

Crimsonwing plc

**Annual report and financial statements
31 March 2014**

Registered number: C 42234

Contents

	Page
Directors, officer and other information	1
Directors' report	2 - 8
Directors' responsibility for the financial statements	9
Statement of the directors pursuant to the Listing Rules issued by the Listing Authority	10
Corporate governance – statement of compliance	11 - 19
Independent auditor's report on the corporate governance statement of compliance	20
Statements of profit or loss and other comprehensive income	21
Statements of financial position	22
Statements of changes in equity	23 - 25
Statements of cash flows	26
Notes to the financial statements	27 - 64
Independent auditor's report	65 - 66
Share register information	67

Crimsonwing plc

Directors, officer and other information

<i>Directors:</i>	James Bonello Philip Crawford Albert Muscat David Walsh Joseph Grioli
<i>Secretary:</i>	Louis de Gabriele
<i>Registered office:</i>	Lignum House, Aldo Moro Road, Marsa, Malta.
<i>Country of incorporation:</i>	Malta
<i>Company registration number:</i>	C 42234
<i>Auditor:</i>	Deloitte Audit Limited, Deloitte Place, Mrieħel Bypass, Mrieħel, Malta.

Crimsonwing plc

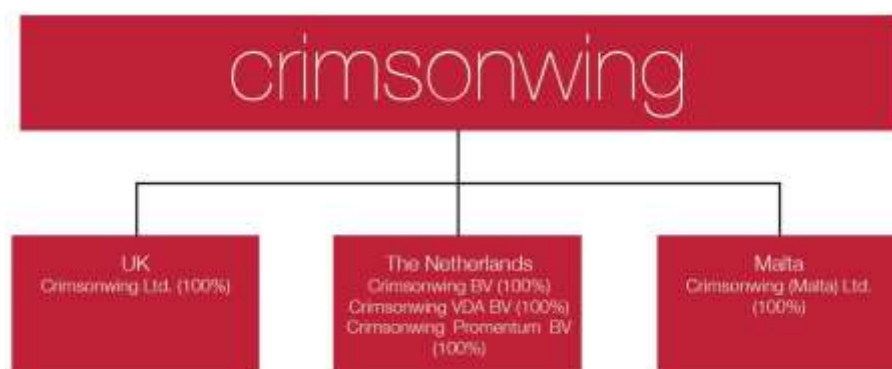
Directors' report

Year ended 31 March 2014

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 2014.

Principal Activities

Crimsonwing plc is the Holding Company of Crimsonwing Limited, Crimsonwing (Malta) Limited, Crimsonwing BV, Crimsonwing VDA BV (acquired in July 2008), and Crimsonwing Promentum Holdings BV (majority acquired in September 2007 and fully acquired in November 2012). It is incorporated in Malta under the company registration number C42234. The Crimsonwing BV and VDA businesses operate as 'Crimsonwing NL'. The company legal structure and organisation is as follows:



The principal activities are the provision of computer software and professional services, mainly to clients based in Western Europe, notably the UK, the Netherlands and Malta. Increasingly we are involved in international and even global provision and support of our solutions as we help our clients based in Western Europe with their operations and expansions into new markets.

The Crimsonwing businesses are aligned to deliver projects and solutions in three principal solution areas: Enterprise Resource Planning (ERP), eCommerce, and the supporting services of Custom/Integration and Business Intelligence. Cloud and mobile services are intrinsic components of how these solutions are deployed and delivered.

Our ERP solutions are predominantly built around Microsoft Dynamics. The ERP market globally grows annually at a modest percentage but Dynamics is growing at over 20% per annum and this increasing market share creates many opportunities for our solutions. We offer all variants of Dynamics (being AX, NAV and GP) and have solution intellectual property (IP) in a number of verticals. We also offer Dynamics Customer Relationship Management (CRM) services – a rapidly growing demand. About 65% of our business is Dynamics ERP related.

Our eCommerce solutions are predominantly built around open source eCommerce platform Magento and Enterprise Intershop. Magento is now wholly owned by eBay and this year we initiated our first joint project with eBay Enterprise. eCommerce is a rapidly changing market with a fairly fragmented range of solution providers. But Magento and Intershop are considered leaders in this field and are both growing their market share. About 25% of our business is eCommerce related.

The remaining 10% of our business is related to custom /integration and Business Intelligence (BI). Much of this related to Microsoft technologies but we also have a strong Oracle BI practice.

Crimsonwing plc

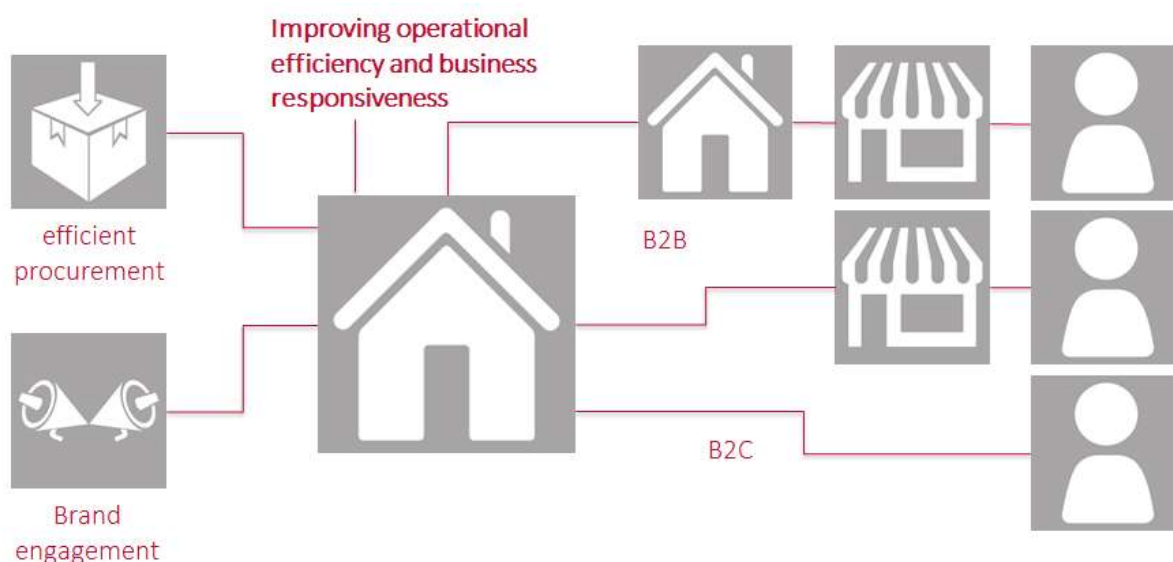
Directors' report (continued)

Year ended 31 March 2014

When we apply our solutions we are able to operate across the entire needs of the key business applications a company requires. With Dynamics we can help a business become more efficient and responsive and the range of business processes we can support are huge: across sourcing, manufacturing, supply chain, HR & payroll, sales order processing, BI, and so on. All provided with a strong degree of business knowledge using our functional expertise and vertical experience.

If we add to this our eCommerce capabilities then we can offer new channels to market, both business to business (B2B) and business to consumer (B2C). We also provide 'buy side' solutions (eg: reverse auctioning) for procurement.

Overall the above can combine to help a business deliver a true end-to-end omni-channel approach to its customers.



The headcount of the Crimsonwing PLC Group of companies in the period was 262 staff (2013 – 244), of which around 170 are based in the Crimsonwing (Malta) solution centre which supports the delivery and support of Crimsonwing projects and solutions in the target markets. Crimsonwing (Malta) also has a very active Research & Development capability and provides Crimsonwing 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.

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.

Crimsonwing plc

Directors' report (continued)

Year ended 31 March 2014

Performance Review (continued)

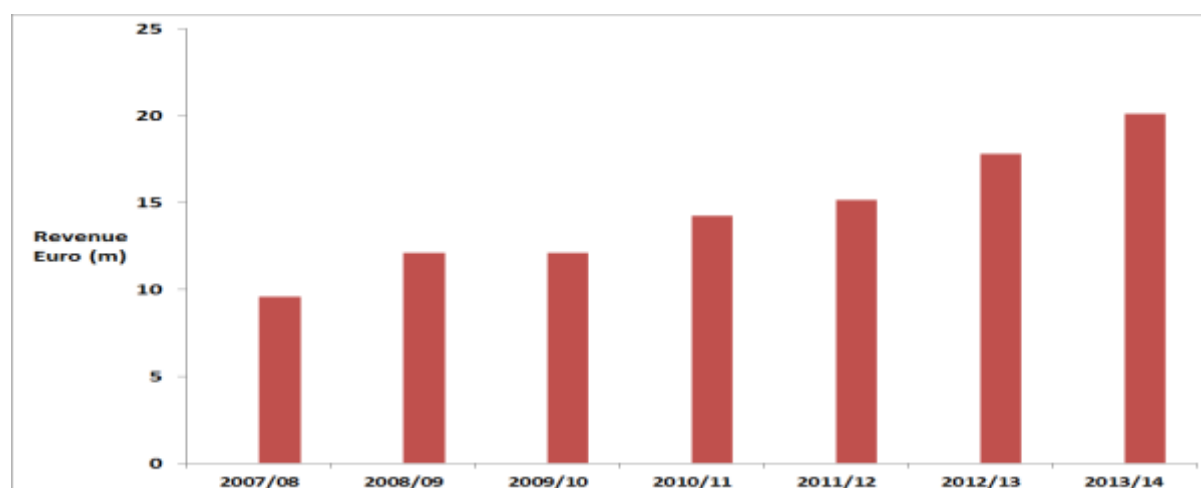
During the period April 2013 to March 2014 the Directors are pleased to report a very satisfactory year of growth and a further much improved net profit performance.

