Crimsonwing plc

Annual report and financial statements
31 March 2011

Registered number: C 42234

Contents

Crimsonwing plc

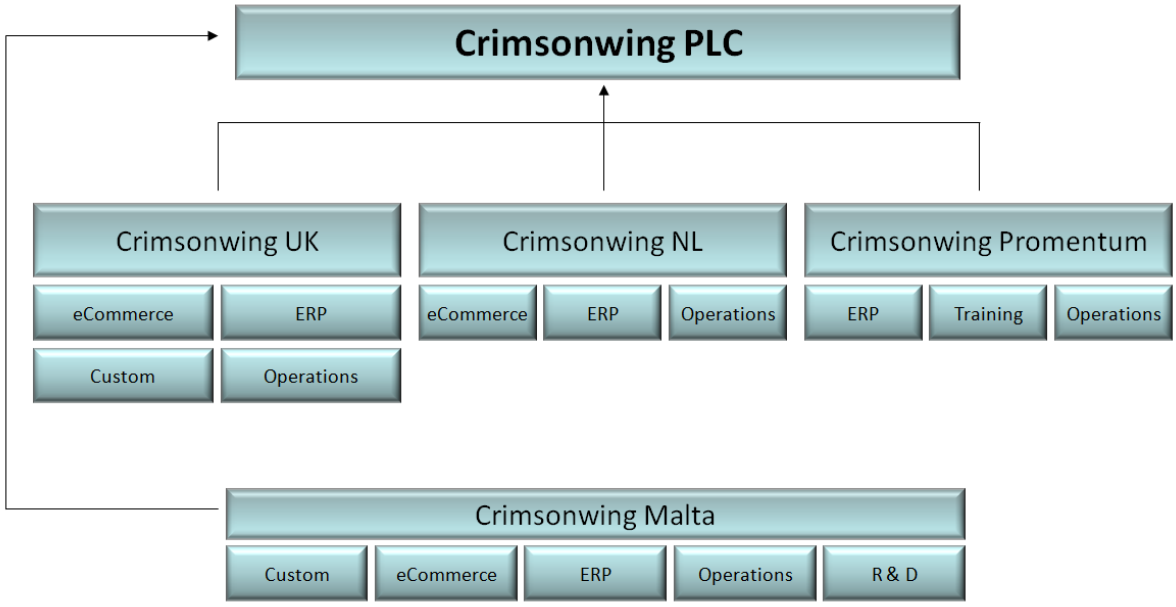
Directors, officer and other information

Directors:	James Bonello Philip Crawford Louis de Gabriele (resigned 20 October 2010) Albert Muscat David Walsh Joseph Grioli (appointed 1 January 2011)
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, Mriehel, Malta.

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 2011.

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. Additionally the Company has developed a number of solution software assets (products) which are relevant to markets beyond Europe.

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 again 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 business systems for clients, 24 hours per day, and in some cases on a global basis.

Crimsonwing plc

Directors' report

Year ended 31 March 2011

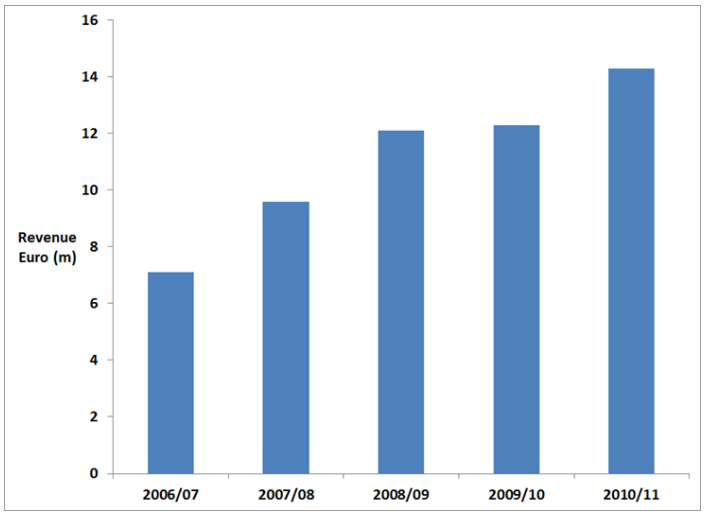
Performance Review

Overview

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 2010 to March 2011 the market conditions have continued to be challenging. The recovery in the UK in particular has been weak, and there has been continued pressure on pricing and debt recovery. Nevertheless, Crimsonwing achieved excellent revenue growth in the period, recording its highest ever revenues at €14,303,568, that is 16.5% higher than last year (2010 - €12,280,942. This is all organic growth and demonstrates how Crimsonwing has made good progress in tough market conditions.

