

Crimsonwing plc

**Annual report and financial statements
31 March 2010**

Registered number: C 42234

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Crimsonwing plc

Directors, officer and other information

Directors: James Bonello
Philip Crawford
Louis de Gabriele
Albert Muscat
David Walsh

Secretary: Louis de Gabriele

Registered office: Lignum House,
Aldo Moro Road,
Marsa,
Malta.

Country of incorporation: Malta

*Company registration
number:* C 42234

Auditor: Deloitte,
Deloitte Place,
Mriehel By-pass,
Malta.

Crimsonwing plc

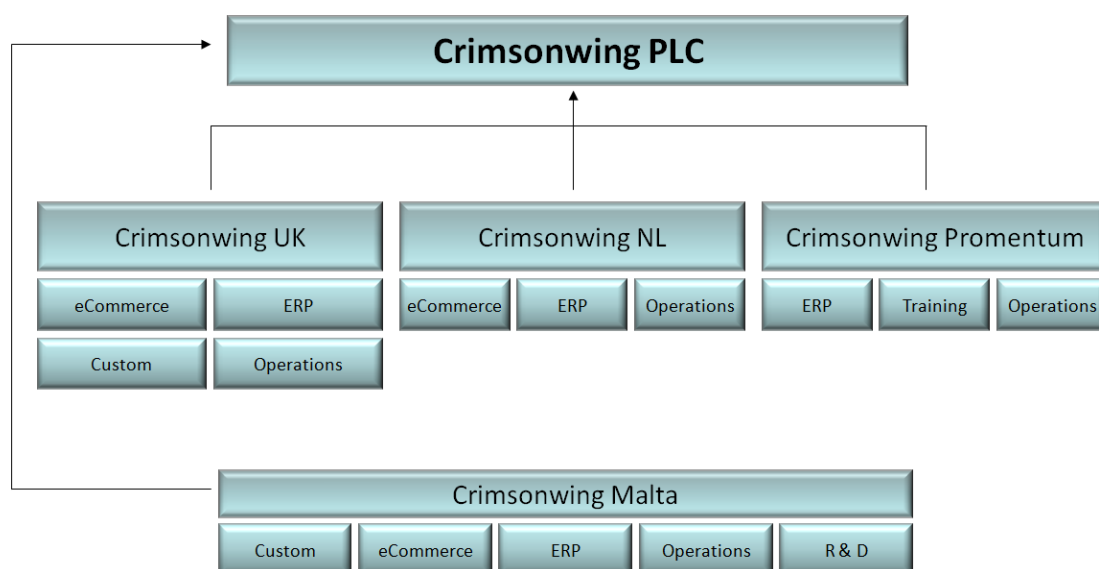
Directors' report

Year ended 31 March 2010

The directors have pleasure in submitting their Crimsonwing plc report, together with the audited financial statements and auditor's report of Crimsonwing plc for the year ended 31 March 2010.

Principal Activities

Crimsonwing plc is the Holding Company of Crimsonwing Limited, Crimsonwing (Malta) Limited, Crimsonwing BV, Crimsonwing VDA BV (acquired in July 2008), and is majority shareholder (51%) in Crimsonwing Promentum Holdings BV. It is incorporated in Malta under the company registration number C42234. The Crimsonwing BV and VDA businesses operate as 'Crimsonwing NL'. The company organisation is as follows:



The principal Company activities are the provision of computer software and professional services, mainly to clients based in Western Europe, notably the UK and The Netherlands, but also Italy, Germany and Malta.

As the organisation chart above shows, the Crimsonwing businesses are aligned to deliver projects and solutions in Ecommerce, Enterprise Resource Planning (ERP), and Custom/Integration activities. Additionally Crimsonwing Promentum is also a Certified Learning Centre for Microsoft Dynamics (ERP).

Crimsonwing (Malta) supports the delivery of Crimsonwing projects and solutions in the active markets, and this year has also made excellent progress in building its direct client base in Malta. Crimsonwing (Malta) also has a very active Research & Development capability. Crimsonwing (Malta) also provides clients with post implementation support services, and is supporting mission critical business systems for clients, 24 hours per day, and in some cases on a global basis.

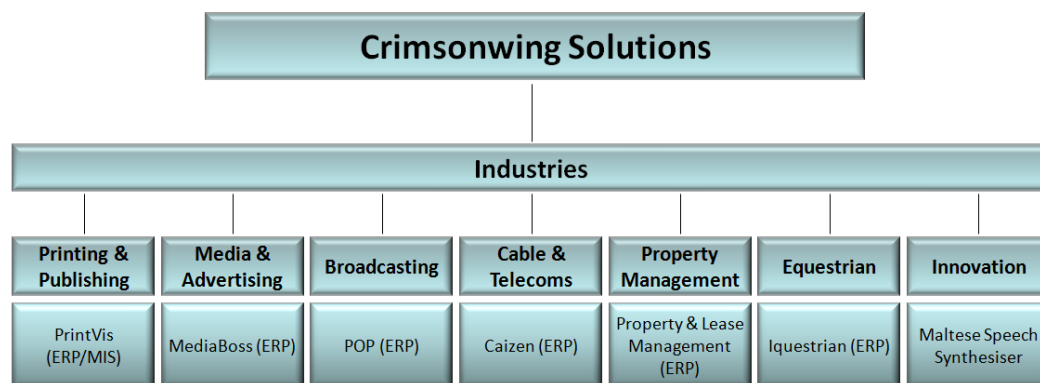
An important development during the last financial period has been the continued investment in building the Crimsonwing portfolio of business solutions. This investment has been prioritised despite the lingering impact of the global recession throughout the financial reporting period.

Crimsonwing plc

Directors' report

Year ended 31 March 2010

Crimsonwing acquired a portfolio of software assets as a result of the acquisition of VDA BV. In addition to this, new software assets are being built, often in collaboration with Crimsonwing clients, and from these assets, Crimsonwing is intending to develop future project and support revenue streams. The current solution portfolio encompasses the following areas:



The Crimsonwing value proposition is based on quality and affordability, so that a client business case has a strong return on investment (ROI). Crimsonwing solutions improve operational efficiencies, and help realise new channels to market. By choosing to work with Crimsonwing, a client can deliver more to its business stakeholders, and achieve better ROI's.

Crimsonwing delivers its value proposition by employing and developing appropriately qualified consultants, accredited with business and technical knowhow, deployed effectively across the client engagements, and within a consistent and externally accredited Crimsonwing Quality Framework. This year, Crimsonwing has also been strengthening its depth of industry experts, and in particular those involved in Ecommerce and verticals within the ERP. Crimsonwing believes that a key component of its success is its staff, many of whom have been with the company over 10 years.

Crimsonwing Foundations



Crimsonwing plc

Directors' report

Year ended 31 March 2010

A further key component to the Crimsonwing proposition is the choice and investment in vendor relationships. In each of its solution areas, Crimsonwing is investing an enormous amount in training, accreditations, and business development. New investments this year include Magento (open source Ecommerce platform) and Oracle. The following chart shows the current status of the key vendor relations:



Performance Review

These consolidated financial statements cover all Crimsonwing subsidiaries including Crimsonwing (Malta) Limited, Crimsonwing Limited, Crimsonwing BV, VDA Informatiebeheersing BV, and Crimsonwing Promentum Holdings BV.

During the period April 2009 to March 2010, the global recession continued to bite, and it was only during the final quarter of the year that some Euro zone economies started to register positive and modest growths in GDP. Crimsonwing is pleased to report that despite the challenging economic circumstances it was able to hold revenues in this period, reporting a full-year revenue up by 1.6% to €12,280,942 (2009 - €12,077,921). There were no significant exchange rate differences in this comparison, and the result is a good testament to the support of Crimsonwing's long standing and loyal clients.

Crimsonwing was also prompt on its action to reduce project overheads and direct costs during the period. Direct costs reduced by 4.3% to €7,348,805 (2009 - €7,679,387). Administration expenses were down by 13% to €4,390,846 (2009 - €5,048,399). Note that this includes the savings made by the CEO and Chairman who declined to take any salary in the period. Reductions in overheads improved the gross margin to 40.16% (2009 - 35.82%).

In the year to March 2009, an adjustment on the value of the acquired VDA assets of €459,465 was made which boosted the EBITDA. This year the EBITDA was €573,786 (2009 - negative EBITDA of €649,865 before fair value gain on valuation of VDA's assets taken over on acquisition). This is an increase in EBITDA of €1,223,651 on a like for like comparison basis - a tremendous improvement.

Crimsonwing plc

Directors' report

Year ended 31 March 2010

Operating profit for the year was €157,400 (2009 - (€494,817)), and net profit before tax was €52,071 (2009 - €570,700). Exchange rate difference of (€47,193) (2009 - €51,484), and income tax charges have resulted in net profit after tax and minority interest being negative at (€74,624) (2009 - (€499,932)). Loss attributable to the equity holders of the parent amounted to €19,217 (2009 – loss of €597,823)

Shareholder funds declined very slightly to €3,099,272 (2009 - €3,165,670) and there was also a slight increase in total assets to €7,917,635 (2009 - €7,802,300).