Our ambition this year was to achieve revenues of Eur20m and to improve our margins. As set out in last year's report, the Eur20m threshold is an important benchmark in our sector which enables us to demonstrate a scale of operation that can be trusted with larger and more valuable projects.

The Directors are pleased to report revenues grew 13% in the year to Eur20,086,710 (2013 - Eur17,765,616). This is another record sales year and we met our ambition.

Our sales progress in the last few years is shown in the chart below.

Crimsonwing Revenues:



The revenue increase of 13% was achieved with a group staffing increase of 8%. This is because we are building more value, services and licences, into our propositions.

Our revenue per headcount in the period increased by 5% to Eur76,700 (2013 – Eur72,800).

As well as achieving our revenue ambition we are pleased to report a much improved EBITDA and operating profit margins.

Net profits before tax were up 46% to Eur1,430,364 (2013 – a profit before tax of Eur981,475).

We benefited this year from our investment tax credits in creating new job opportunities, and our tax liabilities were much reduced to (Eur8,520) (2013 – (Eur144,327)). As a result profits after tax were up 70% to Eur1,421,844 (2013 – Eur837,148).

Total comprehensive income attributable to equity holders of the company were up 81% to Eur1,412,054 (2013 – Eur847,228).

Direct costs remained again at around the same percentage of revenues at 64% (2013 – 64%), and overall the gross margin remained steady at 36.0% of revenues (2013 – 36.4%). Given the very competitive nature of the markets in the period this was a very good achievement.

Crimsonwing plc

Directors' report (continued)

Year ended 31 March 2014

Performance Review (continued)

In the year our administration costs reduced to 25.1% of revenues (2013 – 27.2%). This was a very pleasing continuing trend as administration costs in 2012 were 35% of revenues. As a result, the EBITDA climbed to a very respectable Eur2,207,933, a 34% increase on last year (2013 - Eur1,645,606).

Sector Reporting

Nearly all our business units recorded improved EBITDA's in the year, with none more so than VDA (included in the NL segment reporting). But included in the VDA benefit (and as a balancing cost to Malta) there was a one-off benefit of Eur970,000 to VDA connected to the sale and transfer of software assets. Nevertheless removing this adjustment the VDA EBITDA would have shown an increase to Eur320,088 (2013 – 88,042).

Company	2014 EBITDA	2013 EBITDA
Crimsonwing (UK)	Eur700,516	Eur361,417
Crimsonwing (Malta) ¹	Eur1,633,075	Eur1,458,374
Crimsonwing NL (Promentum)	Eur318,025	Eur527,778
Crimsonwing NL (BV and VDA)	Eur1,290,088	Eur88,042
Adjustments ²	(Eur1,733,771)	(Eur790,005)
Overall	Eur2,207,933	Eur1,645,606

Notes:

¹ EBITDA figures for Malta include Crimsonwing PLC overheads.

² Adjustments pertain to inter-company transactions eliminated on consolidation

Crimsonwing UK

Good progress was made in the UK in the year. Revenues grew 18% to Eur10,573,754 (2013 - Eur8,946,581). Administration costs were kept under control and consequently EBITDA increased substantially by 94% to Eur700,516 (2012 - Eur361,417).

Our ERP (Dynamics) business had a particularly good year with sales in the unit increasing by 45% over the previous period. We had some particularly important new client wins, and as a result our annuity revenues are growing year on year. We also have an excellent backlog of new business contracted into the new financial year. This unit strengthened its specialist (Dynamics) headcount during the year and this also drove the demand for additional Dynamics headcount in Malta.

In our eCommerce unit we won a further global programme and initiated installations of a new global trading platform 'in the Cloud' for a FTSE 100 client. We also combined our work with some of our Dynamics clients working on omni-channel implementations.

Crimsonwing NL (BV & VDA)

Even after allowing for the aforementioned benefit on the transfer of software assets this unit had a much improved year. The revenues were Eur2,099,620, an increase of over 24% last year (2013 – Eur1,693,528).

This unit has strong annuity revenues on our owned intellectual property ERP solution, POP, which is used by many of the Dutch broadcasters and which generated good projects due to some consolidation last year. Furthermore there was excellent eCommerce growth and this combined to give an overall good performance.

Crimsonwing plc

Directors' report (continued)

Year ended 31 March 2014

Performance Review (continued)

Crimsonwing NL (Promentum)

This is a dedicated Microsoft Dynamics ERP business and also offers solutions based around our owned intellectual property, Dynamics for Membership.

The year was a challenging one in some respects and the overall revenues lessened by 10% to Eur5,601,279 (2013 - Eur6,200,234). This was predominantly down to one client situation which involved a large Dynamics implementation and which required us to provide some resources at our cost in order to complete our commitments. Thus we were unable to use these resources on new projects. This situation impacted mainly the second half of the financial year and we can report that the client is now 'live' on the new platform and very satisfied.

Nevertheless this is a very strong business with some excellent new projects and pipeline. The management leadership was changed mid-year and the new organisation and structure is delivering very well.

Crimsonwing Malta

Malta had a very good year with sales increasing by 19% to Eur9,159,817 (2013 - Eur7,685,895). What was particularly pleasing was the increase of direct sales within this figure which more than doubled to Eur2,028,000 (2013 - Eur1,020,001). These sales were driven by an increase in the number of local (Malta) clients and projects and an increase in direct sales outside Malta – and particularly the 'Yourteam' proposition (dedicated teams to clients).

EBITDA climbed to Eur1,633,075 before adjustment (2013 - Eur1,458,374). Note that these EBITDA figures also include the Crimsonwing PLC overheads of around Eur170,000 (2013 – Eur140,000) in each case.

We continued our concerted efforts again this year to improve our vendor accreditations and staff competencies and completed over 2,800 training days in the year for our staff. Malta delivered over 26,000 project days in the year across over 110 clients. Additionally we invested in new Intellectual Property (IP) assets and are planning to launch new products in the coming financial year.

Key Risks and Risk Mitigation

We are undertaking complex projects, mission critical in nature, and we're also expanding our headcount across all skillsets.

Our key risks and their mitigation are:

1. **Staff experience and retention.** This is an ongoing area of attention for us and we have been pleased to see that our investments and care in staff retention has had positive results with a much reduced attrition. It can also be partly explained by the slowing down of the i-gaming company ramp-ups in Malta. We have also been pleased to attract more senior consultants into Crimsonwing and this has been across all our geographies.
2. **Vendor relations.** In the past year all our key vendors have released new products and have raised the bar as far as accreditations and competency levels are concerned. We continue to invest to ensure that we maintain the highest levels of partnership with these vendors. Of special interest this year has been the new relationship with eBay and there has been a great deal of joint activity on engaging together with their clients and reducing risk.

Crimsonwing plc

Directors' report (continued)

Year ended 31 March 2014

Key Risks and Risk Mitigation (continued)

3. **Financing growth.** Our growth does fuel the need for increased working capital, as does the investments in our own IP. Most of this is being self-funded but we did take a modest working capital loan during the year and whilst we do have low gearing we are being well supported by our banking partners.
4. **Processes and supporting tools.** There have been two focus areas here this year. The first is with our sales processes to make sure that our systems assure the bids and commitments. The second is that we have introduced new delivery processes into our eCommerce units and this has given us much greater visibility of risks for ourselves and our clients during the project. As part of this we have been investing heavily in working in a more Agile way – this has helped to reduce the risk of any misinterpretation of the solution being provided.
5. **Competition.** We feel we have strong propositions with solutions in demand. Our vendors are also looking to work with fewer and larger scale partners. We do see evidence that smaller partners do struggle and we are looking closely at our strategic alliances that will help us maintain both a competitive edge and allow us to address larger opportunities.

Outlook

The Directors focus in the year ahead to March 2015 is to increase our **A.I.M** – which means to say that we are endeavouring to increase:

Annuities – which will help grow our regular income. Examples are support contracts.

Intellectual Property – this will increase our licence sales and thus our annuities and margins

Margin – not just on solution sales (IP), but also a continued focus on cost

By improving on the above we will help grow and sustain shareholder value.

As part of this we do expect to become more industry focused, adding additional expertise and knowledge as well as solution assets.

Listing Rules Disclosures

The following disclosures are being made by the Directors in terms of Listing Rule 5.64:

The authorised share capital of the Company is €50,000,000 (fifty million euro) divided into 500,000,000 Ordinary Shares of a nominal value of €0.10 (ten Euro cents) each share. As at the date hereof the issued share capital of the Company is €2,958,248.20 divided into 29,582,484 Ordinary Shares of a nominal value of €0.10 each share.

Amendments to the Memorandum and Articles of Association of the Company may be effected by extraordinary resolution of the shareholders of the Company in conformity with the provisions of the Companies Act (Cap. 386 of the laws of Malta) (the “**Act**”).

In terms of the Articles of Association of the Company (the “**Articles**”):

- the Directors may be authorised by the Company to issue shares subject to the provisions of the Articles and the Act; and
- the Directors may decline to recognise any instrument of transfer, unless such is accompanied by evidence of entitlement to the shares to which it relates as the Directors may from time to time require.

Crimsonwing plc

Directors' report (continued)

Year ended 31 March 2014

Listing Rules Disclosures (continued)

Currently there are no matters that require disclosure in relation to:

- restrictions on the transfer of securities;
- holders of any securities with special control rights;
- employee share schemes and any system of control applicable thereto;
- restrictions on voting rights or agreements giving rise thereto;
- significant agreements to which the Company is a party and which would take effect, alter or terminate upon a change of control of the Company following a takeover bid; or
- agreements providing for compensation to Board Members or employees upon resignation, redundancy without valid reason or termination of employment as a result of a takeover bid.