Overall, revenue growth is a fundamental part of the Crimsonwing strategy as smaller software and services businesses are very vulnerable to market changes and do not have the capacity or profile to take on higher value solution sales. We are aiming to break the €20 million sales level as soon as we are able, and our investments and focus are all driving Crimsonwing towards that goal. Progress in the last few years is shown in the chart below:



Gross margins in the year held up very well at 41% (2010 – 40%).

Administration expenses did hold firm at 36% (2010 – 36%). Last year the administration expenses did benefit from the CEO and Chairman not drawing any income. So to keep the administration expenses at this level was a good achievement. However other additional savings that were made were offset somewhat by the higher than expected expenses in VDA Informatiebeheersing BV, and in the overall legal costs in the year (see sector reporting).

EBITDA improved 30% to €746,596 (2010 - €573,786), and Operating profit improved 93% to €303,357 (2010 - €157,400). Profit before tax improved 417% to €217,572 (2010 - €52,071). Tax provisions take the net profit after tax to just over break-even at €7,310 (2010 – (€74,624))

Shareholder funds increases slightly to €3,140,220 (2010 - €3,099,272) and there was also a slight increase in total assets to €8,053,810 (2010 - €7,917,635).

Overall then a positive set of results, but they could have been so much better at the earnings level without the impact of the poor performance at Crimsonwing NL (Crimsonwing BV and VDA BV) during the year and some high legal costs associated with this operation.

It was announced at the interims during the year that the Directors of Crimsonwing NL (BV and VDA) had been removed due to poor performance in July 2010. However the costs associated with the roles ran throughout the year. See sector reporting.

Sector Reporting

Overall, other than Crimsonwing NL, (BV and VDA) there was excellent progress in the performance in the remaining Crimsonwing businesses (see table of EBITDA comparisons below).

	2011 **EBITDA**	2010 **EBITDA**
Crimsonwing PLC	(€92,613)	(€91,205)
Crimsonwing Ltd (UK)	€164,372	€405,331
Crimsonwing (Malta) Ltd	€933,447	€717,763
Crimsonwing Promentum BV	€359,048	(€110,796)
Crimsonwing BV	(€122,254)	(€393,230)
VDA BV	(€495,404)	€45,293
Overall	**€746,596**	**€573,786**

Crimsonwing PLC – this is an overhead budget for fees and charges associated with the running of the PLC: it is a budget very much under control.

Crimsonwing Ltd (UK) – This business runs as two main units in the UK and had another excellent year. Revenues were up by 17% to €7,385,099 (2010 - €6,297,332). Note that the EBITDA in the year was affected by a change in Malta to UK transfer pricing which had not been updated for a number of years. The overall EBITDA of UK and Malta combined are a better comparison year on year which was €1,097,819 (2010 – €1,123,084). A large change in the year was a considerable and sustained investment in the e-business practice which resulted in more local recruitment to support the higher level of local e-business work around the Magento (open source) platform. Overall demand in e-Commerce is very high and more of our clients are adopting a multi-channel sales strategy. The Dynamics ERP practice was similarly active with some strong new wins which will deploy in the new financial year (these opportunities tend to have a longer sales cycle than the e-Commerce prospects and as a result the 'bounce back' from the recession does take longer to materialise). We were also encouraged by two other aspects – the further commitment of one of our major clients, and the fact that we were able to 'cross sell' our propositions in ERP and e-Commerce to the same clients. This was also the first full year of full time marketing activity in the company and this resulted in excellent lead generation during the year for Crimsonwing solutions.

Crimsonwing (Malta) Ltd – Another excellent year for this business with a strong EBITDA and despite the weakness of Sterling against the Euro (The Malta business invoices the UK in Sterling and thus takes the exchange risk). What was particularly pleasing in the year was the increased turnover in direct sales (that is to say not via another Crimsonwing operation) but direct clients managed by Malta, and typically based in Malta.

Over 35 clients were serviced in this way. The direct revenues this year were up 212% to €928,000 (2010 - €419,000). Malta is the engine room of the technical delivery capability of Crimsonwing. During the year it delivered over 23,000 man days with over 85 clients using the centre. During the year there was a considerable investment in new training in both Oracle and open source platforms – this business needs to keep ahead of the curve in technical delivery capability.

Crimsonwing BV/ VDA BV – This was a very difficult year which resulted in a negative EBITDA of (€617,658). In July 2010 the Directors of the business were removed due to poor performance and client complaints, and the Crimsonwing CEO stepped in to run the businesses for the remainder of the year. The priority was to secure the contractual commitments that had been made on a number of projects which had not been correctly managed. During the six months from July 2010 to January 2011 all the problem projects were rectified although this came with a high amount of remedial work which could not be invoiced. There was also a very difficult situation with one old client who made a very high claim for damages against the company. This situation went to full arbitration in February 2011 and the panel judged in favour of Crimsonwing BV on all counts including a large contribution to our legal costs. Crimsonwing also had to argue against compensation claims from its former Directors and agreement was reached. But such are the rules of settlement and notice periods that the Directors costs remained in the company for all the financial year, and this together with unrecoverable legal costs had an impact of around (€400,000) on EBITDA. These costs will not occur in the new financial year. In order to position the company for recovery the CEO took the decision to invest in building the e-Commerce capability of the business. Headcount was increased significantly from October 2010 onwards and initially the task in hand was to address remedial activities which were achieved with no client claims. During the last quarter a number of significant new client wins resulted and this business unit is now making excellent progress. Structurally the company is now in much better shape, with the interim role fulfilled by the CEO now being replaced by the local Dutch Managing Director from May 2011 – Aad de Jonge who now manages this business and Crimsonwing Promentum BV which both operate from the same physical location in Hilversum.