The Director's are very pleased with the overall performance given the difficult circumstances, but there were some significant variations in performance across the Crimsonwing operating businesses. The segmentation analysis of EBITDA included in the financial reports show the following:

	2010 EBITDA	2009 EBITDA
Crimsonwing PLC	(€91,205)	(€163,683)
Crimsonwing Ltd (UK)	€405,331	(€271,322)
Crimsonwing (Malta) Ltd	€717,763	(€130,684)
Crimsonwing Promentum BV	(€110,796)	€224,554
Crimsonwing BV	(€393,230)	(€84,313)
VDA BV	€45,293	(€224,417)
Overall before adjustment	€573,786	(€649,865)
Adjustment VDA assets	-	€459,465
Overall	€573,786	(€190,400)

Comparison of the EBITDA's shows excellent performance at Crimsonwing (UK) and particularly at Crimsonwing (Malta) performed for the year. Also that costs within Crimsonwing PLC were reduced substantially (the table above actually showing a reduction in administration costs at PLC). But the performance of The Netherlands based operating units then had a deleterious effect on the overall performance.

The reasons for are partly due to market conditions: The Netherlands entered the recession two quarters after the UK and has subsequently emerged later. The recession was also deeper, dropping to a negative GDP of -5.1% in Q2 2009. The combined BV/VDA (Crimsonwing NL) business was impacted by a severe shortage of new work in the media and entertainment vertical, and some programmes of work were reduced. Additionally a large proportion of the Crimsonwing Promentum business was historically obtained by working with other Microsoft partners, and during the year this work almost declined to zero as the partners sought to reduce their external costs due to the recession. Interestingly, this impact was not as severe as it could have been as Crimsonwing Promentum had been building a direct sales channel to end clients - without this, the operating results would have been much poorer. However it is fair to say that the performance of Crimsonwing NL in particular was a disappointment (combined EBITDA of (€347,315)), and as a result the CEO is taking a more active role in the management of this business.

The balance of business has been approximately the same during the year, with top client revenues at around 24%, top 5 clients accounting for 45% and top 10 down to 57% of revenues. Significant inroads were made in gaining new clients in the Malta market, where Crimsonwing (Malta) gained over 20 new clients during the year.

Crimsonwing plc

Directors' report

Year ended 31 March 2010

Key Risks and Risk Mitigation

The recession now mostly behind us, Crimsonwing is seeing increased demand for its solutions and services, but with business confidence still fragile, it is important that Crimsonwing manages the new opportunities efficiently and dependably.

- ✔ **Quality** - Crimsonwing is experiencing high demands for its Ecommerce and ERP solutions. As opportunities for new growth occur, there is a risk that there is a dilution of project and technical capability. To mitigate this, Crimsonwing is relaxing its policy slightly towards the use of subcontractors and is bringing in some very experienced external consultants to assist in the setting up of new capabilities, and in particular for new technical areas where there is a general marketplace shortage of knowledgeable recruits. These external consultants will be under direct Crimsonwing management.
- ✔ **Credit Control** – This is still an area of concern, as some businesses have had to rearrange their finances as a result of banking credit squeezes. Crimsonwing has put in place better credit monitoring and processes to mitigate against the risk of bad debts. Whilst still a risk area the Directors do not believe that the risk to Crimsonwing is any higher than other providers in the ICT marketplaces.
- ✔ **Competition** – This continues to be strong in the markets Crimsonwing operates. But the solution areas that Crimsonwing provides are in increasing demand. Two mitigating factors are helping: Crimsonwing's international experience is becoming more attractive to clients, and also Crimsonwing's ability to supply both ERP and Ecommerce solutions from a single company. Even if Crimsonwing only supply one of these solutions, the understanding that Crimsonwing has concerning the interaction between these critical operational areas is extremely valuable and improves client confidence. These Crimsonwing attributes are helping to differentiate the Crimsonwing offers in the markets.
- ✔ **Foreign Exchange** – exposures to market rate fluctuations is a risk, and there is very little Crimsonwing can do to manage the revaluation of the inter-company assets at year-end which are directly subject to the prevailing exchange rates at a moment in time. But Crimsonwing has an active forward buying policy, and this improved cash flows, and maintained budget planning assumptions throughout the year.

Outlook

The Directors believe that the following key initiatives in the year ahead to March 2011 will help grow shareholder value:

- ✔ **Revenue Growth** – After a year of consolidation, Crimsonwing is budgeting for revenue increases in the coming year. Crimsonwing has reviewed its headcount and infrastructure needed to deliver the anticipated sales.
- ✔ **Investment Areas** – Ecommerce in particular is showing very high demand, and Crimsonwing will be investing in building additional capability to address this. Use of external consultants to help manage the growth is likely in this solution area.

Crimsonwing plc

Directors' report

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- ✔ **Solution Sales** – Crimsonwing has entered into new sales & marketing agreements to gain new channels to market. This is particularly the case with the Equestrian solution which is now being marketed by a dedicated venture - Iquestrian.
- ✔ **Leadership** - the CEO, David Walsh, is taking a more hands on role in the management of the Crimsonwing NL operation to reduce the losses and improve the overall performance.

Result and dividends

Loss attributable to the equity holders of the parent amounted to €19,217. Overall earnings per share were - €0.0007.

The Board of Directors are not recommending the payment of a dividend.

Directors

The Directors who served during the period were:

James Bonello
Philip Crawford
Louis de Gabriele
Albert Muscat
David Walsh

In accordance with the company's articles of association all the directors are to remain in office.

Auditors

A resolution to reappoint Deloitte as auditor of the company will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf on 26 July 2010 by:



David Walsh
Director



James Bonello
Director

Crimsonwing plc

Directors' responsibility for the financial statements

The directors of Crimsonwing plc are required by the Companies Act (Chap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company and its Group at the end of each financial year and of the profit or loss of the Company and its Group for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Crimsonwing plc

Statement of the Directors pursuant to Listing Rule 9.44c

We confirm that to the best of our knowledge:

1. the financial statements give a true and fair view of the financial position of the Company, and its subsidiaries included in the consolidation taken as a whole, as at 31 March 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
2. the Annual Report and the Financial Statements includes a fair review of the information required in terms of Listing Rule 9.44c together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors on 26 July 2010 and signed on its behalf by:



David Walsh
Director



James Bonello
Director

Crimsonwing plc

Corporate Governance – statement of compliance

1. Introduction

Pursuant to Listing Rule 8.36 of the Listing Rules issued by the Listing Authority, Crimsonwing plc (“the Company”) as a company whose equity securities are listed on a regulated market should endeavour to adopt the principles of good corporate governance contained in Appendix 8.1 of the Listing Rules. In terms of Listing Rule 8.37 and 8.38 the Company is bound to include a report providing an explanation of the extent to which it has adopted the principles. For the purposes of listing rules 8.37 and 8.38 the Company is hereby reporting on the extent of its adoption of the principles contained in Appendix 8.1 of the Listing Rules (hereinafter “the Code”).

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the directors strongly believe that such practices are generally in the best interests of the Company and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the directors' and the Company's commitment to a high standard of governance.

The Board of Directors of the Company (“the Board”) has carried out a review of the Company's compliance with the Code for the financial year being reported upon.

2. General

The Company is a holding company and does not itself carry on any trading activities. It owns a number of subsidiaries which together form the Crimsonwing Group (hereinafter the “**Group**”) and it is those subsidiaries that carry on trading activities.

The Company's governance principally lies in its Board of Directors, responsible for the overall setting of the Group's policies and business strategies. On the other hand, the Subsidiaries' governance structures are composed of two principal organs: the body composed of the persons responsible for each division of the Group as well as the Chief Executive Officer of the Group, the “**Executive Board**”. Furthermore each Subsidiary is run by its board of directors. The Chief Executive Officer is the person accountable to the board of directors of the Company for the business operations of the Subsidiaries. He has the power and authority to appoint the persons to fill in the post of each member of the Executive Board. He also has the discretion to ask any one or more of such members to, from time to time, address the board of directors of the Company on matters relating to the operations of the Subsidiaries. The board of directors of the Company is entitled to call in at its discretion any one or more of the members of the Executive Board.

The Company has adopted a corporate decision-making and supervisory structure that is tailored to suit the Group's requirements and designed to ensure the existence of adequate checks and balances within the Group, whilst retaining an element of flexibility essential to allow the Group to react promptly and efficiently to the dictates of its business and the economic conditions in which it operates. The Directors are of the view that there can be no blue print for good corporate governance in that corporate governance is a generic term that describes the measures taken by the Company to ensure its proper direction and management of its business. Accordingly, the structures that may be required within the context of large multi-nationals are not necessarily and objectively the best structures for companies whose size and/or business dictate otherwise. It is in this context that the directors have adopted corporate governance structures within the Company that are dictated by its particular demands and which are designed to suit the Company, its business and its size whilst still ensuring proper checks and balances.