The rules governing the changes in Board membership are contained in the 'Statement of Compliance with the Code of Principles of Good Corporate Governance'.

Information regarding shareholders holding five per cent (5%) or more of the share capital of the Company is contained in the Share Register Information.

Dividends

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

Going concern

The Directors, as required by the Listing Rule 5.62 have considered the Group's and Company's operating performance, the statement of financial position at year end, as well as the business plan for the coming year, and they have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served during the period were:

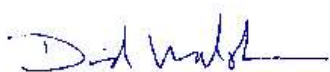
James Bonello
Philip Crawford
Albert Muscat
David Walsh
Joseph Grioli

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

Auditors

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

Approved by the Board of Directors and signed on its behalf on 17 July 2014 by:



David Walsh
Director



Albert Muscat
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 Group at the end of each financial year and of the profit or loss of the Company and 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.

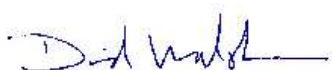
Crimsonwing plc

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 17 July 2014 and signed on its behalf by:



David Walsh
Director



Albert Muscat
Director



James Bonello
Director

Crimsonwing plc

Corporate Governance – statement of compliance

1. Introduction

In terms of Listing Rule 5.94, of the Listing Rules the Crimsonwing plc (“the **Company**”) hereby reports on the extent of its adoption of the principles of the Code of Principles of Good Corporate Governance contained in Appendix 5.1 of the Listing Rules (the “**Code**”) for the financial year being reported upon.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules, but recommends principles of good practice. 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 with its Board of Directors that is collectively 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 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.

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 corporate governance statement (the “**Statement**”) 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 Statement will make reference to the pertinent principles and then set out the manners in which the Directors believe that these have been adhered to. Where the Company has not complied with any of the principles of the Code, this Statement will give an explanation for non-compliance.

For the avoidance of doubt, reference in this Statement to compliance with the principles of the Code means compliance with the Code's main principles and the Code Provisions.

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

3. Compliance with the code

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.

Principle One

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 Chief Executive Officer (the “CEO”) as the head of the Executive Board 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 continued to be enhanced through improved electronic communications of executive decisions and discussions.

Principle Two

In line with the requirements of Principle Two, the Company has segregated the functions of the CEO and the chairman. Whilst the CEO heads the Executive Board, the chairman’s main function is that of leading the board, in line with Code Provision 2.2.

The CEO is the person accountable to the Board 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 the Company on matters relating to the operations of the Subsidiaries. The Board of the Company is entitled to call in at its discretion any one or more of the members of the Executive Board.

Principle Three

The Board’s composition, in line with Principle Three is of three independent non-executive and two executive Directors. The non-executive Directors of the Company are Mr. Albert Muscat, Mr Philip Crawford and Mr Joseph Grioli whereas the executive Directors of the Company are Mr James Bonello and Mr David Walsh. 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.

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. The Board considers each non-executive director to be independent in line with the dictates of Code Provision 3.2. None of the non-executive Directors:

- (a) are or have been employed in any capacity by the Company or a Subsidiary;
- (b) have or have had a significant business relationship with the Company, whether directly or indirectly;

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

3. Compliance with the code (continued)

Principle Three (continued)

- (c) receive significant additional remuneration from the Company;
- (d) have close family ties with any of the executive members of the Board or senior employees;
- (e) have served on the Board for more than twelve consecutive years;
- (f) have been within the last three years an engagement partner or a member of the audit team of the present or past external auditor of the Company or any Company forming part of the same group; and

Each of the non-executive Directors has signed a declaration to the Company as required by Code provision 3.4, whereby each director has undertaken:

- (i) to maintain in all circumstances his independence of analysis, decision and action;
- (ii) not to seek or accept any unreasonable advantages that could be considered as compromising his independence; and
- (iii) to clearly express his opposition in the event that he finds that a decision of the Board may harm the Company.

Principle Four

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 Board 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 Directors 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 Board.

For the period under review the Executive Board was composed of:

David Walsh – Chief Executive Officer

Kenneth Lacy – Finance Director, Crimsonwing Ltd.

James Bonello – Managing Director - Crimsonwing (Malta) Ltd.

Pierre Zammit – Operations Director for Crimsonwing (Malta) Ltd.

Arie (Aad) de Jonge – Managing Director, Crimsonwing NL/Promentum. (resigned September 2013)

Mike de Laat – Managing Director, Crimsonwing NL/Promentum. (appointed April 2014)

Jaap Schram De Jong – Director, Dynamics Solutions, Crimsonwing Ltd.

Tom Meehan – Director, E-Business & Custom Solutions, Crimsonwing Ltd.

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

3. Compliance with the code (continued)

Principle Four (continued)

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.

Principle Five

The Board believes that it complies fully with the requirements of Principle Five and the relative Code Provisions, in that notice of meetings together with any supporting material is given well in advance to shareholders.

Board meetings concentrate mainly on strategy, operational performance and financial performance. The Board normally meets every quarter. 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.

Principle Six

Principle Six of the Code deals with information and professional development

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.

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.

In compliance with Code Provision 6.3, Directors have access to the advice and services of the Company Secretary who is 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.

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. The combined skills of the Directors provide a balance of skills and competences that add value to the functioning of the Board and its direction of the Company.

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

3. Compliance with the code (continued)

Principle Eight

Principle Eight A of the Code deals with the establishment of a remuneration committee for the Company aimed at developing policies on executive remuneration. Principle 8B deals with the requirement of a formal and transparent procedure for the appointment of Directors.

The Directors have opted for a mixed approach of having both the nomination and remuneration committee being merged into one. In this respect, a Remuneration and Nominations Committee (the “**Remnomcom**”) has been established. 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. The Directors believe that the merger of a nominations committee and the remuneration committee, in one committee, the Remnomcom should achieve the same results – particularly since the two committees are composed of the same non-executive Directors.

In addition, the Board believes that its size and composition is sufficient for the proper direction and management of the Company and its business and that there would be no value 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.

For the financial year under review, the members of the Remnomcom were the following:

- (i) Albert Muscat, Chairman, non-executive Director;
- (ii) Philip Crawford, non-executive Director; and
- (iii) Joseph Grioli, non-executive Director.

The dual role of the Remnomcom of the Company may be described as follows: In its function as remuneration committee the Remnomcom has the principal task of establishing remuneration policies for both non-executive and executive Directors of the Group and particularly incentive based remuneration and share option plans. Moreover, the Remnomcom assesses and evaluates the performance of members of the Board, implementing remuneration policies on the basis of such performance. The Remnomcom also has the role of making recommendations to the Board on which candidates are suited, according to their skills, knowledge and experience, to form part of the Board.

The aggregate amount of remuneration paid to all executive and non-executive Directors of the Company, as authorised by the shareholders of the Company, was Eur403,999 which falls within the maximum approved by the shareholders of Eur2,000,000.

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

3. Compliance with the code (continued)

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

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

Principle Eleven

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

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

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

3. Compliance with the code (continued)

Principle Eleven (continued)

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

Director	Total Shares
David Walsh	12,981,012
Philip Crawford	6,351,384
Kees Brussen (directly and indirectly)	491,730
Albert Muscat	50,863
Tom Meehan	48,828

Principle Twelve

Principle Twelve 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.

4. Non-compliance with code provisions

Code Provision	Explanation
2.1	Whilst the company has segregated the functions of the Chairman and the CEO, in that the two posts are occupied by different persons, the division of responsibilities between them has not been established in writing. Nevertheless, there is significant experience and practice that determines the two roles.
7.1	The size of the Board is such that it should enable it to evaluate its own performance without the requirement of setting up an ad hoc committee for this purpose. Accordingly, the Board is of the opinion that although such a committee may be necessary with respect to larger companies having a more complex set-up, the size of the Company and the Board itself does not warrant the establishment of a special committee to evaluate its performance in terms of Code Provision 7.1. The Board shall, however, retain this matter under review over the coming year.

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

4. Non-compliance with code provisions (continued)

Code Provision	Explanation
9.3	The memorandum and articles of association does not provide any mechanism for the resolution of conflicts between shareholders or any process that would trigger arbitration in these instances.
4.3	For the purposes of Code Provision 4.3, whilst the Board reports that for the year under review it has not organised any information sessions as required by this provision, during its meetings the Board regularly discusses the Company's operations and prospects, the skills and competence of senior management, the general business environment and the Board's expectations.
8.B.4	The Board is satisfied that the current composition of the Board achieves the objectives of the Code and the skill, knowledge and experience needed meet the requirements of the Company. However, with respect to Code Provision 8.B.4, there is no written job specification for the Chairman. Moreover, none of the non-executive Directors are issued with a letter of appointment.

5. 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, Joseph Grioli as its chairman 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. The Directors believe that Albert Muscat is independent and competent in accounting and/or auditing in terms of Listing Rule 5.117.

6. 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 Board with clear reporting lines and delegation of powers.

Crimsonwing plc

Corporate Governance – statement of compliance (continued)

6. Internal control (continued)

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.

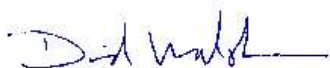
Risk Identification

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

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

The Statement of Directors' Responsibilities for preparing the financial statements is set out on page 9.

Approved by the Board of Directors on 17 July 2014 and signed on its behalf by:



David Walsh
Director



Albert Muscat
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 11 to 19 has been properly prepared in accordance with the requirements of Listing Rules 5.94 and 5.97.