Crimsonwing Promentum BV -

This was a good turnaround year with an excellent profit achievement. EBITDA improved to €359,048 (2010 – (€110,796)) and turnover increased 66% to €3,965,381 (2010 - €2,383,645). During the year there was a higher focus placed on developing new services and solutions directly with clients and this resulted in a growth to 50% of the business with direct clients, with 50% regular business with partners. This is a consultancy and solution business based on the Dynamics ERP product set. During the year consultancy headcount grew by 70% - a very good achievement in a difficult labour market. There was a strengthening of skills and capability in project management and after sales support. A new sales and marketing group was formed which is resulting in a large pipeline of excellent prospects for the new financial year.

Key Risks and Risk Mitigation

The markets continue to be demanding and competitive, but we have an excellent set of client propositions and we are experiencing high demand. Going forward into the new financial year the focus has to be on project management and technical quality which will mitigate many of the risks associated with high value and high risk projects.

Our key vendors recognise this in their channels too: For example Microsoft has completely revamped its Dynamics partner accreditation programme, and this year Crimsonwing was one of the first partners to achieve the new status. The new standard is all about improving project and technical capability, but also breadth and depth of capability as solutions become more complex and far reaching. Magento, the open source e-Commerce platform is also introducing new accreditation and training programmes.

Our Magento practice has grown very rapidly – our capability is now over 45 consultants strong across the Group. It is vital that we invest and adopt these initiatives put forward by the vendors.

Outlook

The Directors believe that the following key initiatives in the year ahead to March 2012 will help grow and sustain shareholder value:

Revenue Growth – We are anticipating further growth and it is important we make the right recruitment decisions and secure the services of our experienced consultants.

Channel Partners – We are building Intellectual Property in Crimsonwing software assets, and we can build channels to market outside our current presence to bring our solutions to a wider market.

Solutions – We are examining a Group structure more solution focused than geographically focused, with the possible adoption of an ISV model (Independent Software Vendor) for our Dynamics solutions.

Dividend

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

Directors

The Directors who served during the period were:

James Bonello
Philip Crawford
Joseph Grioli (appointed 1 January 2011)
Albert Muscat
Louis de Gabriele (resigned 20 October 2010)
David Walsh

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

Auditors

Following an internal restructuring of the Deloitte Malta firm a resolution to appoint Deloitte Audit Limited, a company forming part of the same firm in Malta, will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf on 26 July 2011 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 in accordance with International Financial Reporting Standards as adopted by the EU 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
- 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 as a going concern.

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 as the directors determine is necessary to enable the preparation 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 the Listing Rules issued by the Listing Authority

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU and in accordance with the requirements of the Companies Act (Chap. 386), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

2. the Directors' report includes a fair review of the performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors on 26 July 2011 and signed on its behalf by:

David Walsh
Director

James Bonello
Director

Crimsonwing plc

Corporate Governance – statement of compliance

1. Introduction

Pursuant to 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 the Listing Rules[1]. In terms of Listing Rules 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 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.

[1] The Listing Rules have been amended and is currently set out as appendix 5.1 to Chapter 5 of the Listing Rules (as amended). In view of the transitory provisions in force at the time the Code as amended shall only come into force with respect to the Company as from the financial year ending 31 December 2011. Accordingly this statement of compliance is being based on the Code provisions and requirements as in force today being Appendix 8.1 appended to the previous Chapter 8 of the Listing Rules.

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.

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 – Finance Director
Derek Linney – Solutions Director
James Bonello – Managing Director - Crimsonwing (Malta) Ltd.
Pierre Zammit – Operations Director for Crimsonwing (Malta) Ltd.
Aad de Jonge – Managing Director for Crimsonwing N.L/Promentum
Tom Meehan – Director, E-Business & Custom Solutions for Crimsonwing Ltd.
Jaap Schram De Jong – Director, Dynamics 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.

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 three 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 it there would be no value 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 € 940,718 which falls within the maximum approved by the shareholders of €2 million.

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 second 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 to 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:

	Total 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

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, Joseph Grioli 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 three meetings.

The Statement of Directors' Responsibilities for preparing the financial statements is set out on page 7.