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

In general the Directors believe that the Company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of checks and balances in line with the Company's requirements.

This report will now set out the structures and processes in place within the Group and how these effectively achieve the goals set out by the Code. For this purpose this report will make reference to the pertinent principles and then set out the manners in which the directors believe that these have been adhered to.

Principles One to Five

These principles deal fundamentally with the role of the board and of the directors.

The Directors believe that for the period under review the Company has generally complied with the requirements of each of these principles.

The Board of directors has throughout the period under review provided the necessary leadership in the overall direction of the Company and has adopted systems whereby it obtains timely information from the CEO as the head of the Executive team to ensure an open dialogue between the CEO and directors at regular intervals and not only at meetings of the board. During the year under review the level of communication between Executive Management and the directors has improved through electronic communications of executive decisions and discussions.

In line with the requirements of Principle Two, the Company has segregated the functions of the CEO and the chairman, with the CEO heading the Executive team and the chairman's main function is that of leading the board.

The board's composition, in line with Principle Three is of three independent non-executive directors and two executive directors. Pursuant to generally accepted practices, as well as the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders, except in so far as an appointment is made to fill a vacancy on the Board. The articles of association also contemplate the role of a nominations committee that has the power to nominate fit and proper persons for appointment by the shareholders as directors of the Company.

As stated above, the Board of Directors currently comprises three Non-Executive Directors. The Board normally meets every quarter. During the financial year under review the Board established a guideline whereby at its first meeting, it scheduled meetings for the full year, with other meetings being called as and when the need of the business arises. Board meetings concentrate mainly on strategy, operational performance and financial performance. The Board also delegates specific responsibilities to the CEO and the Committees, notably the Executive and the Audit Committees which operate under their respective formal terms of reference. Directors have access to the advice and services of the Company Secretary who is also, a director and legal counsel to the Board and the Company. Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense.

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

In terms of Principle Four it is the board's responsibility to ensure a system of accountability, monitoring, strategy formulation and policy development. Whilst these are matters which are reserved for the board to determine within the Group, the board believes that this responsibility includes the appropriate delegation of powers to management and the organization of the executive team in a manner that is designed to provide high levels of comfort to the directors that there is proper monitoring and accountability apart from appropriate implementation of policy. The Board's link to the executive team is principally the CEO, together with the other executive director on the board, both of whom are members of the Executive Board.

The Executive Board comprises apart from the executive directors the heads of each business unit of the group and its role is that of policy execution, business development, finance, security, administrative and personnel matters, and makes recommendations to the Board on matters which are beyond its remit. Mr David Walsh, CEO, chairs the Executive Committee.

For the period under review the Committee was composed of:

David Walsh – Chief Executive Officer
Kenneth Lacy – Interim Finance Director
James Bonello – Managing Director - Crimsonwing (Malta) Ltd.
Pierre Zammit – Operations Director for Crimsonwing (Malta) Ltd.
Derek Linney – Solutions Director
Rob Philippart – Managing Director for Crimsonwing B.V.
Kees Brussen – Managing Director for Crimsonwing Promentum B.V.
Jaap Schram De Jong – Director, Dynamics Solutions for Crimsonwing Ltd.
Tom Meehan – Director, E-Business & Custom Solutions for Crimsonwing Ltd.

Company Executives participate in periodic strategic reviews, which include consideration of long-term projections and the evaluation of business alternatives. Regular budgets and strategic plans are prepared, which are incorporated into a Company Strategic Plan. Performance against these plans is actively monitored and reported to the Board.

Internal Control

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls, which are monitored by the Internal Auditors on a regular basis.

The key features of the Company's system of internal control are as follows:

Organisation

The Company operates through the CEO and Executive Committee with clear reporting lines and delegation of powers.

Control Environment

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

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Corporate Governance – statement of compliance (continued)

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives.

Risk Identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business.

Principle Six

The Board believes that this principle has been duly complied with for the period under review.

The CEO is appointed by the directors and enjoys the full confidence of the board. The CEO, although responsible for the selection of the executive team and the recruitment of senior executives, consults with the directors on the appointment of senior executives. During the twelve months under review the board has already been discussing the establishment of schemes that are designed to render the group an attractive proposition for the retention of top executives within the Company and to motivate the executive team further.

The board has already organised, for itself and executive team members an induction session that was aimed at providing directors and executives with a better understanding of the added responsibilities of being a publicly listed company and of the processes in place within the Group to ensure compliance with regulations. The board intends to organise further sessions for directors and executives designed specifically to enable them to discharge their functions more efficiently and in line with the high standards expected of them.

Principle Seven

Principle 7 deals with an evaluation of the board's performance.

Over the period under review it is the board's view that all members of the board, individually and collectively have contributed in line with the required levels of diligence and skill. In addition the board believes that its current composition endows the board with a cross-section of skills and experience, not only with respect to the specific business of the company, but also in having a director who has the necessary competence in accounting and another non-executive director who is a corporate lawyer. The combined skills of the directors provide a balance of skills and competences that add value of the functioning of the board and its direction of the Company.

Principle Eight

This principle deals with the establishment of a remuneration committee for the Company aimed developing policies on executive remuneration.

There is no requirement in the code as it currently applies for a nominations committee, such a committee however is contemplated in the Company's articles of association. In this context the directors have opted for a mixed approach of having both these committees merged into one. The Directors believe that certain committees or boards that are recommended in the Code are either not required at this stage by the Company or the functions of a number of committees may efficiently be merged. For example the directors believe that the merger of a nominations committee and the remuneration committee, in one committee, the **Remnomcom** should achieve the same results –particularly since the two committees are composed of the same non-executive directors. In addition, the board believes that its size and composition is sufficient for the proper direction and management of the Company and its business and that there would be no value

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

added to the Company and its shareholders to increase the number of board members simply to be able to have separate committees of the board – when the same functions can properly be undertaken by a merged committee consisting of the same non-executive directors.

The aggregate amount of remuneration paid to all executive and non-executive Directors of the Company including the newly acquired businesses, as authorised by the shareholders of the Company, was €762,506 which falls within the maximum approved by the shareholders of €2 million. Directors' remuneration are being disclosed in aggregate rather than as separate figures as required by the Principles.

Principles Nine and Ten

These principles encourage the directors of issuers to foster good relations with their shareholders and that the Company communicates with the market in a timely manner.

The board is of the view that over the period under review the Company has communicated effectively with the market through a number of company announcements that it published informing the market of significant events happening within the company. The board notes that the reaction of market participants to the Company's communication strategy of important events has been a very positive one.

The Company will soon be holding its third annual general meeting where the board intends to communicate directly with shareholders on the performance of the Group over the last financial year and to inform shareholders of the challenges that lie ahead.

Business at the Company's Annual General Meeting (AGM) will cover the approval of the Annual Report and Audited Financial Statements, the declaration of a dividend, if any, the election of Directors, the determination of the maximum aggregate emoluments that may be paid to Directors, the appointment of auditors and the authorisation of the Directors to set the auditors' remuneration.

Apart from the AGM, the Company intends to continue with its active communication strategy in the market and shall accordingly continue to communicate with its shareholders and the market by way of the Annual Report and Financial Statements, by publishing its results on a six-monthly basis during the year and through the directors statements published on a six-monthly basis, and by company announcements to the market in general. The Company recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood and disclosed to the market in a timely manner. The Company's website (www.crimsonwing.com) also contains information about the Company and its business which is a source of further information to the market.

Principle Eleven

This principle deals with conflicts of interests and the principle that directors should always act in the best interests of the Company.

The board has established procedures on how conflicts are to be handled, if and when they arise. A director having a personal conflict on any matter is bound to inform the other members of the board of such a conflict whether it is an actual, potential or a perceived conflict. It is then the other members that would decide on whether there exists such a conflict. In the event that, in the opinion of the board such a conflict exists then the conflicted director is invited to leave the meeting and both the discussion on the matter and the vote, if any, on the matter concerned are conducted in the absence of the conflicted director. The board feels that this is a procedure that achieves compliance with both the letter and the rationale of principle eleven.

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

The following directors have declared the following interests in the share capital of the company:

	Number of shares
David Walsh	13,009,187
Philip Crawford	6,243,679
Pierre Zammit	106,600
Albert Muscat	100,000
Kees Brussen	100,000
James Bonello	90,000
Claire Nicholson	85,000
Tom Meehan	48,000
Rob Philippart	20,000

Principle 12

Principle 12 encourages directors of listed companies to adhere to accepted principles of corporate social responsibility.

The directors are committed to high standards of ethical conduct and to contribute to the development of the well-being of employees and their families as well as the local community and society at large.