Sarah Curmi as Director
in the name and on behalf of
Deloitte Audit Limited

Deloitte Place
Mrieħel Bypass
Mrieħel
Malta
Registered auditor

17 July 2014

Crimsonwing plc

Statements of profit or loss and other comprehensive income

For the year ended 31 March 2014

		Group		Company	
	Notes	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Revenue	5	20,086,710	17,765,616	-	-
Cost of sales		(12,853,133)	(11,292,933)	-	-
Gross profit		7,233,577	6,472,683	-	-
Other income		12,448	6,892	-	-
Administrative expenses excluding depreciation and amortisation		(5,038,092)	(4,833,969)	(167,441)	(137,314)
EBITDA		2,207,933	1,645,606	(167,441)	(137,314)
Other administrative expenses depreciation and amortisation		(691,522)	(552,450)	-	-
Results from operating activities		1,516,411	1,093,156	(167,441)	(137,314)
Investment income	6	2,278	2,278	664,329	790,007
Finance expenses	7	(88,325)	(113,959)	(40,913)	(47,329)
Net investment (expense)/income		(86,047)	(111,681)	623,416	742,678
Profit before income tax		1,430,364	981,475	455,975	605,364
Income tax expense	11	(8,520)	(144,327)	(26,899)	(32,279)
Profit for the year		1,421,844	837,148	429,076	573,085
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		(4,915)	10,080	-	-
Total comprehensive income		1,416,929	847,228	429,076	573,085
Profit attributable to:					
Non-controlling interest		-	67,081	-	-
Equity holders of the parent		1,421,844	770,067	-	-
		1,421,844	837,148	-	-
Total comprehensive income attributable to:					
Non-controlling interest		-	67,081	-	-
Equity holders of the parent		1,416,929	780,147	-	-
		1,416,929	847,228	429,076	573,085
Earnings per share	12	0.0486	0.0283		


Crimsonwing plc

Statements of financial position

As at 31 March 2014

	Notes	Group 2014 EUR	2013 EUR	Company 2014 EUR	2013 EUR
ASSETS					
Non-current assets					
Intangibles	14	3,479,442	3,758,314	-	-
Plant and equipment	15	265,433	245,052	-	-
Deferred tax assets	16	440,055	440,055	-	-
Investments in subsidiaries	17	-	-	4,366,468	4,366,468
Loans and receivables	18	-	-	1,000,000	-
		<u>4,184,930</u>	<u>4,443,421</u>	<u>5,366,468</u>	<u>4,366,468</u>
Current assets					
Trade and other receivables	19	4,837,294	3,803,194	745,162	1,404,502
Cash and cash equivalents	28	496,930	149,354	1,121	2,045
Current tax asset		-	-	386	386
		<u>5,334,224</u>	<u>3,952,548</u>	<u>746,669</u>	<u>1,406,933</u>
Total assets		<u>9,519,154</u>	<u>8,395,969</u>	<u>6,113,137</u>	<u>5,773,401</u>
EQUITY					
Equity attributable to equity holders of the parent					
Share capital	23	2,958,248	2,894,000	2,958,247	2,894,000
Share premium	23	1,605,752	1,310,584	1,605,753	1,310,584
Other reserves	23	(594,800)	(589,885)	96,184	96,184
Retained earnings/(accumulated losses)	23	915,308	(217,137)	658,890	519,214
Total equity		<u>4,884,508</u>	<u>3,397,562</u>	<u>5,319,074</u>	<u>4,819,982</u>
LIABILITIES					
Current liabilities					
Trade and other payables	20	2,765,658	2,972,165	40,970	43,167
Income tax payable		143,215	422,394	-	-
Other financial liabilities	22	200,583	319,300	36,766	230,886
Bank borrowings	21	894,471	971,755	422,327	495,616
		<u>4,003,927</u>	<u>4,685,614</u>	<u>500,063</u>	<u>769,669</u>
Non-current liabilities					
Other financial liabilities	22	305,572	264,751	294,000	183,750
Bank borrowings	21	279,129	-	-	-
Deferred tax liability	16	46,018	48,042	-	-
		<u>630,719</u>	<u>312,793</u>	<u>294,000</u>	<u>183,750</u>
Total liabilities		<u>4,634,646</u>	<u>4,998,407</u>	<u>794,063</u>	<u>953,419</u>
Total equity and liabilities		<u>9,519,154</u>	<u>8,395,969</u>	<u>6,113,137</u>	<u>5,773,401</u>

These financial statements were approved by the Board of Directors, authorised for issue on 17 July 2014 and signed on its behalf by:


David Walsh
Director


Albert Muscat
Director


James Bonello
Director

Crimsonwing plc

Statements of changes in equity

For the year ended 31 March 2014

Group	Attributable to equity holders of the parent							Minority interest Eur	Total equity Eur
	Share capital Eur	Share premium Eur	Accumulated losses Eur	Other equity Eur	Reorganisation Reserve Eur	Translation reserve Eur	Total Eur		
Balance at 31 March 2012	2,600,000	722,584	(987,203)	-	186,219	(49,216)	2,472,384	371,951	2,844,335
Profit for the year	-	-	770,067	-	-	-	770,067	67,081	837,148
Other comprehensive income for the year	-	-	-	-	-	10,080	10,080	-	10,080
Total comprehensive income for the year	-	-	770,067	-	-	10,080	780,147	67,081	847,228
Issue of share capital	294,000	588,000	-	-	-	-	882,000	-	882,000
Effect of acquisition of non-controlling interest (note 17)	-	-	-	(736,968)	-	-	(736,968)	(439,032)	(1,176,000)
Balance at 31 March 2013	2,894,000	1,310,584	(217,137)	(736,968)	186,219	(39,136)	3,397,562	-	3,397,562

Crimsonwing plc

Statements of changes in equity (continued)

For the year ended 31 March 2014

Group

	Share capital Eur	Share premium Eur	Retained earnings/ (accumulated losses) Eur	Other equity Eur	Reorganisation Reserve Eur	Translation reserve Eur	Total Equity Eur
Balance at 31 March 2013	2,894,000	1,310,584	(217,137)	(736,968)	186,219	(39,136)	3,397,562
Profit for the year	-	-	1,421,844	-	-	-	1,421,844
Other comprehensive income for the year	-	-	-	-	-	(4,915)	(4,915)
Total comprehensive income for the year	-	-	1,421,844	-	-	(4,915)	1,416,929
Issue of share capital	64,248	295,168	-	-	-	-	359,416
Dividends for the year (note 13)	-	-	(289,400)	-	-	-	(289,400)
Balance at 31 March 2014	2,958,248	1,605,752	915,308	(736,968)	186,219	(44,051)	4,884,508

Crimsonwing plc

Statements of changes in equity (continued)

For the year ended 31 March 2014

Company					
	Share capital Eur	Share premium Eur	Other reserve Eur	Retained earnings/ (accumulated losses) Eur	Total Eur
Balance at 31 March 2012	2,600,000	722,584	96,184	(53,871)	3,364,897
Profit for the year	-	-	-	573,085	573,085
Total comprehensive income for the year	-	-	-	573,085	573,085
Issue of share capital	294,000	588,000	-	-	882,000
Balance at 31 March 2013	2,894,000	1,310,584	96,184	519,214	4,819,982
Profit for the year	-	-	-	429,076	429,076
Total comprehensive income for the year	-	-	-	429,076	429,076
Issue of share capital	64,247	295,169	-	-	359,416
Dividends	-	-	-	(289,400)	(289,400)
Balance at 31 March 2014	2,958,247	1,605,753	96,184	658,890	5,319,074

Crimsonwing plc

Statements of cash flows

For the year ended 31 March 2014

	Group		Company	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Cash flows from operating activities				
Profit before tax	1,430,364	981,475	455,975	605,364
<i>Adjustments for:</i>				
Dividend income	-	-	(664,329)	(790,005)
Depreciation and amortisation	691,522	552,450	-	-
Loss on disposal/write-offs of assets	1,388	4,897	-	-
Net finance income	86,047	111,681	40,913	47,327
Operating profit before working capital movements	2,209,321	1,650,503	(167,441)	(137,314)
Movement in trade and other receivables	(1,034,100)	(147,367)	(340,660)	(226,625)
Movement in trade and other payables	(206,507)	(318,060)	(2,197)	4,355
Cash flows from operations	968,714	1,185,076	(510,298)	(359,584)
Interest paid	(88,325)	(113,959)	(40,913)	(47,329)
Income taxes paid	(300,030)	(319,686)	(26,899)	(32,279)
<i>Net cash flows from/(used in) operating activities</i>	580,359	751,431	(578,110)	(439,192)
Cash flows from investing activities				
Purchase of plant and equipment	(163,417)	(118,201)	-	-
Purchase and capitalisation of intangibles	(260,694)	(531,051)	-	-
Interest received	2,278	2,278	-	2
Dividends received	-	-	664,329	790,005
<i>Net cash flows(used in)/ from investing activities</i>	(421,833)	(646,974)	664,329	790,007
Cash flows from financing activities				
Proceeds from issue of share capital	359,416	-	359,416	-
Dividends paid	(289,400)	-	(289,400)	-
Shareholders' loans	(8,467)	145,602	-	-
Movement in other payables	(69,429)	81,001	-	-
Repayment of advances from directors	-	(3,318)	(83,870)	-
Proceeds/(repayment) of bank borrowings	353,038	(352,795)	-	(352,795)
<i>Net cash flows from/(used in) financing activities</i>	345,158	(129,510)	(13,854)	(352,795)
Effect of exchange rate fluctuations on translation of cash flows of foreign operations	(4,915)	10,080	-	-
Net movement in cash and cash equivalents	498,769	(14,973)	72,365	(1,980)
Cash and cash equivalents at the beginning of the year	(822,401)	(807,428)	(493,571)	(491,591)
Cash and cash equivalents at the end of the year (note 28)	(323,632)	(822,401)	(421,206)	(493,571)

Crimsonwing plc

Notes to the financial statements

31 March 2014

1 Basis of preparation

Legal Notice 19 of 2009, Accountancy Profession (Accounting and Auditing Standards) Regulations, defines compliance with generally accepted accounting principles and practice as adherence to International Financial Reporting Standards as adopted by the EU for financial periods starting on or after 1 January 2008. These Regulations were deemed to have come into force on 1 October 2008.