Statement of going concern as required by the Listing Rules

The Directors are satisfied that, having taken into account the Group's statement of financial position and profitability, it is reasonable to assume that the Company and the Group have adequate resources to continue operating for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

Approved by the Board of Directors on 26 July 2011 and signed on its behalf by:

David Walsh
Director

James Bonello
Director

Crimsonwing plc

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

Pursuant to Listing Rules 5.94 and 5.97 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 5.98, 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 9 to 14 has been properly prepared in accordance with the requirements of Listing Rules 5.94 and 5.97.

Sarah Curmi, as Principal
in the name and on behalf of,
DELOITTE
Registered auditor

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

26 July 2011

Crimsonwing plc

Statements of comprehensive income

For the year ended 31 March 2011

	Notes	Group 2011 EUR	Group 2010 EUR	Company 2011 EUR	Company 2010 EUR
Revenue	5	**14,303,568**	12,280,942		-
Direct costs		**(8,453,852)**	(7,348,805)	**-**	-
Gross profit		**5,849,716**	4,932,137	**-**	-
Other income		**116,667**	32,495	**-**	-
Administrative expenses excluding depreciation and amortisation		**(5,219,787)**	(4,390,846)	**(92,613)**	(91,205)
EBITDA		**746,596**	573,786	**(92,613)**	91,205
Other administrative expenses Amortisation and depreciation		**(443,239)**	(416,386)	**-**	-
Results from operating activities		**303,357**	157,400	**(92,613)**	(91,205)
Finance income	6	**657**	1,293	**155,004**	170,008
Finance expenses	7	**(86,442)**	(106,622)	**(68,469)**	(90,722)
Net finance (expense)/income		**(85,785)**	(105,329)	**86,535**	79,286
Profit/(loss) before income tax		**217,572**	52,071	**(6,078)**	(11,919)
Income tax expense	11	**(210,262)**	(126,695)	**(1)**	(1)
Profit/(loss) for the year		**7,310**	(74,624)	**(6,079)**	(11,920)
Other comprehensive income					
Exchange differences arising on translation of foreign operations		**(32,520)**	(47,193)	**-**	**-**
Total comprehensive loss		**(25,210)**	(121,817)	**(6,079)**	(11,920)
Profit/(loss) attributable to:					
Minority interest		**116,445**	(55,407)	**-**	**-**
Equity holders of the parent		**(109,135)**	(19,217)	**-**	**-**
		7,310	(74,624)	-	-
Total comprehensive income/(loss) attributable to:					
Minority interest		**116,445**	(55,407)	**-**	**-**
Equity holders of the parent		**(141,655)**	(66,410)	**-**	**-**
		(25,210)	(121,817)	**(6,079)**	(11,920)
Earnings per share	12	**(0.0042)**	(0.0007)		

Crimsonwing plc

Statements of financial position

As at 31 March 2011

		Group		Company	
		2011	2010	**2011**	2010
	Notes	**EUR**	EUR	**EUR**	EUR
ASSETS					
Non-current assets					
Intangibles	*13*	**3,609,775**	3,635,097	**-**	-
Plant and equipment	*14*	**216,904**	234,446	**-**	-
Deferred tax assets	*15*	**460,055**	465,852	**-**	-
Investments in subsidiaries	*16*	**-**	-	**3,211,468**	3,211,468
		4,286,734	4,335,395	**3,211,468**	3,211,468
Current assets					
Trade and other receivables	*17*	**3,135,850**	2,848,884	**2,335,883**	2,891,133
Cash and cash equivalents		**631,226**	733,356	**96**	202
Current tax asset		**-**	-	**387**	-
		3,767,076	3,582,240	**2,336,366**	2,891,335
Total assets		**8,053,810**	7,917,635	**5,547,834**	6,102,803
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	*21*	**2,600,000**	2,600,000	**2,600,000**	2,600,000
Share premium		**722,584**	722,584	**722,584**	722,584
Other reserves		**154,218**	121,698	**96,184**	96,184
Accumulated losses		**(454,145)**	(345,010)	**(38,645)**	(32,566)
		3,022,657	3,099,272	**3,380,123**	3,386,202
Minority interest		**298,693**	182,248	**-**	-
Total equity		**3,321,350**	3,281,520	**3,380,123**	3,386,202
LIABILITIES					
Current liabilities					
Trade and other payables	*18*	**2,917,993**	2,724,188	**178,525**	430,166
Income tax payable		**307,457**	177,925	**-**	-
Other financial liabilities	*20*	**324,121**	207,912	**1,057,140**	1,137,128
Bank borrowings	*19*	**832,087**	867,667	**607,786**	510,670
Deferred tax liability	*15*	**26,542**	19,786	**-**	-
		4,408,200	3,997,478	**1,843,451**	2,077,964
Non-current liabilities					
Bank borrowings	*19*	**324,260**	638,637	**324,260**	638,637
Total liabilities		**4,732,460**	4,636,115	**2,167,711**	2,716,601
Total equity and liabilities		**8,053,810**	7,917,635	**5,547,834**	6,102,803