Audit Committee

As part of its corporate governance structures the company has also established the Audit Committee in line with the requirements of the Listing Rules. Unlike the provisions of the Code which are not mandatory in nature, the directors acknowledge that the requirement of having an Audit Committee in place is an obligation under the Listing Rules. The principal role of the Audit Committee is the monitoring of internal systems and controls. During the course of the period under review the Board established the audit committee under formal terms of reference designed both to strengthen this function within the Company and to establish the scope of the duties and responsibilities of this Committee. The committee consists of the three non-executive directors, namely Philip Crawford as its chairman, Louis de Gabriele and Albert Muscat. The committee has the power and authority under its terms of reference to summon any person to assist it in the performance of its duties.

In the period under review the Audit Committee has held two meetings.

The Statement of Directors' Responsibilities for preparing the financial statements is set out on page 8.

Crimsonwing plc

Independent auditor's report on the corporate governance statement of compliance

Pursuant to Listing Rules 8.37 and 8.38 issued by the Malta Financial Services Authority, the directors are required to include in their Annual Report a Statement of Compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance with these principles.

Our responsibility is laid down in Listing Rule 8.39, which requires us to include a report on the Statement of Compliance.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information included in the annual report.

We are not required to perform additional work necessary to, and we do not, express any opinion on the effectiveness of either the Company's system of internal control or its corporate governance procedures.

In our opinion, the Statement of Compliance, set out on pages 10 to 15 has been properly prepared in accordance with the requirements of Listing Rules 8.37 and 8.38.



Sarah Curmi
Partner, for and on behalf of,

DELOITTE
Certified Public Accountants

Deloitte Place,
Mriehel By-pass,
Malta.

26 July 2010

Crimsonwing plc

Statements of comprehensive income

For the year ended 31 March 2010

		Group		Company	
	Notes	2010 EUR	2009 EUR	2010 EUR	2009 EUR
Revenue	5	12,280,942	12,077,921	-	-
Direct costs		(7,348,805)	(7,679,387)	-	-
Gross profit		4,932,137	4,398,534	-	-
Other income		32,495	-	-	-
Administrative expenses excluding depreciation and amortisation		(4,390,846)	(5,048,399)	(91,205)	(163,683)
Excess of acquirer's interest in the fair value of net assets of the acquiree's identifiable assets over cost	27	-	459,465	-	-
EBITDA		573,786	(190,400)	(91,205)	(163,683)
Other administrative expenses					
Amortisation and depreciation		(416,386)	(304,417)	-	-
Results from operating activities		157,400	(494,817)	(91,205)	(163,683)
Finance income	6	1,293	15,357	170,008	460,298
Finance expenses	7	(106,622)	(91,240)	(90,722)	(69,588)
Net finance (expense)/income		(105,329)	(75,883)	79,286	390,710
Profit/(loss) before income tax		52,071	(570,700)	(11,919)	227,027
Income tax (expense)/credit	11	(126,695)	70,768	(1)	(45)
(Loss)/profit for the year		(74,624)	(499,932)	(11,920)	226,982
Other comprehensive income					
Exchange differences arising on translation of foreign operations		(47,193)	51,484	-	-
Total comprehensive (loss)/income		(121,817)	(448,448)	(11,920)	226,982
(Loss)/profit attributable to:					
Minority interest		(55,407)	97,891	-	-
Equity holders of the parent		(19,217)	(597,823)	-	-
		(74,624)	(499,932)	-	-
Total comprehensive (loss)/income attributable to:					
Minority interest		(55,407)	97,891	-	-
Equity holders of the parent		(66,410)	(546,339)	-	-
		(121,817)	(448,448)	(11,920)	226,982
Earnings per share	13	(0.0007)	(0.023)		

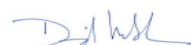
Crimsonwing plc

Statements of financial position

As at 31 March 2010

		Group		Company	
	Notes	2010 EUR	2009 EUR	2010 EUR	2009 EUR
ASSETS					
Non-current assets					
Intangibles	14	3,635,097	3,567,502	-	-
Plant and equipment	15	234,446	322,097	-	-
Deferred tax assets	16	485,638	508,738	-	-
Investments in subsidiaries	17	-	-	3,211,468	3,211,468
		4,355,181	4,398,337	3,211,468	3,211,468
Current assets					
Trade and other receivables	18	2,829,098	3,137,433	2,891,133	3,233,739
Cash and cash equivalents		733,356	266,530	202	1,593
		3,562,454	3,403,963	2,891,335	3,235,332
Total assets		7,917,635	7,802,300	6,102,803	6,446,800
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	22	2,600,000	2,600,000	2,600,000	2,600,000
Share premium	22	722,584	722,584	722,584	722,584
Other reserves	22	121,698	168,891	96,184	96,184
Accumulated losses	22	(345,010)	(325,793)	(32,566)	(20,646)
		3,099,272	3,165,670	3,386,202	3,398,122
Minority interest		182,248	237,655	-	-
Total equity		3,281,520	3,403,337	3,386,202	3,398,122
LIABILITIES					
Current liabilities					
Trade and other payables	19	2,724,188	2,718,856	430,166	553,689
Income tax payable		177,925	35,051	-	1,935
Other financial liabilities	21	207,912	-	1,137,128	1,134,697
Bank borrowings	20	867,667	646,699	510,670	360,000
Deferred tax liability	16	19,786	-	-	-
		3,997,478	3,400,606	2,077,964	2,050,321
Non-current liabilities					
Bank borrowings	20	638,637	998,357	638,637	998,357
Total liabilities		4,636,115	4,398,963	2,716,601	3,048,678
Total equity and liabilities		7,917,635	7,802,300	6,102,803	6,446,800

These financial statements were approved by the Board of Directors, authorised for issue on 26 July 2010 and signed on its behalf by:



David Walsh
Director



James Bonello
Director

Crimsonwing plc

Statements of changes in equity

For the year ended 31 March 2010

Group

Attributable to equity holders of the parent

	Share capital Eur	Share premium Eur	Retained earnings Eur	Reorganisation Reserve Eur	Translation reserve Eur	Total Eur	Minority interest Eur	Total equity Eur
Balance at 31 March 2008	2,600,000	722,572	532,030	186,219	(68,812)	3,972,009	139,764	4,111,773
(Loss)/profit for the year	-	-	(597,823)	-	-	(597,823)	97,891	(499,932)
Other comprehensive income for the year	-	-	-	-	51,484	51,484	-	51,484
Total comprehensive income/ (loss) for the year	-	-	(597,823)	-	51,484	(546,339)	97,891	(448,448)
Premium on share option taken up	-	12	-	-	-	12	-	12
Dividends (note 12)	-	-	(260,000)	-	-	(260,000)	-	(260,000)
Balance at 31 March 2009	2,600,000	722,584	(325,793)	186,219	(17,328)	3,165,682	237,655	3,403,337

Crimsonwing plc

Statements of changes in equity (continued)

For the year ended 31 March 2010

Group

Attributable to equity holders of the parent

	Share capital Eur	Share premium Eur	Accumulated losses Eur	Reorganisation Reserve Eur	Translation reserve Eur	Total Eur	Minority interest Eur	Total Equity Eur
Balance at 31 March 2009	2,600,000	722,584	(325,793)	186,219	(17,328)	3,165,682	237,655	3,403,337
Loss for the year	-	-	(19,217)	-	-	(19,217)	(55,407)	(74,624)
Other comprehensive loss for the year	-	-	-	-	(47,193)	(47,193)	-	(47,193)
Total comprehensive income/ (loss) for the year	-	-	(19,217)	-	(47,193)	(66,410)	(55,407)	(121,817)
Balance at 31 March 2010	2,600,000	722,584	(345,010)	186,219	(64,521)	3,099,272	182,248	3,281,520

Crimsonwing plc

Statements of changes in equity (continued)

For the year ended 31 March 2010

Company	Share capital Eur	Share premium Eur	Other reserve Eur	Retained earnings Eur	Total Eur
Balance at 31 March 2008	2,600,000	722,572	96,184	12,372	3,431,128
Profit for the year/total comprehensive income for the year	-	-	-	226,982	226,982
Total recognised income and expense for the year	-	-	-	226,982	226,982
Exercise of share option at a premium	-	12	-	-	12
Dividends to equity holders	-	-	-	(260,000)	(260,000)
Balance at 31 March 2009	2,600,000	722,584	96,184	(20,646)	3,398,122
Loss for the year/total comprehensive loss for the year	-	-	-	(11,920)	(11,920)
Total recognised income and expense for the year	-	-	-	(11,920)	(11,920)
Balance at 31 March 2010	2,600,000	722,584	96,184	(32,566)	3,386,202