Article 4 of Regulation 1606/2002/EC requires that, for each financial year starting on or after 1 January 2005, companies governed by the law of an EU Member State shall prepare their consolidated financial statements in conformity with International Financial Reporting Standards as adopted by the EU if, at their reporting date, their securities are admitted to trading on a regulated market of any EU Member State. This Regulation prevails over the provisions of the Companies Act (Cap. 386) to the extent that the said provisions of the Companies Act are incompatible with the provisions of the Regulation.

Consequently, the separate and the consolidated financial statements are prepared in conformity with International Financial Reporting Standards as adopted by the EU.

These financial statements have also been prepared in accordance with the provisions of the Companies Act (Cap. 386 of the Laws of Malta).

The financial statements have been prepared on the historical cost convention.

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 Company's and the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Initial Application of an International Financial Reporting Standard

In the current year, the company has applied the following:

The June 2011 Amendments to *IAS 1, Presentation of Items of Other Comprehensive Income* applicable for annual periods beginning on or after 1 July 2012 (with earlier application being permitted). These Amendments require companies to group together items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. These Amendments also introduce new terminology, which is not mandatory, for the income statement and the statement of comprehensive income. The IAS 1 Amendments have been applied retrospectively.

Crimsonwing plc

Notes to the financial statements

31 March 2014

1 Basis of preparation (continued)

Initial Application of an International Financial Reporting Standard (continued)

IFRS 13 Fair Value Measurement, applicable for annual periods beginning on or after 1 January 2013 (with earlier application being permitted). IFRS 13 defines fair value, establishes a single source of guidance for fair value measurements and requires disclosures about fair value measurements. IFRS 13 requires prospective application. In accordance with the transitional provisions set out in the Standard, entities need not apply the disclosure requirements in comparative information provided for periods before the initial application of the Standard. Consequently, the Company has not made any new disclosures required by IFRS 13 for the comparative period. The application of IFRS 13 in the current year resulted in these financial statements incorporating the additional disclosure that are required by the standard for certain financial and non-financial items.

IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

During the current year, the Group and the Company have early adopted the May 2013 Amendments to IAS 36, entitled Recoverable Amount Disclosures for Non-Financial Assets, which amend the disclosures to be provided in connection with the recoverable amount of cash generating units.

International Financial Reporting Standards in issue but not yet effective

Certain new standards and amendments, revisions and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are not mandatory for the current accounting period.

The Company and the Group have not early adopted these new standards or these amendments, revisions and interpretations to existing standards.

IFRS 9 – Financial Instruments

IFRS 9 represents the completion of the classification and measurement part of the IASB's project to replace IAS 39. This Standard addresses the classification and measurement of certain financial assets and financial liabilities. IFRS 9 requires financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the assets. The Standard requires financial assets to be subsequently measured at amortised cost or at fair value. The requirements for financial liabilities address the problem of volatility in profit or loss arising from measuring own debt at fair value.

The November 2013 amendments (i) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; (ii) allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 to be applied in isolation without the need to change any other accounting for financial instruments; and (iii) remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. During a meeting held by the IASB on 20 February 2014, the IASB decided that the effective date for this Standard shall be 1 January 2018. At the date of authorisation of these financial statements, this Standard had not yet been endorsed by the EU.

Crimsonwing plc

Notes to the financial statements

31 March 2014

1 Basis of preparation (continued)

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

IFRS 10 - Consolidated financial statements

IFRS 10 Consolidated Financial Statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (that is, whether an entity is controlled through voting rights of the investors or otherwise). IFRS 10 supersedes SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 10 is effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 Disclosure of Interests in Other Entities addresses disclosure requirements for certain interests in other entities, including subsidiaries and unconsolidated structured entities. The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements to evaluate (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.

IFRS 12 is applicable for annual periods beginning on or after 1 January 2014, with earlier application being permitted.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The Amendments clarify the transition guidance in IFRS 10 and provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

The amendments are applicable for annual periods beginning on or after 1 January 2014, with earlier application being permitted.

IFRS 15 - Revenue from Contracts with Customers

The standard is the result of a convergence project between the IASB and the FASB. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions being leases, financial instruments and insurance contracts.

Crimsonwing plc

Notes to the financial statements

31 March 2014

1 Basis of preparation (continued)

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

The Directors are assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements of the Group and the Company in the period of initial application. The Directors anticipate that the adoption of other 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 and the Group 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.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised in the profit and loss as incurred, except for costs to issue debt or equity securities.

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the holding company.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of:

- a. The aggregate of:
 - i. the consideration transferred;
 - ii. the amount of any non-controlling interest in the acquiree; and
 - iii. in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree.
- b. The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Any gain on a bargain purchase, after reassessment, is recognised immediately in profit or loss.

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A listing of the Group's principal subsidiaries is set out in note 26.

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.

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

Plant and equipment (continued)

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.

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.

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

Intangible assets (continued)

After initial recognition, each class of intangible assets is 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.

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.

(ii) 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.

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

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 profit or loss and other comprehensive income only to the extent of distributions received by the company.

Non-controlling interests

Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on an acquisition-by-acquisition basis. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required. After initial recognition, non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the holding company's owners' equity therein. Non-controlling interests in the profit or loss and other comprehensive income of consolidated subsidiaries are also disclosed separately. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Other 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.

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.

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

Other financial instruments (continued)

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 comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

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.

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

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.

In the case of other financial assets tested for impairment, the recoverable amount is the higher of fair value less costs of disposal (which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

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.

Non-financial assets

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

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

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

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

Impairment (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.

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.

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.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

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.

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

Employee benefits

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

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 in other comprehensive income or in equity in which case it is recognised in other comprehensive income or in equity as appropriate.

Current tax is the 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 include the costs incurred in obtaining external financing. Borrowing costs directly attributable to the acquisition or development of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in the profit or loss in the period in which they are incurred.

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

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 Company as this is the currency of the primary economic environment in which the Company 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.

Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income. 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 in other comprehensive income and accumulated in 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 ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Crimsonwing plc

Notes to the financial statements

31 March 2014

2 Significant accounting policies (continued)

Operating segments

An operating segment is a component of an entity (a) that engages in business activities from which it may earn revenues and incur expenses, (b) whose operating results are regularly reviewed by the Group's Executive Board to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

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.

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 fair value calculation, as detailed in note 14.

Recognition of deferred tax assets

Deferred tax assets are recognised for 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.

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.

Crimsonwing plc

Notes to the financial statements

31 March 2014

3 Critical accounting estimates and assumptions (continued)

Impairment in subsidiaries

At year end the Company tests whether investments in subsidiaries have suffered any impairment. Recoverable amounts are based on value in use, which is calculated based on financial standing and cash flow projections of each subsidiary. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins or recoverability of net assets of the subsidiary. Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the asset. Recoverability of net assets is based on value-in-use calculations. In the director's opinion, as of 31 March 2014 investments in subsidiaries are not impaired.

4 Financial risk management

Group

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 Group 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.

Crimsonwing plc

Notes to the financial statements

31 March 2014

4 Financial risk management (continued)

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. 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 23% (2013 - 29%) of the Group's revenue is attributable to sales transactions with two customers. The Group's sales to one customer exceeded 10% of total sales for the year. Sales to this customer amounted to Eur3,327,450 (2013 - Eur3,526,766) and emanated from the United Kingdom segment. The amounts due by the Group's significant customers, included in trade receivables are analysed as follows:

	2014 Eur	2013 Eur
Largest debtor	479,577	429,580
Largest two debtors	835,078	842,855
Largest three debtors	1,074,107	1,149,236

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	
	2014 Eur	2013 Eur
Malta	266,841	154,095
United Kingdom	2,157,116	2,058,162
The Netherlands	1,103,309	1,099,279
Other	400,016	94,921
	3,927,282	3,406,457

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

Crimsonwing plc

Notes to the financial statements

31 March 2014

4 Financial risk management (continued)

Credit risk (continued)

The Group assesses the credit quality of its customers by taking into account their financial standing, past experience and other factors, such as the customers' financial position. Management considers the credit quality of these financial assets as being acceptable. These financial assets do not include any material balances with past default experience. Management is responsible for the quality of the company's credit portfolios and has established credit processes and credit procedures, the objective of which is to build and maintain assets of high quality.

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:

	2014 Eur	2013 Eur
1 month or less	1,461,031	1,350,956
Between 1 and 2 months	65,875	148,785
Over two months	772,451	207,882
	<u>2,299,357</u>	<u>1,707,623</u>

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

Cash at bank

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

Currency risk

The Group is exposed to currency risk on financial instruments that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (Eur) and Sterling (GBP). The exposure arises on balances with foreign operations within the Group where the denomination of the balance is in a currency other than the currency of the lender or borrower. The Group is therefore exposed to currency risk, as the value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto. The Group's net exposure to foreign currencies is not considered to be material and accordingly a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates is not deemed necessary. This assessment has been made by taking into consideration the Euro to Sterling 12 month forward rate at 31 March 2014 and 2013.