These financial statements were approved by the Board of Directors, authorised for issue on 26 July 2011 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 2011

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 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 2011

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 2010	**2,600,000**	**722,584**	**(345,010)**	**186,219**	**(64,521)**	**3,099,272**	**182,248**	**3,281,520**
Profit/(loss) for the year	-	-	(109,135)	-	-	**(109,135)**	116,445	**7,310**
Other comprehensive income for the year	-	-	-	-	32,520	**32,520**	-	**32,520**
Total comprehensive loss for the year	-	-	(109,135)	-	32,520	**(76,515)**	116,445	**39,830**
Balance at 31 March 2011	**2,600,000**	**722,584**	**(454,145)**	**186,219**	**(32,001)**	**3,022,657**	**298,693**	**3,321,350**

Crimsonwing plc

Statements of changes in equity (continued)

For the year ended 31 March 2011

Company

	Share capital Eur	Share premium Eur	Other reserve Eur	Accumulated losses Eur	Total Eur
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
Loss for the year/total comprehensive loss for the year	-	-	-	(6,079)	(6,079)
Total recognised income and expense for the year	-	-	-	(6,079)	(6,079)
Balance at 31 March 2011	**2,600,000**	**722,584**	**96,184**	**(38,645)**	**3,380,123**

Crimsonwing plc

Statements of cash flows

For the year ended 31 March 2011

		Group		Company	
		2011	2010	**2011**	2010
	Note	**EUR**	EUR	**EUR**	EUR
Cash flows from operating activities					
Profit/(loss) before tax		**217,572**	52,071	**(6,078)**	(11,919)
Adjustments for:					
Dividend income		**-**	-	**(155,000)**	(170,000)
Depreciation and amortisation		**443,239**	416,386	**-**	-
Net finance income		**85,785**	105,329	**68,465**	90,714
Operating profit before working capital movements		**746,596**	573,786	**(92,613)**	(91,205)
Movement in trade and other receivables		**(306,752)**	303,026	**-**	-
Movement in trade and other payables		**228,102**	148,863	**(251,641)**	(123,523)
Cash flows from operations		**667,946**	1,025,675	**(344,254)**	(214,728)
Interest paid		**(86,442)**	(106,622)	**(68,469)**	(90,722)
Income taxes paid		**-**	-	**(388)**	(1,936)
Net cash flows from operating activities		**581,504**	919,053	**(413,111)**	(307,386)
Cash flows from investing activities					
Purchase of plant and equipment		**(109,933)**	(65,686)	**-**	-
Purchase of intangibles		**(287,176)**	(364,228)	**-**	-
Interest received		**657**	1,293	**4**	8
Net cash flows from investing activities		**(396,452)**	(428,621)	**4**	8
Cash flows from financing activities					
Shareholders' loans		**116,209**	207,912	**-**	(124,243)
Proceeds from subsidiary undertaking		**-**	-	**630,262**	509,280
Advances to directors		**(22,328)**	(138,234)	**-**	130,000
Repayment of bank borrowings		**(314,377)**	(719,720)	**(314,377)**	(359,720)
Net cash flows from financing activities		**(220,496)**	(650,042)	**315,885**	155,317
Effect of exchange rate fluctuations on translation of cash flows of foreign operations		**(31,106)**	45,469	**-**	-
Net movement in cash and cash equivalents		**(66,550)**	(114,141)	**(97,222)**	(152,061)
Cash and cash equivalents at the beginning of the year		**(134,311)**	(20,170)	**(150,468)**	1,593
Cash and cash equivalents at the end of the year	*26*	**(200,861)**	(134,311)	**(247,690)**	(150,468)

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.

International Financial Reporting Standards in issue but not yet effective

IFRS 9 – Financial Instruments

IFRS 9 - Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities.

- IFRS 9 requires all recognised financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Under IFRS 9, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost unless the entity applies the fair value option. All other financial assets, including equity investments are measured at their fair values at the end of subsequent accounting periods.

- Under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or increase an accounting mismatch in profit or loss. Changes in the fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. This standard had not yet been endorsed by the EU at the date of authorisation of these financial statements.

IAS 24 (revised) - Related Party Disclosures

The revised IAS 24 is mandatory for annual periods beginning on or after 1 January 2011. Earlier application is permitted. The revised standard clarifies and simplifies the definition of a related party and provides certain exemptions for government-related entities.

1 Basis of preparation (continued)

International Financial Reporting Standards in issue but not yet effective (continued)

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.

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.

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.

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.

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.

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.

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").

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 in incurred.

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.

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.

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 as further explained in note 16.