Statements of cash flows

For the year ended 31 March 2010

	Note	Group		Company	
		2010 EUR	2009 EUR	2010 EUR	2009 EUR
Cash flows from operating activities					
Profit/(loss) before tax		52,071	(570,700)	(11,919)	227,027
<i>Adjustments for:</i>					
Dividend income		-	-	(170,000)	(460,000)
Depreciation and amortisation		416,386	304,417	-	-
Net finance income		105,329	75,883	90,714	69,290
Excess of acquirer's interest in the fair value of net assets of the acquiree's identifiable assets over cost		-	(459,465)	-	-
Operating profit before working capital movements		573,786	(649,865)	(91,205)	(163,683)
Movement in trade and other receivables		303,026	401,752	-	-
Movement in trade and other payables		148,863	501,972	(123,523)	279,253
Cash flows from operations		1,025,674	253,860	(214,728)	115,570
Interest paid		(106,622)	(91,240)	(90,722)	(69,588)
Income taxes paid/refund		-	(116,287)	(1,936)	(45)
<i>Net cash flows from operating activities</i>		919,052	46,333	(307,386)	45,937
Cash flows from investing activities					
Purchase of financial assets		-	-	-	(1,811,941)
Purchase of plant and equipment		(65,686)	(215,699)	-	-
Purchase of intangibles		(364,228)	(129,344)	-	-
Interest received		1,293	15,357	8	298
<i>Net cash flows from investing activities</i>		(428,621)	(329,686)	8	(1,811,643)
Cash flows from financing activities					
Acquisition of subsidiaries		-	(1,561,322)	-	-
Shareholders' loans		207,912	-	(124,243)	-
Proceeds from subsidiary undertaking		-	-	509,280	541,154
Repayment of borrowings from subsidiary undertaking		-	-	-	(162,190)
Advances to directors		(138,234)	(276,724)	130,000	187,160
(Repayment)/proceeds of/from bank borrowings		(719,720)	1,358,357	(359,720)	1,358,357
Dividends paid		-	(260,000)	-	(260,000)
<i>Net cash flows from financing activities</i>		(650,042)	(739,689)	155,317	1,664,481
Effect of exchange rate fluctuations on translation of cash flows of foreign operations					
		45,469	(28,750)	-	-
Net movement in cash and cash equivalents		(114,142)	(1,051,792)	(152,061)	(101,225)
Cash and cash equivalents at the beginning of the year		(20,169)	1,031,623	1,593	102,818
Cash and cash equivalents at the end of the year	28	(134,311)	(20,169)	(150,468)	1,593

Crimsonwing plc

Notes to the financial statements

31 March 2010

1 Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and with the Companies Act (Chap. 386).

The preparation of financial statements in conformity with EU IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Initial application of International Financial Reporting Standard and International Financial Reporting Standards in issue but not yet effective

Initial application of International Financial Reporting Standard

International Accounting Standard 1 (as revised in 2007) *Presentation of Financial Statements*. The revised Standard is applicable for annual periods beginning on or after 1 January 2009, with earlier application being permitted. IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements, together with certain additional presentation and disclosure requirements.

The May 2008 Amendments to IAS 27, *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*. The Amendments, which are applicable prospectively for annual periods beginning on or after 1 January 2009, with earlier application being permitted, delete the definition of the cost method in IAS 27 and require all dividends from investments that fall within the scope of the Amendments and that are measured at cost in the investor's financial statements to be recognised in profit or loss. The Amendments also introduce certain requirements in relation to reorganisations that meet specified criteria and that therefore fall within the scope of these Amendments. These new requirements are applicable prospectively to reorganisations occurring in annual periods beginning on or after 1 January 2009, with earlier application being permitted.

International Financial Reporting Standards in issue but not yet effective

The directors anticipate that the adoption of International Financial Reporting Standards, that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the company in the period of initial application.

The above list excludes International Financial Reporting Standards that are already in issue and that are expected not to be applicable.

Crimsonwing plc

Notes to the financial statements

31 March 2010

2 Significant accounting policies

The significant accounting policies set out below have been applied consistently by Group entities to all periods presented in these financial statements.

Basis of consolidation

The financial statements incorporate the financial statements of Crimsonwing plc (the Company) and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control exists when there is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions are eliminated in preparing the financial statements.

Where necessary, in preparing these financial statements, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by group entities.

Purchase method accounting

Where the acquisition of subsidiaries is accounted for by applying the purchase method, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control, plus any costs directly attributable to the business combination. An adjustment to the cost of the combination contingent on future events is included to the extent that the adjustment is probable and can be measured reliably. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale. Such non-current assets (or disposal groups) are recognised and measured at fair value less costs to sell.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition is recognised as goodwill. The goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Any excess of the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination, after reassessment, is recognised immediately in profit or loss.

Crimsonwing plc

Notes to the financial statements

31 March 2010

2 Significant accounting policies (continued)

Purchase method accounting (continued)

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. After initial recognition, minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Minority interests in the net assets of consolidated subsidiaries are presented separately from the holding company's shareholders' equity therein. Minority interests in the profit or loss of consolidated subsidiaries are also disclosed separately. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Plant and equipment

Recognition and measurement

The Group's plant and equipment is classified into the following classes – computer equipment and furniture, fittings and other equipment. Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "administrative expenses" in profit or loss.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Crimsonwing plc

Notes to the financial statements

31 March 2010

2 Significant accounting policies (continued)

Plant and equipment (continued)

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful life of plant and equipment for the current and comparative period is on the following bases:

Computer equipment	20 – 33.33%
Furniture, fittings and other equipment	33.33%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

After initial recognition, each class of intangible assets may be carried at cost less any accumulated amortisation and any accumulated impairment losses.

(i) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Crimsonwing plc

Notes to the financial statements

31 March 2010

2 Significant accounting policies (continued)

Intangible assets (continued)

(ii) Research and development costs (continued)

An internally-generated intangible asset arising from the company's development of software is recognised only if all of the following can be demonstrated:

- the technical feasibility, the availability of resources and the intention and ability of completing the asset so that it will be available for use or sale,
- how the asset will generate probable future economic benefits, and
- the ability to measure reliably the expenditure attributable to the asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. After initial recognition, internally-generated intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives from the date when they become available for use, which is generally assumed to be five to ten years.

(iii) Computer software

In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the company's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over five to ten years

Investments in subsidiaries

Investments in subsidiaries are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Income from the investment is recognised in the statement of comprehensive income only to the extent of distributions received by the company.

Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Crimsonwing plc

Notes to the financial statements

31 March 2010

2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the amounts are intended to be settled on a net basis or to be realised simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade receivables

Trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment that is required when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivables. When the effect of discounting is immaterial, trade receivables are stated at their nominal value.

Trade payables

Trade payables are subsequently measured at amortised cost using the effective interest method. When the effect of discounting is immaterial, payables are stated at their nominal value.

Bank borrowings

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Bank loans are carried at face value due to their market rate of interest.

Subsequent to initial recognition, interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

Crimsonwing plc

Notes to the financial statements

31 March 2010

2 Significant accounting policies (continued)

Financial instruments (continued)

Ordinary share capital

Ordinary shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

In the case of loans and receivables that are carried at amortised cost, objective evidence of impairment includes observable data about the following loss event – significant financial difficulty of the issuer or counterparty.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. Financial assets are also assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

Goodwill on the acquisition of subsidiaries or businesses is tested for impairment annually and whenever there is an indication of impairment.

The carrying amounts of the Group's other non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Crimsonwing plc

Notes to the financial statements

31 March 2010

2 Significant accounting policies (continued)

Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss recognised on goodwill is not reversed in a subsequent period.

Provisions

A provision is recognised if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the entity and these can be measured reliably.

Finance income

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss, using the effective interest method.

Provision of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the billed man-days of work performed to balance sheet date.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Employee benefits

The company contributes towards the state pension in accordance with local legislation. The only obligation of the company is to make the required contributions. Costs are expensed in the period in which they are incurred.

Crimsonwing plc

Notes to the financial statements

31 March 2010

2 Significant accounting policies (continued)

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Borrowing costs

Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Currency translation

The Group operates in Malta and in a number of international territories. The presentation currency of the financial statements is Euro since that is the currency in which the shares of the Company are denominated. Euro is also considered to be the functional currency of the Group as this is the currency of the primary economic environment in which the Group operates. Transactions in currencies other than the functional currency are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Crimsonwing plc

Notes to the financial statements

31 March 2010

2 Significant accounting policies (continued)

Currency translation (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss. Foreign exchange gains and losses are included within the results from operating activities, except in the case of significant exchange differences arising on financing activities, which are included within finance income or finance expenses.

Foreign operations

The assets and liabilities of foreign operations are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at the average exchange rate for the financial period. Foreign currency differences are recognised directly in equity through the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in this reserve is transferred to profit or loss.

Dividends

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared.

Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing services (business segment), or in providing services rendered within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

The Group is engaged in one specific line of business - the provision of computer professional services and IT solutions. It operates through a company situated in Malta, through which it undertakes software development work, and sales offices in the United Kingdom and The Netherlands, from where it delivers such solutions to its customer base. Segment information is therefore presented in respect of the Group's geographical segments.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the subsidiary companies. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and intangible assets.