Crimsonwing plc

Notes to the financial statements

31 March 2014

4 Financial risk management (continued)

Interest rate risk

The company has taken out bank facilities to finance its operations as disclosed in note 21. The Group also has interest-bearing financial liabilities with shareholders and interest-bearing loan notes, as disclosed in note 21. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restricting its financing structure. The risk arising from changes in interest rates is managed by regular monitoring of the relevant interest rates and management's reaction to material changes thereto. The Group's exposure to changes in interest rates is not considered to be material and accordingly a sensitivity analysis for interest rate risk disclosing how profit or loss and equity would have been affected by changes in interest rates is not deemed necessary. This assessment has been made by taking into consideration the interest-bearing borrowings net of cash at bank at 31 March 2014 and 2013.

Liquidity risk

The Group monitors and manages its risk to a shortage of funds by monitoring forecast and actual cash flows and by maintaining adequate banking facilities. The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the company can be required to pay. The analysis includes both interest and principal cash flows.

Group

	Less than 1 year Eur	Between 1 and 5 years Eur	Total Eur
2014			
Financial liabilities			
Trade and other payables	2,765,658	-	2,765,658
Other financial liabilities	200,583	-	200,583
Bank borrowings	894,471	-	894,471
Other long term payables	-	305,572	305,572
Bank loan	-	279,129	279,129
	<u>3,860,712</u>	<u>584,701</u>	<u>4,445,413</u>
2013			
Financial liabilities			
Trade and other payables	2,972,165	-	2,972,165
Other financial liabilities	319,300	-	319,300
Bank borrowings	971,755	-	971,755
Other long term payables	-	264,751	264,751
	<u>4,263,220</u>	<u>264,751</u>	<u>4,527,971</u>

As disclosed in note 21, the Group has bank overdraft facilities of Eur1,700,000.

Crimsonwing plc

Notes to the financial statements

31 March 2014

4 Financial risk management (continued)

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 Group's directors manage the Group's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the Group balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The capital structure of the group mainly consists of items presented within equity in the statement of financial position. None of the Group entities are subject to externally imposed capital requirements.

Company

The exposures to risk and the way risks arise, together with the company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

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

Financial assets which potentially subject the company to concentrations of credit risk consist principally of receivables.

Receivables mainly comprise amounts due from subsidiary undertakings and the risk is therefore contained within the group of which the company is the parent. Receivables are presented net of an allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk. Management considers the credit quality of those financial assets to be acceptable.

Interest rate risk

The company has taken out bank facilities to finance its operations as disclosed in note 21 and issued interest-bearing notes in the prior year. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restructuring its financing structure.

Crimsonwing plc

Notes to the financial statements

31 March 2014

4 Financial risk management (continued)

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. The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the company can be required to pay. The analysis includes both interest and principal cash flows.

	Less than 1 year Eur	Between 1 and 5 years Eur	Total Eur
2014			
Financial liabilities			
Trade and other payables	40,970	-	40,970
Other financial liabilities	36,766	-	36,766
Bank borrowings	422,327	-	422,327
Other long term payables	-	294,000	294,000
	<u>500,063</u>	<u>294,000</u>	<u>794,063</u>
2013			
Financial liabilities			
Trade and other payables	43,167	-	43,167
Other financial liabilities	230,886	-	230,886
Bank borrowings	495,616	-	495,616
Other long term payables	-	183,750	183,750
	<u>769,669</u>	<u>183,750</u>	<u>953,419</u>

5 Segment reporting

The Group's operating segments are organised into three geographical areas - Malta, United Kingdom and Netherlands. The Group's Executive Board regularly reviews operating activity by geographical location. The Group's operating segments were determined to be geographical locations because the Executive Board uses information on this basis in order to make decisions about resource allocation and assessing performance.

Measurement of segment assets, liabilities, income and expenses is based on the group's accounting policies. Segment income and expenses include transfers between segments. Shared costs are included in segment on the basis of the actual recharges made.

Crimsonwing plc

Notes to the financial statements

31 March 2014

5 Segment reporting (continued)

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. The adjustments pertain to intercompany transactions eliminated on consolidation. The segment NL comprises Crimsonwing BV and VDA Informatiebeheersing BV.

2014	Malta	UK	Netherlands NL	Promentum	Adjustments	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Revenue	9,159,817	10,573,754	2,072,120	5,601,279	(7,320,260)	20,086,710
Direct costs	<u>(5,876,198)</u>	<u>(8,767,533)</u>	<u>(1,545,341)</u>	<u>(869,440)</u>	<u>4,205,379</u>	<u>(12,853,133)</u>
Gross profit	3,283,619	1,806,221	526,779	4,731,839	(3,114,881)	7,233,577
Other income	-	12,448	1,091,640	-	(1,091,640)	12,448
Administrative expenses	<u>(1,650,544)</u>	<u>(1,118,153)</u>	<u>(328,331)</u>	<u>(4,413,814)</u>	<u>2,472,750</u>	<u>(5,038,092)</u>
EBITDA	<u>1,633,075</u>	<u>700,516</u>	<u>1,290,088</u>	<u>318,025</u>	<u>(1,733,771)</u>	<u>2,207,933</u>
Amortisation and depreciation						<u>(691,522)</u>
Results from operating activities						1,516,411
Net finance expense						<u>(86,047)</u>
Profit before income tax						1,430,364
Income tax expense						<u>(8,520)</u>
Profit for the year						<u><u>1,421,844</u></u>

Eur5,730,956 of the eliminating adjustments between revenue and direct costs are sales from the Malta segment to the UK segment.

Crimsonwing plc

Notes to the financial statements

31 March 2014

5 Segment reporting (continued)

2013

	Malta	UK	Netherlands NL	Promentum	Adjustments	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Revenue	7,685,895	8,946,581	1,693,528	6,200,234	(6,760,622)	17,765,616
Direct costs	<u>(4,808,766)</u>	<u>(7,213,856)</u>	<u>(1,363,606)</u>	<u>(1,386,642)</u>	<u>3,479,937</u>	<u>(11,292,933)</u>
Gross profit	2,877,129	1,732,725	329,922	4,813,592	(3,280,685)	6,472,683
Other income	-	-	95,983	-	(89,091)	6,892
Administrative expenses	<u>(1,418,755)</u>	<u>(1,371,308)</u>	<u>(337,863)</u>	<u>(4,285,814)</u>	<u>2,579,771</u>	<u>(4,833,969)</u>
EBITDA	<u>1,458,374</u>	<u>361,417</u>	<u>88,042</u>	<u>527,778</u>	<u>(790,005)</u>	<u>1,645,606</u>
Amortisation and depreciation						<u>(552,450)</u>
Results from operating activities						1,093,156
Net finance expense						<u>(111,681)</u>
Profit before income tax						981,475
Income tax expense						<u>(144,327)</u>
Profit for the year						<u><u>837,148</u></u>

Eur5,464,463 of the eliminating adjustments between revenue and direct costs are sales from the Malta segment to the UK segment.

Crimsonwing plc

Notes to the financial statements

31 March 2014

5 Segment reporting (continued)

The adjustments pertain to intercompany balances eliminated on consolidation. The segment NL comprises Crimsonwing BV and VDA Informatiebeheersing BV.

	Malta		United Kingdom		The Netherlands		Adjustments		The Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Segment assets	9,477,912	8,570,990	4,454,118	3,020,030	1,860,761	1,958,625	(6,713,692)	(5,530,731)	9,079,099	7,955,914
Deferred tax assets	-	-	-	-	440,055	440,055	-	-	440,055	440,055
Total assets									9,519,154	8,395,969
Segment liabilities	2,153,425	2,136,519	3,412,413	2,477,046	2,430,289	3,823,208	(3,407,499)	(3,486,408)	4,588,628	4,950,365
Deferred tax liability	-	-	46,018	48,042	-	-	-	-	46,018	48,042
Total liabilities									4,634,646	4,998,407
Capital expenditure	187,811	86,532	24,296	9,956	212,004	21,713	-	-	424,111	118,201
Depreciation and amortization	192,444	61,664	113,016	25,385	281,062	237,568	105,000	227,833	691,522	552,450

Crimsonwing plc

Notes to the financial statements

31 March 2014

6 Investment income

	Group		Company	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Interest income on bank deposits	2,278	2,278	-	2
Dividend income	-	-	664,329	790,005
	<u>2,278</u>	<u>2,278</u>	<u>664,329</u>	<u>790,007</u>

7 Finance expenses

	Group		Company	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Interest on bank overdrafts and loans	77,287	89,500	29,888	42,735
Interest on shareholders loans	11,038	24,459	11,025	4,594
	<u>88,325</u>	<u>113,959</u>	<u>40,913</u>	<u>47,329</u>

8 Profit before tax

This is stated after charging:

	Group		Company	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Auditor's remuneration	49,000	49,000	9,000	9,000
Depreciation of plant and equipment	141,648	100,753	-	-
Amortisation of intangibles	549,874	451,697	-	-
Operating lease payments	435,445	523,068	-	-
Net exchange differences	7,063	141	-	-

Other fees payable to the auditor comprise *Eur1,250* (2013 –*Nil*) for non-audit services.

Crimsonwing plc

Notes to the financial statements

31 March 2014

9 Key management personnel compensation

Directors' compensation:

	Group		Company	
	2014 Eur	2013 Eur	2014 Eur	2013 Eur
<i>Short-term benefits:</i>				
Directors' fees	20,000	38,412	20,000	20,000
Directors' emoluments	146,239	403,999	-	-
Other key management personnel	874,681	818,806	-	-
	<u>1,040,920</u>	<u>1,261,217</u>	<u>20,000</u>	<u>20,000</u>

During the year under review, one of the directors waived the emoluments to which he was entitled to.