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 (continued)

Credit risk (continued)

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 30% (2010 - 26%) 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:

	2011	2010
	Eur	Eur
Largest debtor	**726,705**	493,313
Largest two debtors	**856,556**	695,844
Largest three debtors	**958,895**	868,714

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	
	2011	2010
	Eur	Eur
Malta	**74,775**	244,523
United Kingdom	**1,325,645**	1,159,782
The Netherlands	**1,006,031**	782,376
Other	**100,490**	104,622
	2,506,941	2,291,303

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

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:

	2011 Eur	2010 Eur
1 month or less	**969,653**	591,352
Between 1 and 2 months	**63,195**	844,942
Over two months	**244,094**	616,148
	1,276,942	2,052,442

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 2011.

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.

5 Segment reporting

2011	**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	-	6,120,087	7,385,099	3,965,381	487,572	1,456,617	(5,111,188)	14,303,568
Direct costs	-	(3,981,480)	(5,833,054)	(1,996,010)	(342,814)	(1,411,682)	5,111,188	(8,453,852)
Other income	-	-	-	-	76,300	116,147	(75,780)	116,667
Gross Profit	-	2,138,607	1,552,045	1,969,371	221,058	161,082	(75,780)	5,966,383
Administrative expenses	(92,613)	(1,205,160)	(1,387,673)	(1,610,323)	(343,312)	(656,486)	75,780	(5,219,787)
EBITDA	(92,613)	933,447	164,372	359,048	(122,254)	(495,404)	-	746,596
Amortisation and depreciation								(443,239)
Results from operating activities								303,357
Net finance expense								(85,785)
Profit before income tax								217,572
Income tax expense								(210,262)
Income for the year								7,310

Crimsonwing plc

Notes to the financial statements

31 March 2011

5 Segment reporting (continued)

2010		Malta	UK		Netherlands			
	Crimsonwing Plc Eur	Crimsonwing (Malta) Limited Eur	Crimsonwing Limited Eur	Crimsonwing Promentum Eur	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)

5 Segment reporting (continued)

	Malta		United Kingdom		The Netherlands		Adjustments		The Group	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Segment assets	**3,375,420**	3,304,458	**2,235,112**	2,126,856	**1,875,860**	1,685,953	**107,363**	334,516	**7,593,755**	7,451,783
Deferred tax assets	**-**	-	**-**	-	**460,055**	465,852	**-**	-	**460,055**	465,852
Total assets									**8,053,810**	7,917,635
Segment liabilities	**1,834,290**	2,371,528	**1,999,963**	1,987,750	**3,485,284**	2,837,523	**(2,613,619)**	(2,580,472)	**4,705,918**	4,616,329
Deferred tax liability	**-**	-	**26,542**	19,786	**-**	-	**-**	-	**26,542**	19,786
Total liabilities									**4,732,460**	4,636,115
Capital expenditure	**52,775**	12,648	**5,182**	177,246	**339,152**	245,395	**-**	-	**397,109**	435,289
Depreciation and amortisation	**46,845**	72,814	**37,003**	40,879	**359,391**	302,693	**-**	-	**443,239**	416,386

6 Finance income

	Group		Company	
	2011	2010	**2011**	2010
	Eur	Eur	**Eur**	Eur
Interest income on bank deposits	**657**	1,281	**4**	8
Dividend income	**-**	-	**155,000**	170,000
Other income	**-**	12	**-**	-
	657	1,293	**155,004**	170,008

7 Finance expenses

	Group		Company	
	2011	2010	**2011**	2010
	Eur	Eur	**Eur**	Eur
Interest on bank overdrafts and loans	**86,442**	106,622	**55,071**	65,144
Interest on other loans	**-**	-	**13,398**	25,578
	86,442	106,622	**68,469**	90,722

8 Profit/(loss) before tax

This is stated after charging:

	Group		Company	
	2011	2010	**2011**	2010
	Eur	Eur	**Eur**	Eur
Auditor's remuneration	**46,000**	44,000	**9,000**	7,000
Depreciation of plant and equipment	**127,812**	155,398	**-**	**-**
Amortisation of intangibles	**315,427**	260,988	**-**	**-**
Operating lease payments	**538,411**	512,375	**-**	**-**
Net exchange differences	**13,818**	47,517	**-**	**-**

Other fees payable to the auditor comprise *Eur* (2010 – *Eur3,000*) for non-audit services.