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3 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of intangible assets acquired in a business combination

The determination of whether an acquirer needs to recognise separately an intangible asset of the acquiree at the acquisition date requires the use of judgement. An in-process research and development project of the acquiree is recognised separately from goodwill of the project if it meets the definition of an intangible asset and its fair value can be measured reliably.

Where the purchase method of accounting is applied in a business combination and the acquirer's interest in the net fair value of identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer is required to reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and to recognise immediately in profit or loss any excess remaining after that assessment.

The determination of the fair value at the acquisition date of intangible assets requires the use of assumptions relating to future business, appropriately discounted and adjusted for the effect of taxation, as detailed in note 14.

Impairment assessment of goodwill

The Group tests goodwill for any impairment on an annual basis, or where there is an indication of impairment, in accordance with the accounting policy stated above. The recoverable amount of cash-generating units has been determined based on value in use calculations which require use of estimates, as detailed in note 14.

Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The Group makes an annual assessment of whether or not it will have sufficient taxable profits in future to realise the deferred tax assets. This is a matter of careful judgement and based on facts and circumstances available.

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3 Critical accounting estimates and assumptions (continued)

Development costs

The determination of whether development costs incurred by the Group meet the criteria for recognition as an intangible asset as disclosed in the accounting policies above requires management to make significant judgement. In addition, determining the amount of development costs to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

4 Financial risk management

Overview

The Group is exposed to a range of financial risks through its financial assets and financial liabilities. The most significant components of these financial risks for the Group are:

- credit risk
- currency risk
- interest rate risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group objectives in relation to capital management. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Where possible, the company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash held with financial institutions.

4 Financial risk management

Credit risk (continued)

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The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. Approximately 26% (2009 - 25%) of the Group's revenue is attributable to sales transactions with two customers. The Group's revenue is mainly generated through sales transactions concluded with customers situated in the United Kingdom.

The amounts due by the Group's significant customers, included in trade receivables are analysed as follows:

	2010	2009
	Eur	Eur
Largest debtor	493,313	700,941
Largest two debtors	695,844	866,140
Largest three debtors	868,714	986,020

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The majority of the Group's customers have been transacting with the Group for the past three years. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's customers to whom services are rendered.

The maximum exposure to credit risk for trade receivables at the respective reporting dates by geographic region was as follows:

	Carrying amount	
	2010	2009
	Eur	Eur
Malta	244,523	53,147
United Kingdom	1,159,782	1,797,587
The Netherlands	782,376	609,372
Other	104,622	228,766

The Group does not have any collateral in respect of trade and other receivables.

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4 Financial risk management (continued)

Credit risk (continued)

Included in the Group's trade receivables balance are the following debtors which are past due at the reporting date for which the Group has not provided as the amounts are still considered recoverable:

	2010	2009
	Eur	Eur
1 month or less	591,352	779,831
Between 1 and 2 months	844,942	-
Over two months	616,148	195,034
	<u>2,052,442</u>	<u>974,865</u>

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of the above trade receivables.

Cash at bank

The Group's cash is placed with quality financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the Group entities.

Currency risk

The Group is exposed to currency risk on financial instruments that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (Eur) and Sterling (GBP). The exposure arises on balances with foreign operations within the Group where the denomination of the balance is in a currency other than the currency of the lender or borrower. The Group is therefore exposed to currency risk, as the value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto. The Group's net exposure to foreign currencies is not considered to be material and accordingly a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates is not deemed necessary. This assessment has been made by taking into consideration the Euro to Sterling 12 month forward rate at 31 March 2010.

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4 Financial risk management (continued)

Interest rate risk

The company has taken out bank facilities to finance its operations as disclosed in note 20. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restricting its financing structure.

Liquidity risk

The company monitors and manages its risk to a shortage of funds by monitoring forecast and actual cash flows and by maintaining adequate banking facilities.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as the profit for the year divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The capital structure of the group consists of items presented within equity in the balance sheet.

None of the Group entities are subject to externally imposed capital requirements.

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5 Segment reporting

2010	Crimsonwing Plc Eur	Malta Crimsonwing (Malta) Limited Eur	UK Crimsonwing Limited Eur	Crimsonwing Promentum Eur	Netherlands Crimsonwing BV Eur	VDA BV Eur	Adjustments Eur	Total Eur
Revenue	-	5,450,517	6,297,332	2,383,645	1,256,623	1,757,264	(4,864,439)	12,280,942
Direct costs	-	(3,660,986)	(4,836,898)	(1,584,509)	(1,207,890)	(868,461)	4,809,939	(7,348,805)
Other income	-	2,102	-	-	75	86,424	(56,106)	32,495
Gross Profit	-	1,791,633	1,460,434	799,136	48,808	975,227	(110,606)	4,964,632
Administrative expenses	(91,205)	(1,073,870)	(1,055,103)	(909,932)	(442,038)	(929,304)	110,606	(4,390,846)
EBITDA	(91,205)	717,763	405,331	(110,796)	(393,230)	45,923	-	573,786
Amortisation and depreciation								(416,386)
Results from operating activities								157,400
Net finance expense								(105,329)
Profit before income tax								52,071
Income tax expense								(126,695)
Loss for the year								(74,624)

Crimsonwing plc

Notes to the financial statements

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5 Segment reporting (continued)

2009	Crimsonwing Plc Eur	Malta Crimsonwing (Malta) Limited Eur	UK Crimsonwing Limited Eur	Crimsonwing Promentum Eur	Netherlands Crimsonwing BV Eur	VDA BV Eur	Adjustments Eur	Total Eur
Revenue	-	5,502,780	6,780,565	2,955,647	1,081,713	1,507,969	(5,750,753)	12,077,921
Direct costs	-	(4,269,437)	(5,681,125)	(2,189,736)	(812,212)	(477,630)	5,750,753	(7,679,387)
Gross Profit	-	1,233,343	1,099,440	765,911	269,501	1,030,339	-	4,398,534
Administrative expenses	(163,683)	(1,364,027)	(1,370,762)	(541,357)	(353,814)	(1,254,756)	-	(5,048,399)
Excess of acquirer's interest in the fair value of net assets of the acquiree's identifiable assets over cost	-	-	-	-	-	-	459,465	459,465
EBITDA	(163,683)	(130,684)	(271,322)	224,554	(84,313)	(224,417)	459,465	(190,400)
Amortisation and depreciation								(304,417)
Results from operating activities								(494,817)
Net finance expense								(75,883)
Loss before income tax								(570,700)
Income tax credit								70,768
Loss for the year								(499,932)

Crimsonwing plc

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5 Segment reporting (continued)

	Malta		United Kingdom		The Netherlands		Adjustments		The Group	
	2010 EUR	2009 EUR	2010 EUR	2009 EUR	2010 EUR	2009 EUR	2010 EUR	2009 EUR	2010 EUR	2009 EUR
Segment assets	3,304,458	10,318,985	2,126,856	2,940,470	1,666,167	1,541,489	334,516	(7,507,382)	7,431,997	7,293,562
Deferred tax assets	-	-	-	46,489	485,638	417,341	-	-	485,638	508,738
Total assets									7,917,635	7,802,300
Segment liabilities	2,371,528	6,358,058	1,987,750	3,162,414	2,837,523	2,229,122	(2,580,472)	(7,350,618)	4,616,329	4,398,976
Deferred tax liability	-	-	19,786	-	-	-	-	-	19,786	-
Total liabilities									4,636,115	4,398,976
Capital expenditure	12,648	65,156	177,246	50,565	245,395	2,270,730	-	-	435,289	2,386,451
Depreciation and amortisation	72,814	98,114	40,879	206,982	302,693	265,079	-	-	416,386	383,875

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Notes to the financial statements

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6 Finance income

	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
Interest income on bank deposits	1,281	15,357	8	298
Dividend income	-	-	170,000	460,000
Other income	12	-	-	-
	<u>1,293</u>	<u>15,357</u>	<u>170,008</u>	<u>460,298</u>

7 Finance expenses

	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
Interest on bank overdrafts and loans	106,622	91,240	65,144	69,588
Interest on other loans	-	-	25,578	-
	<u>106,622</u>	<u>91,240</u>	<u>90,722</u>	<u>69,588</u>

8 Loss before tax

This is stated after charging:

	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
Auditor's remuneration	44,000	42,500	7,000	7,000
Depreciation of plant and equipment	155,398	103,458	-	-
Amortisation of intangibles	260,988	200,959	-	-
Operating lease payments	512,375	413,100	-	-
Net exchange differences	47,517	306,440	-	201
	<u>44,000</u>	<u>42,500</u>	<u>7,000</u>	<u>7,000</u>

Other fees payable to the auditor comprise *Eur3,000* (2009 – *Eur3,000*) for non-audit services.