10 Staff costs and employee information

	Group	
	2014 Eur	2013 Eur
<i>Staff costs:</i>		
Wages and salaries	10,826,481	9,199,916
Social security contributions	1,037,476	881,853
	<u>11,863,957</u>	<u>10,081,769</u>

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

	Group	
	2014 Number	2013 Number
Operational	222	209
Accounts and administration	40	35
	<u>262</u>	<u>244</u>

Crimsonwing plc

Notes to the financial statements

31 March 2014

11 Income tax expense

	Group		Company	
	2014 Eur	2013 Eur	2014 Eur	2013 Eur
Current tax charge	10,544	122,657	26,899	32,279
Deferred tax (credit)/charge	(2,024)	21,670	-	-
	8,520	144,327	26,899	32,279

Income tax in Malta is calculated at a basic rate of 35% (UK corporation tax rate applicable of 23%) 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:

	2014 Eur	2013 Eur	2014 Eur	2013 Eur
Profit before tax	1,430,364	981,475	455,975	605,364
<i>Tax at 35%</i>	500,627	343,516	159,591	211,877
<i>Tax effect of:</i>				
Exempt income in terms of Regulation 38 (4) of the Business Promotion Regulations	(258,808)	(114,279)	-	-
Income taxed at lower rates	(227,082)	(73,675)	-	(825)
Exempt dividend income	(44,343)	(79,051)	(44,343)	(79,051)
Effect of consolidation adjustments not subject to tax	455,350	161,985	-	-
Depreciation charges not deductible by way of capital allowances in determining taxable income	(10,520)	-	-	-
Disallowable expenses	72,585	57,145	72,972	64,625
Income tax refundable	(161,321)	(164,347)	(161,321)	(164,347)
Prior year adjustments	22,590	-	-	-
Utilisation of tax losses	(288,249)	-	-	-
Other timing differences	(52,309)	13,033	-	-
Income tax expense	8,520	144,327	26,899	32,279

Crimsonwing plc

Notes to the financial statements

31 March 2014

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	
	2014	2013
	EUR	EUR
Profit attributable to ordinary shareholders	<u>1,421,844</u>	<u>770,067</u>
	2014	2013
	No.	No.
Weighted average number of shares	<u>29,126,145</u>	<u>27,189,315</u>

There is no difference between basic and diluted earnings per share as the Company has no potential dilutive ordinary shares.

13 Dividends

In respect of the current year, a net dividend of EUR289,400 (1 Euro cent per ordinary share) was paid to ordinary shareholders.

Crimsonwing plc

Notes to the financial statements

31 March 2014

14 Intangible assets

Group				
	Goodwill Eur	Computer software for internal use Eur	Computer software for commercial use Eur	Total Eur
Cost				
At 01.04.2012	1,492,474	77,043	3,194,292	4,763,809
Translation adjustment	(3,456)	-	-	(3,456)
Additions	-	-	531,051	531,051
Written off	-	(16,748)	(26,042)	(42,790)
At 01.04.2013	1,489,018	60,295	3,699,301	5,248,614
Translation adjustment	-	-	11,882	11,882
Additions	-	88,693	172,001	260,694
At 31.03.2014	1,489,018	148,988	3,883,184	5,521,190
Amortisation				
At 01.04.2012	-	49,281	1,032,112	1,081,393
Charge for the year	-	8,997	442,700	451,697
Released on write off	-	(16,748)	(26,042)	(42,790)
At 01.04.2013	-	41,530	1,448,770	1,490,300
Charge for the year	-	9,148	540,726	549,874
Translation adjustment	-	-	1,574	1,574
At 31.03.2014	-	50,678	1,991,070	2,041,748
Carrying amount				
At 31.03.2013	1,489,018	18,765	2,250,531	3,758,314
At 31.03.2014	1,489,018	98,310	1,892,114	3,479,442

Crimsonwing plc

Notes to the financial statements

31 March 2014

14 Intangible assets (continued)

During the year, development costs amounting to *Eur260,694 (2013- Eur 531,051)* were capitalised. These represent costs incurred in relation to the development of software products which are being amortised over a period of 5 to 10 years. No borrowing costs were incurred in relation to the development of the software. The amortisation charge for the year is included in other 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 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 as explained further below.

Goodwill has therefore been recognised in relation to two separately identifiable cash-generating units.

Promentum Business – EUR1,186,774

At the year-end, the goodwill was tested for impairment on a fair value basis. The carrying amount of goodwill approximates its fair value and is deemed to be a Level 2 measurement.

The goodwill associated with the Promentum business arose on the acquisition of 51% of the shareholding in Crimsonwing Promentum Holdings BV in 2008. The business has operated soundly and is in a healthy financial position. The impairment assessment of this cash-generating unit is made on the basis of actual results for the year just ended multiplied by a Price/Sales ratio of between 1.0 to 1.2 or a Price/Earnings ratio of 15, being industry wide ratios for market valuations of IT software/services businesses.

During the prior year, the Company acquired the remaining 49% shareholding in Crimsonwing Promentum Holdings BV as disclosed in note 17. The enterprise valuation of Promentum Holdings BV was EUR2,400,000. The total purchase consideration of EUR1,176,000 (49%) was in the form of 2,940,000 Crimsonwing PLC shares valued at a subscription value of 30 euro cents per share for 75% of the consideration and four year loan notes to the value of Eur294,000 for the remaining 25% of the consideration.

Peracto Business – EUR302,244

In July 2007 Crimsonwing Limited acquired the business of Peracto Solutions Limited which gave rise to goodwill of EUR305,000 and which relates to customers of the business generating a separate revenue stream. The impairment assessment of this cash-generating unit is based on the cash flows generated by these customers in the year just ended and which comfortably support the carrying value of the goodwill.

Crimsonwing plc

Notes to the financial statements

31 March 2014

15 Plant and equipment

Group

	Computer equipment Eur	Furniture, fittings and other equipment Eur	Total Eur
Cost			
At 01.04.2012	694,078	468,356	1,162,434
Acquisitions	20,524	97,677	118,201
Disposals	(49,186)	(36,783)	(85,969)
Effect of movements in exchange rates	2,347	2,005	4,352
At 01.04.2013	667,763	531,255	1,199,018
Acquisitions	60,642	102,775	163,417
Disposals	(118,027)	(80,852)	(198,879)
Effect of movements in exchange rates	1,424	1,172	2,596
At 31.03.2014	611,802	554,350	1,166,152
Accumulated depreciation			
At 01.01.2012	528,901	404,487	933,388
Charge for the year	33,727	67,026	100,753
Release on disposals	(47,900)	(36,783)	(84,683)
Effect of movements in exchange rates	2,108	2,400	4,508
At 01.01.2013	516,836	437,130	953,966
Charge for the year	43,559	98,089	141,648
Release on disposals	(116,379)	(80,852)	(197,231)
Effect of movements in exchange rates	1,251	1,085	2,336
At 31.03.2014	445,267	455,452	900,719
Carrying amounts			
At 31.03.2013	150,927	94,125	245,052
At 31.03.2014	166,535	98,898	265,433

Crimsonwing plc

Notes to the financial statements

31 March 2014

16 Deferred tax asset/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		
	Opening Balance	Movement for the year	Movement for the year
	Eur	recognised in profit or loss	recognised in other comprehensive income
	Eur	Eur	Eur
Asset			
<i>Arising on:</i>			
Tax losses carried forward	440,055	-	-
	<u>440,055</u>	<u>-</u>	<u>-</u>
Liability			
<i>Arising on:</i>			
Accelerated tax depreciation	9,933	(280)	-
Other temporary differences	(26,884)	(21,390)	-
Deferred tax liability of foreign entity translated at foreign exchange rates at year-end	(9,517)	-	96
	<u>(26,468)</u>	<u>(21,670)</u>	<u>96</u>
	<u>(26,468)</u>	<u>(21,670)</u>	<u>96</u>
2014			
	Opening Balance	Movement for the year	Movement for the year
	Eur	recognised in profit or loss	recognised in other comprehensive income
	Eur	Eur	Eur
Asset			
<i>Arising on:</i>			
Tax losses carried forward	440,055	-	-
	<u>440,055</u>	<u>-</u>	<u>-</u>
Liability			
<i>Arising on:</i>			
Accelerated tax depreciation	9,653	-	-
Other temporary differences	(48,274)	2,024	-
Deferred tax liability of foreign entity translated at foreign exchange rates at year-end	(9,421)	-	-
	<u>(9,421)</u>	<u>-</u>	<u>-</u>
	<u>(48,042)</u>	<u>2,024</u>	<u>-</u>
	<u>(48,042)</u>	<u>2,024</u>	<u>-</u>

Crimsonwing plc

Notes to the financial statements

31 March 2014

16 Deferred tax asset/liability (continued)

The deferred tax asset arises on overseas subsidiaries which have undergone significant changes and restructuring over the past years. 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 improved financial performance in the year just ended. The directors will continue to monitor the position on an ongoing basis.

The profit for the year absorbed Eur288,249 of the deferred tax asset whilst that a further Eur288,249 was recognised. At 31 March 2014 the Group had unabsorbed tax losses of Eur2,823,156 (2013 – Eur4,078,911) on which no deferred tax asset was recognised. The timing and extent of the crystallisation of this asset remains uncertain and has therefore not been recognised.

17 Investments in subsidiaries

These are stated at cost and comprise:

	Eur
Carrying amount	
At 31.03.2013	4,366,468
	<u> </u>
At 31.03.2014	4,366,468
	<u> </u>

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

During the prior year, the company increased its investment in Promentum Holdings BV, through the acquisition of the remaining 49% stake from former shareholders, for a consideration of Eur 1,176,000. This consideration was settled partly by issuing four year loan notes and partly by way of issuing 2,940,000 Crimsonwing plc shares valued at a subscription value of 30 euro cents per share.