9 Key management personnel compensation

Directors' compensation:

	Group		Company	
	2011 Eur	2010 Eur	**2011 Eur**	2010 Eur
Short-term benefits:				
Directors' emoluments	**352,899**	142,612	**18,333**	20,000
Other key management personnel	**749,577**	619,894	**-**	**-**
	1,102,476	762,506	**18,333**	20,000

10 Staff costs and employee information

	Group	
	2011 Eur	2010 Eur
Staff costs:		
Wages and salaries	**8,285,035**	6,390,950
Social security contributions	**510,897**	461,372
	8,795,932	6,852,322

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

	Group	
	2011 Number	2010 Number
Operational	**205**	178
Accounts and administration	**28**	29
	233	207

11 Income tax expense

	Group		Company	
	2011 Eur	2010 Eur	**2011 Eur**	2010 Eur
Current tax charge	**203,517**	92,267	**1**	1
Deferred tax charge	**6,745**	34,428	**-**	-
	210,262	126,695	**1**	1

Income tax in Malta is calculated at a basic rate of 35% (2010 – 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:

	2011 Eur	2010 Eur	**2011 Eur**	2010 Eur
Profit/(loss) before tax	**217,572**	52,070	**(6,078)**	(11,919)
Tax at 35%	**76,150**	18,225	**(2,127)**	(4,172)
Tax effect of:				
Exempt income in terms of Regulation 38 (4) of the Business Promotion Regulations	**(12,437)**	**-**	**-**	-
Income taxed at lower rates	**(7,879)**	(25,393)	**(2)**	(2)
Exempt dividend income	**-**	-	**(54,250)**	(59,500)
Deferred tax not recognised in prior years	**-**	98,819	**-**	-
Effect of consolidation adjustments not subject to tax	**73,500**	73,500	**-**	-
Utilisation of tax losses	**(161,598)**	-	**-**	-
Temporary differences	**(19,560)**	-	**-**	-
Other differences	**262,086**	(38,456)	**56,380**	63,675
Income tax expense	**210,262**	126,695	**1**	1

12 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	
	2011	2010
	EUR	EUR
Loss attributable to ordinary shareholders	**(109,135)**	(19,217)
	2011	2010
	No.	No.
Weighted average number of shares	**26,000,000**	26,000,000

13 Intangible assets

Group

	Goodwill Eur	**Computer software for internal use Eur**	**Computer software for commercial use Eur**	**Total Eur**
Cost				
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
At 01.04.2010	1,473,420	432,530	2,582,949	4,488,899
Translation adjustment	3,423	-	-	3,423
Additions	-	36,363	250,813	287,176
Disposals	-	(494)	-	(494)
Written off	-	(318,017)	-	(318,017)
At 31.03.2011	1,476,843	150,382	2,833,762	4,460,987
Accumulated amortisation				
At 01.04.2009	-	410,321	182,493	592,814
Provision for the year	-	9,748	251,240	260,988
At 01.04.2010	-	420,069	433,733	853,802
Provision for the year	-	12,167	303,754	315,921
Released on write off	-	(318,017)	-	(318,017)
Released on disposal	-	(494)	-	(494)
At 31.03.2011	-	113,725	737,487	851,212
Carrying amount				
At 31.03.2010	1,473,420	12,461	2,149,216	3,635,097
At 31.03.2011	**1,476,843**	**36,657**	**2,096,275**	**3,609,775**

13 Intangible assets (continued)

During the year, development costs amounting to *Eur250,813* 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.

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.

14 Plant and equipment

Group

	Computer equipment Eur	Furniture, fittings and other equipment Eur	Total Eur
Cost			
Balance at 1 April 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
Acquisitions	50,932	59,001	109,933
Disposals	-	(39,333)	(39,333)
Effect of movements in exchange rates	595	592	1,187
Balance at 31 March 2011	**792,465**	**490,194**	**1,282,659**
Accumulated depreciation			
Balance at 1 April 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
Charge for the year	60,719	67,093	127,812
Release on disposals	-	(39,333)	(39,333)
Effect of movements in exchange rates	479	371	850
Balance at 31 March 2011	**605,545**	**460,210**	**1,065,755**
Carrying amounts			
At 31 March 2010	196,591	37,855	234,446
At 31 March 2011	**186,920**	**29,984**	**216,904**

15 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:

		Group	
	2010 Eur	Movement for the year Eur	**2011 Eur**
Arising on:			
Accelerated tax depreciation	10,413	-	**10,413**
Tax losses carried forward	485,638	-	**485,638**
Other deductible temporary differences	(21,046)	(6,744)	**(27,790)**
	475,005	(6,744)	**468,261**
Deferred tax asset of foreign entity translated at foreign exchange rates at year-end	(9,153)		**(8,206)**
	465,852		**460,055**

The deferred tax asset arises on overseas subsidiaries which have undergone significant changes and restructuring over the past months. The directors consider that temporary differences recognised are substantially non-current in nature. In assessing whether the deferred tax asset should be recognised, the directors have taken into account the cost savings from the restructuring during the year, the reduction in remedial work, the projected sales and the projected taxable income based on approved budgets. The Directors will continue to monitor the situation to ensure the recognition of the deferred tax assets is based on valid outcomes.

At 31 March 2011 the company had a deferred tax asset of Eur179,394 (31 March 2010 - Eur54,885) emanating from unabsorbed tax losses. The crystallisation of this asset remains doubtful given the expected pattern of income in the future years and has therefore not been recognised.