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9 Key management personnel compensation

	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
<i>Short-term benefits:</i>				
Directors' emoluments	142,612	289,966	20,000	35,000
Other key management personnel	619,894	794,713	-	-
	<u>762,506</u>	<u>1,084,679</u>	<u>20,000</u>	<u>35,000</u>

10 Staff costs and employee information

	Group	
	2010 Eur	2009 Eur
<i>Staff costs:</i>		
Wages and salaries	6,390,950	7,252,164
Social security contributions	461,372	570,493
	<u>6,852,322</u>	<u>7,822,657</u>

The average number of persons employed during the year, including executive directors, was made up as follows:

	Group	
	2010 Number	2009 Number
Operational	178	184
Accounts and administration	29	32
	<u>207</u>	<u>216</u>

Crimsonwing plc

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11 Income tax expense/(credit)

	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
Current tax charge	92,267	15,206	1	45
Deferred tax charge/(credit)	34,428	(85,974)	-	-
	<u>126,695</u>	<u>(70,768)</u>	<u>1</u>	<u>45</u>

Income tax in Malta is calculated at a basic rate of 35% (2009 – UK corporation tax rate applicable of 28%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The Group tax expense for the year can be reconciled as follows:

	2010 Eur	2009 Eur	2010 Eur	2009 Eur
Profit/(loss) before tax	52,070	(570,700)	(11,919)	227,027
Tax at 35%	18,225	(199,745)	(4,172)	79,459
<i>Tax effect of:</i>				
Exempt income in terms of Regulation 38 (4) of the Business Promotion Regulations	-	80,489	-	-
Temporary differences	-	-	-	-
Income taxed at lower rates	(25,393)	38,790	(2)	(60)
Exempt dividend income	-	-	(59,500)	(161,000)
Deferred tax not recognised in current and prior years	98,819	26,806	-	-
Effect of consolidation adjustments not subject to tax	73,500	(112,232)	-	-
Other differences	(38,456)	95,124	63,674	81,646
Income tax expense	<u>126,695</u>	<u>(70,768)</u>	<u>1</u>	<u>45</u>

12 Dividends

No dividends were proposed in the year under review. In the prior year, a net dividend of *Eur260,000* (Eur0.1 per ordinary share) was paid to ordinary shareholders on 1 September 2008.

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13 Earnings per share

The calculations of the earnings per ordinary share at the respective reporting dates are based on the profit attributable to the ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2010 Eur	2009 Eur
Loss attributable to ordinary shareholders	<u>(19,217)</u>	<u>(597,823)</u>
	2010 No.	2009 No.
Weighted average number of shares	<u>26,000,000</u>	<u>26,000,000</u>

14 Intangible assets

Group

	Goodwill Eur	Computer software for internal use Eur	Computer software for commercial use Eur	Total Eur
Cost				
At 01.04.2008	1,258,456	413,902	-	1,672,358
Fair value of assets taken over on acquisition of subsidiary	-	8,005	2,100,000	2,108,005
Additional goodwill	250,609	-	-	250,609
Additions	-	-	129,344	129,344
	<u>1,509,065</u>	<u>421,907</u>	<u>2,229,344</u>	<u>4,160,316</u>
At 01.04.2009	1,509,065	421,907	2,229,344	4,160,316
Translation adjustment	(35,645)	-	-	(35,645)
Additions	-	10,623	353,605	364,228
	<u>1,473,420</u>	<u>432,530</u>	<u>2,582,949</u>	<u>4,488,899</u>
At 31.03.2010	1,473,420	432,530	2,582,949	4,488,899
Accumulated amortisation				
At 01.04.2008	-	391,855	-	391,855
Provision for the year	-	18,466	182,493	200,959
	<u>-</u>	<u>410,321</u>	<u>182,493</u>	<u>592,814</u>
At 01.04.2009	-	410,321	182,493	592,814
Provision for the year	-	9,748	251,240	260,988
	<u>-</u>	<u>420,069</u>	<u>433,733</u>	<u>853,802</u>
At 31.03.2010	-	420,069	433,733	853,802
Carrying amount				
At 31.03.2009	1,509,065	11,586	2,046,851	3,567,502
	<u>1,509,065</u>	<u>11,586</u>	<u>2,046,851</u>	<u>3,567,502</u>
At 31.03.2010	<u>1,473,420</u>	<u>12,461</u>	<u>2,149,216</u>	<u>3,635,097</u>

14 Intangible assets (continued)

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During the year, development costs amounting to *Eur353,605* were capitalised and included with "Computer software for commercial use". These represent costs incurred in relation to the development of software products which are being amortised over a period of 5 to 10 years. The amortisation charge for the year is included in administrative expenses.

As disclosed further in note 27, on acquisition of VDA, the Group accounted for previously unrecognised software products developed over the years by VDA. The fair value attributed to these products at 1 July 2008 amounted to *Eur2,100,000* and is being amortised over a period of 10 years. The fair value of these intangible assets was determined through the use of discounted cash flow valuation methodologies. The key assumptions applied by the directors in valuing these assets are as follows:

- A modest growth rate in revenue ranging between 2% and 9% over the life of the assets.
- A initial reduction in costs in year 1 due to the resizing exercise undertaken. Increases in direct costs proportionate to increases in revenues thereafter.
- A discount factor of 12.5%.

The goodwill recognised in the financial statements arose primarily on the purchase of a controlling interest in Promentum Holdings BV together with the purchase of the Media and Entertainment business division of Peracto Solutions Limited by one of the Group's subsidiaries.

Goodwill has therefore been recognised in relation to two separately identifiable cash-generating units. At the year-end, the goodwill was tested for impairment on a value in use basis for each cash-generating unit, based on revenue and profit forecasts prepared by management.

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15 Plant and equipment

Group

	Computer equipment Eur	Furniture, fittings and other equipment Eur	Total Eur
Cost			
Balance at 1 April 2008	697,223	415,781	1,113,004
Fair value of assets taken over on acquisition of subsidiary	56,677	8,106	64,783
Acquisitions	42,507	112,560	155,067
Disposals	(91,204)	(74,582)	(165,786)
Effect of movements in exchange rates	(6,044)	(2,127)	(8,171)
Balance at 31 March 2009	699,159	459,738	1,158,897
Acquisitions	39,796	25,890	65,686
Disposals	-	(17,781)	(17,781)
Effect of movements in exchange rates	1,983	2,087	4,070
Balance at 31 March 2010	740,938	469,934	1,210,872
Accumulated depreciation			
Balance at 1 April 2008	570,452	333,375	903,827
Charge for the year	7,468	95,990	103,458
Release on disposals	(91,204)	(74,582)	(165,786)
Effect of movements in exchange rates	(3,870)	(829)	(4,699)
Balance at 31 March 2009	482,846	353,954	836,800
Charge for the year	60,189	95,209	155,398
Release on disposals	-	(17,781)	(17,781)
Effect of movements in exchange rates	1,312	697	2,009
Balance at 31 March 2010	544,347	432,079	976,426
Carrying amounts			
At 31 March 2009	216,313	105,784	322,097
At 31 March 2010	196,591	37,855	234,446

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16 Deferred tax assets/liability

Deferred income taxes are calculated on temporary differences under the liability method using a principal rate ranging between 20% and 35%.

The movement on the deferred income tax account is as follows:

	2009 Eur	Group Movement for the year Eur	2010 Eur
<i>Arising on:</i>			
Accelerated tax depreciation	10,413	-	10,413
Tax losses carried forward	451,737	33,901	485,638
Other deductible temporary differences	47,283	(68,329)	(21,046)
	<u>509,433</u>	<u>34,428</u>	<u>475,005</u>
Deferred tax asset of foreign entity translated at foreign exchange rates at year-end	(695)		(9,153)
	<u>508,738</u>		<u>465,852</u>

The deferred tax asset on unutilised tax losses has been recognised to the extent that realisation of the related tax benefit through future taxable income is probable. In making this assessment, the Directors have taken into account projected taxable income based on approved budgets. At 31 March 2010 the Group had unutilised tax losses amounting to Eur536,814 available for relief against future taxable income. These losses give rise to a further deferred tax asset of Eur130,747 that has not been recognised in these financial statements.

17 Investments in subsidiaries

These are stated at cost and comprise:

Investments in subsidiaries

The Company did not recognise any impairment losses in relation to its investments in subsidiaries during the year.

	Eur
Carrying amount At 31.03.2009	<u>3,211,468</u>
At 31.03.2010	<u>3,211,468</u>

18 Trade and other receivables

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	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
Trade receivables	2,291,303	2,688,872	-	-
Amounts due from director	-	5,308	-	-
Other debtors	226,341	159,200	-	-
Prepayments and accrued income	311,454	284,053	-	-
Amounts due from subsidiary undertakings	-	-	2,888,701	3,233,739
Amounts due from related parties	-	-	2,432	-
	2,829,098	3,137,433	2,891,133	3,233,739

19 Trade and other payables

	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
Trade payables	526,867	279,547	-	-
Amounts due to director	200,630	344,173	-	-
Other creditors	989,271	1,042,925	-	-
Accruals and deferred income	1,007,420	1,052,211	430,166	553,689
	2,724,188	2,718,856	430,166	553,689

The amounts due to the directors have no fixed date of repayment, are interest-free and unsecured.

