Property, plant and equipment	200	131	122
	205	257	160
Current assets			
Trade and other receivables	567	1,918	1,164
Taxes recoverable	60	61	119
Cash and cash equivalents	1,917	2,300	4,546
	2,544	4,279	5,829
Total assets	2,749	4,536	5,989
Liabilities			
Current liabilities			
Trade and other payables	(724)	(1,084)	(1,106)
	(724)	(1,084)	(1,106)
Total liabilities	(724)	(1,084)	(1,106)
Net Assets/(liabilities)	2,025	3,452	4,883
Shareholders' equity			
Called up share capital	1,234	1,099	1,212
Share premium	4,472	10	3,972
Other reserve	630	630	630
Share based payment reserve	(82)	(82)	195
Currency translation	93	9	33
Accumulated profit/(losses)	(4,322)	1,786	(1,159)
Total equity attributable to equity shareholders of the parent	2,025	3,452	4,883

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	6 months to 30 June 2015 £'000	*6 months to 30 June 2014 £'000*	*Year ended 31 Dec 2014 £'000*
Cash flows from operating activities			
Loss before tax	(3,163)	(1,621)	(4,625)
Adjustments for:			
Finance (income)/cost	-	(2)	(4)
Depreciation of property, plant & equipment	42	38	82
Amortisation of other intangible assets	3	82	164
	8		
Share based payments	217	214	490
Changes in working capital			
Trade and other receivables	597	(920)	(165)
Trade and other payables	(382)	397	419
Currency translation	60	(7)	17
Net cash used by operations	(2,591)	(1,819)	(3,622)
Tax received	59	-	-
Net cash outflow from operating activities	(2,532)	(1,819)	(3,622)
Cash flows from investing activities			
Interest received/(paid)	-	2	-
Purchase of other intangible assets	(5)	(6)	-
Purchase of property, plant and equipment	(120)	(54)	(88)
Net cash used in investing activities	(125)	(58)	(88)
Cash flows from financing activities			
Issue of ordinary shares	28	20	4,095
Interest received	-	-	4
Net cash generated from financing	28	20	4,099
Net decrease/(increase) in cash and cash equivalents	(2,629)	(1857)	389
Cash and cash equivalents at beginning of period	4,546	4,157	4,157
Cash and cash equivalents at end of period	1,917	2,300	4,546

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	Share capital	*Share premium*	*Other reserve*	*Share based payment reserve*	*Currency trans-lation*	*Accumul-ated profit and loss*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Balance as at 1 January 2014	1,089	16,880	630	(296)	16	(13,473)	4,846
Shares issued in the period	10	10	-	-	-	-	20
Share premium cancellation (note 4)	-	(16,880)	-	-	-	16,880	-
Share based payments	-	-	-	214	-	-	214
Exchange in period	-	-	-	-	(7)	-	(7)
Loss for the period	-	-	-	-	-	(1,621)	(1,621)
Balance as at 30 June 2014	1,099	10	630	(82)	9	1,786	3,452
Shares issued in the period	113	3,962	-	-	-	-	4,075
Share based payments	-	-	-	277	-	-	277
Exchange in period	-	-	-	-	24	-	24
Loss for the period	-	-	-	-	-	(2,945)	(2,945)
Balance as at 31 December 2014	1,212	3,972	630	195	33	(1,159)	4,883
Shares issued in the period	22	500	-	-	-	-	522
Share based payments	-	-	-	(277)	-	-	(277)
Exchange in period	-	-	-	-	60	-	60
Loss for the period	-	-	-	-	-	(3,163)	(3,163)
Balance as at 30 June 2015	1,234	4,472	630	(82)	93	(4,322)	2,025

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

These interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the year ended 31 December 2014 and the interpretation of those accounting standards underlying the accounting policies. IAS 34, Interim Financial Reporting, has not been applied. The interim financial statements have been issued in accordance with the AIM Rules of the London Stock Exchange and are unaudited. The financial information set out does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006. The auditors' report on the statutory accounts for the year ended 31 December 2014 which have been filed with the Registrar of Companies was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The preparation of financial statements requires estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from those estimates.

This announcement which was approved by the board of cloudBuy plc on 10 September 2015 will be published on the company's website at www.cloudbuy.com.

2. Revenue (unaudited)

Set out below is an analysis of revenue recognised and gross profit attributable between reportable segments:

	6 months to 30 June 2015 £'000	*6 months to 30 June 2014 £'000*	*Year ended 31 Dec 2014 £'000*
Revenue			
Company formation services	313	332	649
Web and ecommerce services	519	1,072	1,370
Coding International Limited	55	63	105
	887	1,467	2,124
Gross Profit			
Company formation services	158	178	340
Web and ecommerce services	499	1,031	1,282
Coding International Limited	55	63	105
	712	1,272	1,727

3. Loss per share (unaudited)

The calculations for loss per share are based on the weighted average number of shares in issue during the period 121,442,045 (6 months to 30 June 2014: 109,389,647; year ended 31 December 2014: 112,126,850) and the following losses:

	6 months to 30 June 2015 £'000	*6 months to 30 June 2014 £'000*	*Year ended 31 Dec 2014 £'000*
Unadjusted earnings:			
Loss on ordinary activities after tax	(3,163)	(1,621)	(4,566)
Add back:			
Share based payments	217	214	490
Adjusted earnings:	(2,946)	(1,407)	(4,076)

The share options and warrants are not dilutive as they would not increase the loss per share in the year.

The basic and diluted loss per share calculated on the adjusted earnings is 2.5p (6 months to 30 June 2014: 1.3p; year ended 31 December 2014: 3.6p).

4. Post Balance Sheet Event

Post period end, raised £1.0 million by way of a placing of new shares for working capital.