This acquisition brought the shareholding up to 100% from the 51% holding held on the 31 March 2012. This change in the ownership interest did not result in a change in the classification of Promentum Holdings BV as a subsidiary. Accordingly, the difference between the amount by which the non-controlling interests have been adjusted and the fair value of the consideration paid amounting to Eur 1,176,000, has been recognised directly in equity and attributed to the owners of the parent.

The Group entities are disclosed in note 27.

Crimsonwing plc

Notes to the financial statements

31 March 2014

18 Loans and receivables

	Group		Company	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Amounts due from subsidiary undertakings	-	-	1,000,000	-

Amounts due from subsidiary undertakings are interest free and unsecured and have no fixed date for repayment. These amounts are not expected to be realised within twelve months after the reporting period.

19 Trade and other receivables

	Group		Company	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Trade receivables	3,927,281	3,440,846	-	-
Other receivables	77,500	122,517	-	-
Prepayments and accrued income	803,519	223,970	-	-
Amounts due from subsidiary undertakings	-	-	716,168	1,388,641
Amounts due from related parties	2,482	2,482	2,482	2,482
Amounts due from shareholders	26,512	13,379	26,512	13,379
	4,837,294	3,803,194	745,162	1,404,502

The amounts due from subsidiary and related undertakings are interest free and unsecured and though they have no fixed date for repayment, they are expected to be realised within twelve months from the end of the reporting period.

20 Trade and other payables

	Group		Company	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Trade payables	668,907	596,301	-	-
Amounts due to director	106,820	191,583	-	-
Other taxes and social security	738,418	1,159,408	-	-
Other payables	530,436	495,449	-	-
Accruals and deferred income	721,077	529,424	40,970	43,167
	2,765,658	2,972,165	40,970	43,167

Crimsonwing plc

Notes to the financial statements

31 March 2014

20 Trade and other payables (continued)

Trade payables are expected to be settled within twelve months from the end of the reporting period.

The amounts due to the director have no fixed date of repayment, and the Group has no unconditional right to defer settlement of these loans for at least twelve months after the end of the reporting period. These amounts are interest free and unsecured.

21 Bank borrowings

	Group		Company	
	2014 Eur	2013 Eur	2014 Eur	2013 Eur
Bank overdrafts	820,562	971,755	422,327	495,616
Bank loans	353,038	-	-	-
Less: amounts due for settlement within twelve months	(894,471)	(971,755)	(422,327)	(495,616)
	<u>279,129</u>	<u>-</u>	<u>-</u>	<u>-</u>

Bank overdrafts and loans are repayable as follows:

	2014 Eur	2013 Eur	2014 Eur	2013 Eur
On demand and within one year	894,471	971,755	-	-
In the second year	78,740	-	-	-
In the third year	83,889	-	-	-
In the fourth year	89,374	-	-	-
After five years	27,126	-	-	-
	<u>1,173,600</u>	<u>971,755</u>	<u>-</u>	<u>-</u>

The Group has bank overdraft facilities totalling Eur1,700,000 (2013- Eur1,300,000). The overdraft facilities bear interest at 4.00% to 6.35% over the bank's base rate and the bank loan bears interest at 6.35% (2013 – 4.00% to 6.45% over the bank's base rate). These borrowings are secured by a general hypothec over the Group's future and present assets of Eur 3,300,000 (2013 – Eur2,650,000).

Crimsonwing plc

Notes to the financial statements

31 March 2014

22 Other financial liabilities

	Group		Company	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Shareholders loan	200,583	319,300	-	-
Amounts due to subsidiary undertakings	-	-	36,146	36,146
Amounts due to director	-	-	620	84,490
Other payables	305,572	264,751	294,000	294,000
Less: Amounts due for settlement within twelve months	(200,583)	(319,300)	(36,766)	(230,886)
Amounts due for settlement after twelve months	305,572	264,751	294,000	183,750

The shareholder's loan amounting to Eur200,583 (2013- Eur319,300) is due for repayment six months after the date of the first drawdown. The loan is unsecured and bears interest of 5% (2013- 5%) above the bank's base rate per annum. Interest is payable three monthly in arrears and amounted to EurNil (2013- Eur19,095). The shareholder has waived his right under the terms of the loan agreement to have the balance of the loans repaid to him within 6 months after the date of the first drawdown of the advance.

The amounts due to subsidiary undertakings and directors have no fixed date for repayment and the company has no unconditional right to defer settlement of these loans for at least twelve months after the end of the reporting period. These amounts are interest free and unsecured.

The four year loan notes emanating from the transaction described in note 17 and amounting to Eur294,000 bear interest of 3% over the ECB rate and are due for repayment by the 1 November 2016.

23 Capital and reserves

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

	2014 and 2013	Group and Company	
	Authorised No	2014 Issued and fully paid up No	2013 Issued and fully paid up No
Ordinary shares of Eur0.10 each	500,000,000	29,582,482	28,940,000
		2014 Issued and fully paid EUR	2013 Issued and fully paid EUR
Ordinary shares of Eur0.10 each		2,958,248	2,894,000

Crimsonwing plc

Notes to the financial statements

31 March 2014

23 Capital and reserves (continued)

On 9 December 2013, the issued shares and issued share capital were increased to 29,582,484 and Eur2,958,248 respectively. The shares were issued at a premium of 45.94 euro cents per share, thus increasing the amount in share premium by Eur295,169.

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

On 25 October 2007, the Company became the new parent of the Group following the purchase of all of the equity capital in the original parent, through the issue of shares to the original shareholders of the original parent. This reserve arose as a result of the application of the principles of predecessor accounting in the treatment of the latter reorganisation. The 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.

Other equity

The movement in other equity represents the effect of the acquisition of the remaining part of interest in a subsidiary during the prior year as explained in note 17.

Translation reserve

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

24 Fair values of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and Company determine when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

Crimsonwing plc

Notes to the financial statements

31 March 2014

24 Fair values of financial assets and financial liabilities (continued)

The reported carrying amounts at the respective balance sheet dates of the Group's and the company's financial instruments, other than the investments in subsidiaries, 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 based on discounted cash flows and are determined not to be materially different from their carrying amounts either because of their short-term maturities or because the interest rate re-prices annually. Their carrying amounts therefore approximate their fair values and are deemed to be a Level 2 measurement.

25 Operating leases

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

	2014 Eur	2013 Eur
Within one year	<u>385,601</u>	<u>433,977</u>

Crimsonwing Malta Limited has six separate lease agreements in place at year end, with varying lengths of duration up to 2017 at which time they will be renegotiated.

The lease at Crimsonwing Limited expired in July 2013, it was extended for another 5 years and will expire in July 2018.

None of the lease agreements are subject to contingent rent nor is there an option to purchase the property at the end of the lease term.

26 Related parties

Crimsonwing plc is the parent company of the entities listed in note 27. Crimsonwing plc is controlled by David Walsh who holds 43.88% of the issued share capital of the Company.

Key management personnel compensation is disclosed in note 9.

Amounts due to directors are disclosed in notes 20 and 22.

Amounts due to and from related parties, subsidiary undertakings and shareholders are disclosed in notes 18, 19 and 22.

These amounts will be settled in cash. No guarantees have been given or received in respect of these balances.

The terms and conditions of the related party balances and transactions referred to above are disclosed in notes 9, 18, 19, 20, and 22.

Dividend income is disclosed in note 6 and interest expense is disclosed in note 7.

Crimsonwing plc

Notes to the financial statements

31 March 2014

27 Group entities

			Ownership interest	
	Nature of business	Country of Incorporation	2014 %	2013 %
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	100	100
Crimsonwing Group Limited	Holding company	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.

28 Cash and cash equivalents

	Group		Company	
	2014 EUR	2013 EUR	2014 EUR	2013 EUR
Cash at bank and on hand	496,930	149,354	1,121	2,045
Bank overdraft	(820,562)	(971,755)	(422,327)	(495,616)
	<u>(323,632)</u>	<u>(822,401)</u>	<u>(421,206)</u>	<u>(493,571)</u>

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

Independent auditor's report

to the members of

Crimsonwing plc

We have audited the accompanying financial statements of Crimsonwing plc ("the Company") and its Group (together "the Group") set out on pages 21 to 64, which comprise the statements of financial position of the Company and the Group as at 31 March 2014, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As explained more fully in the statement of directors' responsibilities on page 9, the directors of the company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Companies Act (Chap. 386), and for such 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.

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 about 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 judgment, 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 of financial statements that give a true and fair view 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 financial statements give a true and fair view of the financial position of Crimsonwing plc and its Group as at 31 March 2014, and of the Company's and its Group's financial performance and its 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 as Director
in the name and on behalf of
Deloitte Audit Limited

Deloitte Place
Mriehel Bypass
Mriehel
Malta
Registered auditor

17 July 2014

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 2014

	Number of shares
David Walsh	12,981,012
Philip Crawford	6,351,384
Kees Brussen (directly and indirectly)	491,730
Albert Muscat	50,863
Tom Meehan	48,828

Shareholders holding more than 5% of the equity as at 31st March 2014

David Walsh	43.88%
Philip Crawford	21.47%
HSBC Bank Malta plc as custodian for Amount SICAVs Malta	13.01%

Distribution of shares analysed by range

As at 31 March 2014

Range of shareholding	No. of shareholders
1 – 500	6
501 – 1000	11
1001 – 5000	121
5000 & over	136