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20 Bank borrowings

	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
Bank overdrafts	507,667	286,699	150,670	-
Bank loans	998,637	1,358,357	998,637	1,358,357
Less: amounts due for settlement within twelve months	(867,667)	(646,699)	-	-
	<u>638,637</u>	<u>998,357</u>	<u>1,149,307</u>	<u>1,358,357</u>

Bank loans are repayable as follows:

	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
On demand and within one year	867,667	646,699	510,670	360,000
In the second year	360,000	360,000	360,000	360,000
In the third year	278,637	360,000	278,637	360,000
In the fourth year	-	278,357	-	278,357
	<u>1,506,304</u>	<u>1,645,056</u>	<u>1,149,307</u>	<u>1,358,357</u>

The Group has bank overdraft facilities totalling Eur650,000 and a bank loan of Eur998,637. The bank loan bears interest at 5.25% per annum and the overdraft facilities bear interest at 4% to 4.60% over the bank's base rate. These borrowings are secured by a general hypothec over the Group's assets.

21 Other financial liabilities

	Group		Company	
	2010 Eur	2009 Eur	2010 Eur	2009 Eur
Shareholders loan	207,912	-	-	124,243
Amounts due to subsidiary undertakings	-	-	1,052,071	885,397
Amounts due to director	-	-	85,057	125,057
	<u>207,912</u>	<u>-</u>	<u>1,137,128</u>	<u>1,134,697</u>

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22 Capital and reserves

The Company's share capital is denominated in Euro (€).

	Group and Company	
	2010 and 2009	
	Authorised	Issued and
	No.	fully paid
		No.
Ordinary shares of €0.10 each	500,000,000	26,000,000
	<u>500,000,000</u>	<u>26,000,000</u>
		2010 and 2009
		Issued and
		fully paid
		Eur
Ordinary shares of €0.10 each		2,600,000
		<u>2,600,000</u>

Share rights

All ordinary shares have the right to receive dividends, return of capital on liquidation and have the right to receive notice of and attend and/or speak and/or vote at any general meeting.

Reorganisation reserve

This reserve arises in the financial statements, as a result of the application of the principles of predecessor accounting as described in note 2. This reserve mainly represents the difference between the share capital issued on reorganisation and the amount recorded for the share capital acquired. This reserve does not arise in the separate financial statements of the parent company and therefore has no impact on distributable reserves.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities.

23 Fair values of financial assets and financial liabilities

The reported carrying amounts at the respective balance sheet dates of the Group's financial instruments are a reasonable approximation of their fair values in view of their short-term maturities. The fair values of non-current financial liabilities that are not measured at fair value are not materially different from their carrying amounts.

Crimsonwing plc

Notes to the financial statements

31 March 2010

24 Operating leases

Non-cancellable operating lease rentals are payable by the Group as follows:

	2010	2009
	Eur	Eur
Less than one year	<u>534,679</u>	<u>413,100</u>

The Group leases a number of office facilities. The leases typically run for a fixed duration, with an option to renew the lease upon expiry.

25 Related parties

Crimsonwing plc is the parent company of the entities listed in note 26. Crimsonwing plc is controlled by David Walsh who holds 50.04% of the issued share capital of the Company.

Key management personnel compensation is disclosed in note 9.

Amounts due by and to directors are disclosed in notes 18 and 19. These amounts will be settled in cash. No guarantees have been given or received in respect of these balances.

Crimsonwing plc

Notes to the financial statements

31 March 2010

26 Group entities

	Nature of business	Country of incorporation	Ownership interest	
			2010 %	2009 %
Crimsonwing (Malta) Limited	Provision of support services related to IT	Malta	100	100
Crimsonwing Limited	Provision of computer services	United Kingdom	100	100
Crimsonwing BV	Provision of computer services	The Netherlands	100	100
Crimsonwing Promentum Holdings BV	Provision of computer services	The Netherlands	51	51
Crimsonwing Group Limited	Holding company (refer to accounting policy on predecessor accounting)	United Kingdom	100	100
VDA Informatiebeheersing BV	Provision of computer services	The Netherlands	100	-

The registered addresses are as follows:

Crimsonwing (Malta) Limited - Lignum House, Aldo Moro Road, Marsa LQA 06, Malta.
Crimsonwing Limited and Crimsonwing Group Limited - Stonebridge House, 28-32 Bridge Street, Leatherhead, Surrey KT22 8BZ, United Kingdom.

Crimsonwing BV - Kleine Beer 64, 3893 DH Zeewolde, The Netherlands.

Crimsonwing Promentum Holdings - Seinstraat 32, 1223 DA Hilversum, The Netherlands.

VDA Informatiebeheersing BV - Seinstraat 32, 1223 DA Hilversum, The Netherlands.

Crimsonwing plc

Notes to the financial statements

31 March 2010

27 Acquisitions

2009

Acquisition of VDA Informatiebeheersing BV

On 1 July 2008 the Group purchased 100% of the equity interest in VDA Informatiebeheersing BV (VDA), a company based in Hilversum, The Netherlands, for a total consideration of *Eur1,561,322*. The directors' estimate of the fair value of the net identifiable assets taken over on acquisition amounted to *Eur2,020,787*. In determining the net fair values, the directors took account of the value of computer software products developed by VDA over the years, as well as a further deferred tax asset arising on taxable losses available for set-off against future taxable profits of *Eur59,316*. In the directors' opinion the deferred tax asset is expected to crystallise through the generation of future taxable income. The valuation methodology and key assumptions in relation to the valuation of computer software products are disclosed in note 14.

	Carrying values at acquisition date Eur	Fair value at acquisition date Eur
Intangible fixed assets	-	2,100,000
Property, plant and equipment	92,392	92,392
Receivables	534,054	534,054
Payables	(902,491)	(902,491)
Taxation	262,601	321,927
Cash and cash equivalents	(125,095)	(125,095)
Net assets acquired		2,020,787
Consideration		(1,561,322)
Excess of net fair values over purchase consideration taken to income statement		459,465

Impact of acquisition on results of the Group

Included in the loss for the year ended 31 March 2009 is *Eur270,528* attributable to the operations of VDA, which was purchased during the year. Had the business combination been effected on 1 April 2008, the revenue of the Group from continuing operations would have been *Eur12,677,921* and the loss for the year from continuing operations would have been *Eur549,004*. Since the date of acquisition the Group has undertaken a reorganisation and resizing of the acquired entity.

Crimsonwing plc

Notes to the financial statements

31 March 2010

28 Cash and cash equivalents

	Group		Company	
	2010 EUR	2009 EUR	2010 EUR	2009 EUR
Cash at bank and on hand	733,356	266,530	202	1,593
Bank overdraft	(867,667)	(286,699)	(150,670)	-
	<u>(134,311)</u>	<u>(20,169)</u>	<u>(150,468)</u>	<u>1,593</u>

Cash at bank earns interest at floating rates based on bank deposit rates.

29 Comparative figures

Eur1,400,000 was reclassified from administrative expenses to direct costs.

Independent auditor's report

to the members of

Crimsonwing plc

Report on the financial statements

We have audited the accompanying financial statements of Crimsonwing plc and its group set out on pages 17 to 54, which comprise the statements of financial position of the company and the group as at 31 March 2010, and the statements of comprehensive income, statements of changes in equity and statement of cash flows of the company and the group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As also described in the statement of directors' responsibilities on page 8, the directors of the company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the company and the group. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report (continued)

to the members of

Crimsonwing plc

Opinion

In our opinion the group financial statements give a true and fair view of the financial position of the company and its group as of 31 March 2010 and of the company's and its group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Chap. 386).



Sarah Curmi
Partner, for and on behalf of,

DELOITTE
Certified Public Accountants

26 July 2010

Crimsonwing plc

Share register information

Pursuant to the Malta Financial Services Authority Listing Rules

Directors' interests in the share capital of the company as at 31 March 2010

	Number of shares
David Walsh	13,009,187
Philip Crawford	6,243,679
Pierre Zammit	106,600
Albert Muscat	100,000
Kees Brussen	100,000
James Bonello	90,000
Tom Meehan	48,000
Rob Philippart	20,000

Shareholders holding more than 5% of the equity share capital as at 31 March and 30 June 2010

David Walsh	50.04%
Philip Crawford	24.01%

Shareholding details

At 31 March and 30 June 2010, Crimsonwing plc's share capital was held by 329 shareholders. The issued share capital consists of one class of ordinary shares with equal voting rights.

Distribution of shares analysed by range

As at 31 March and 30 June 2010

Range of shareholding	No. of shareholders
1 – 500	-
501 – 1,000	10
1,001 – 5,000	138
5,001 & over	181