16 Investments in subsidiaries

These are stated at cost and comprise:

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

	Eur
Carrying amount	
At 31.03.2010	3,211,468
At 31.03.2011	**3,211,468**

17 Trade and other receivables

	Group		Company	
	2011	2010	**2011**	2010
	Eur	Eur	**Eur**	Eur
Trade receivables	**2,506,941**	2,291,303	**-**	-
Other debtors	**180,279**	226,341	**-**	-
Prepayments and accrued income	**448,630**	331,240	**-**	**-**
Amounts due from subsidiary undertakings	**-**	-	**2,333,451**	2,888,701
Amounts due from related parties	**-**	-	**2,432**	2,432
	3,135,850	2,848,884	**2,335,883**	2,891,133

18 Trade and other payables

	Group		Company	
	2011	2010	**2011**	2010
	Eur	Eur	**Eur**	Eur
Trade payables	**990,427**	526,867	**-**	-
Amounts due to director	**178,302**	200,630	**-**	-
Other creditors	**966,566**	989,271	**-**	-
Accruals and deferred income	**782,698**	1,007,420	**178,525**	430,166
	2,917,993	2,724,188	**178,525**	430,166

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

19 Bank borrowings

	Group		Company	
	2011	2010	**2011**	2010
	Eur	Eur	**Eur**	Eur
Bank overdrafts	**472,087**	507,667	**247,786**	150,670
Bank loans	**684,260**	998,637	**684,260**	998,637
Less: amounts due for settlement within twelve months	**(832,087)**	(867,667)	**-**	-
	324,260	638,637	**932,046**	1,149,307

Bank loans are repayable as follows:

	Group		Company	
	2011	2010	**2011**	2010
	Eur	Eur	**Eur**	Eur
On demand and within one year	**832,087**	867,667	**607,786**	510,670
In the second year	**324,260**	360,000	**324,260**	360,000
In the third year	**-**	278,637	**-**	278,637
	1,156,347	1,506,304	**932,046**	1,149,307

The Group has bank overdraft facilities totalling Eur700,000 and a bank loan of Eur684,260. The bank loan bears interest at 5.25% per annum and the overdraft facilities bear interest at 4.00% to 6.45% over the bank's base rate. These borrowings are secured by a general hypothec over the Group's assets.

20 Other financial liabilities

	Group		Company	
	2011	2010	**2011**	2010
	Eur	Eur	**Eur**	Eur
Shareholders loan	**324,121**	207,912	**-**	-
Amounts due to subsidiary undertakings	**-**	-	**972,083**	1,052,071
Amounts due to director	**-**	-	**85,057**	85,057
	324,121	207,912	**1,057,140**	1,137,128

21 Capital and reserves

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

	Group and Company 2011 and 2010	
	Authorised	Issued and fully paid
	No.	No.
Ordinary shares of €0.10 each	500,000,000	26,000,000

	2011 and 2010 Issued and fully paid Eur
Ordinary shares of €0.10 each	**2,600,000**

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.

22 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.

23 Operating leases

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

	2011 Eur	2010 Eur
Less than one year	**593,550**	534,679

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.

24 Related parties

Crimsonwing plc is the parent company of the entities listed in note 25. 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 17 and 18. These amounts will be settled in cash. No guarantees have been given or received in respect of these balances.

25 Group entities

	Nature of business	Country of Incorporation	Ownership interest 2011 %	Ownership interest 2010 %
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**	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 – 31 Union Street, London SE1 1SD, United Kingdom.
Crimsonwing BV - Seinstraat 32, 1223 DA Hilversum, The Netherlands..
Crimsonwing Promentum Holdings - Seinstraat 32, 1223 DA Hilversum, The Netherlands.
VDA Informatiebeheersing BV - Seinstraat 32, 1223 DA Hilversum, The Netherlands.

26 Cash and cash equivalents

	Group 2011 EUR	Group 2010 EUR	Company 2011 EUR	Company 2010 EUR
Cash at bank and on hand	**631,226**	733,356	**96**	202
Bank overdraft	**(832,087)**	(867,667)	**(247,786)**	(150,670)
	(200,861)	(134,311)	**(247,690)**	(150,468)

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

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 16 to 51, which comprise the statements of financial position of the company and the group as at 31 March 2011, 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 7, 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 2011 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
Principal, for and on behalf of,
DELOITTE
Certified Public Accountants

26 July 2011

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 2011

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

Shareholders holding more than 5% of the equity as at 31 March 2011

David Walsh	50.04%
Philip Crawford	24.01%

Shareholding details

At 31 March 2011, Crimsonwing plc's share capital was held by 325 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 2011

Range of shareholding	No. of shareholders
1 – 500	3
501 – 1,000	9
1,001 – 5,000	136
5,001 & over	177