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Registered in Malta: C42234

Company Announcement

Crimsonwing plc

Approval of Interim Consolidated Financial Statements

Date of Announcement	24/11/2009
Reference	22/2009
Listing Rule	LR8.7.21

This is a Company Announcement being made by the Company in compliance with Chapter 8 of the Listing Rules:

Quote:

"At a meeting of the directors the interim consolidated financial statements for the financial period ending 30 September 2009 were approved. The interim consolidated financial statements are available for viewing at the registered office of the company, and are attached."

Unquote

Signed:

Louis de Gabriele
Company Secretary



Crimsonwing plc

**Interim financial report and directors'
commentary**

30 September 2009

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Directors' commentary

Interim condensed consolidated financial statements 30 September 2009

Performance review

Overview

The Directors are pleased to report a very good first half performance for Crimsonwing in 2009, with revenues holding up well, and profits well ahead of the same period last year. This would not have been achieved without the loyalty of long standing clients, and the efforts and personal commitments of Crimsonwing staff.

The first half of 2009 has seen a continuation of tough trading conditions in our main markets, with both the UK and The Netherlands remaining in recession throughout this reporting period. However, despite these demanding conditions Crimsonwing has delivered a very solid first half performance, and is in an excellent position to take advantage of the anticipated second half recovery in the markets.

Crimsonwing re-positioned its cost base well before the year start, but without compromising the business development, product research and development and personnel training to support existing and new opportunities. Careful cost management, and ongoing reduction in overheads, together combined with sustained revenues meant that the EBITDA of Crimsonwing increased substantially to €402,942 (2008: €26,111). At the net profit level, after interest, tax and amortisation of software, the net profit was €151,510 (2008: a loss of €58,677).

Gross margins were excellent, improving to 62.4% (2008: 60.2%), and administration costs were reduced by 10.7% from €3,753,680 to €3,352,009.

Compared to the same period last year, UK Sterling again declined against the Euro from an average of €1.27: £1 (1H 2008) to €1.13: £1 (1H 2009). This had the effect of reducing the consolidation of our UK Sterling revenues to Euro of around €420,000. Crimsonwing



actual consolidated revenues in this period were €6,016,979 (2008: €6,282,171) which represents a decline of 4%, however, on a like-for-like exchange rate basis the revenues are ahead by 2.5%. For the revenues to hold up this way, during a very severe recession, is a very good outcome.

Crimsonwing budgets for 2009 have been built around UK Sterling and Euro rates of €1.1: £1. Whilst not affecting actual consolidations, Crimsonwing entered into forward contracts to protect this budget rate, and hence its cash, and has as a result enjoyed a period of better than budget rates during the first half 2009. Additionally, employees of Crimsonwing (Malta) voluntarily and unanimously linked an element of income to the exchange rate. This internal hedging, also helped to offset exchange rate fluctuations, and represented a superb response by Crimsonwing employees.

The credit crunch put some of our clients under severe financial pressures, and as a result Crimsonwing had to agree extended payment terms to support income already derived from completed and invoiced work. It has been a source of consternation to the Directors, that in the UK particularly, Crimsonwing has effectively been financing its client projects, and supporting its clients more than certain of the Banks. This combined with some softening in debtor days has meant that cash management has been crucial. Nevertheless Crimsonwing has managed through this situation, and as profits have been recorded every month, the situation is gradually easing.

Sector Reporting

Crimsonwing UK – The markets were slow in the UK during the first half, but despite this new business was closed notably within a new property management sector (with a *Dynamics* based offer), and new e-business clients (with our new *Magento* based offer). The printing vertical was quiet as new projects were suspended due to the recession, however across this vertical activity is now moving ahead in the second half. But overall the operating profits (EBITDA) in this sector were much improved over the same period as last year at €189,041 (2008: €49,760).

Crimsonwing BV – This business was predominantly based enterprise level e-business solutions, and although good progress was made the business suffered somewhat from the potential take-over of one of its major clients by a major vendor: whilst this is yet to be approved by the relevant regulatory authorities it did mean a slow-down in project work at the client. Nevertheless operating losses in the period were reduced to



(€31,915) (2008: a loss of €49,574). It should be noted however, that a large part of Crimsonwing BV's work is undertaken by Crimsonwing (Malta), and that the contribution was over €240,000 in the first half. Crimsonwing BV has now also adopted the *Magento* platform in its proposition and there are now new client projects scheduled in the second half.

Crimsonwing VDA – This company has now been with Crimsonwing since July 2008, and the whole business has been re-structured with the cost base re-aligned to the revenues. Overall overheads have been reduced from around €200,000 per month to €130,000 per month since acquisition. This business has a strong vertical offer in the Media & Entertainment sector, which like others has been impacted by the recession (in the Netherlands). Nevertheless, the business made a modest operating profit in the period at €45,181 (2008: €25,319 in three months).

Crimsonwing Promentum – This business provides *Dynamics* solution both the end user clients and to the Microsoft partner channel. During the first half the work with partners dried up as they sought to tough out the recession and pulled back from partner services. Fortunately Crimsonwing Promentum has been building more business with end user clients, which compensated somewhat from this down turn. The business broke even in the first half with an operating profit of €16,204 (2008: €95,173). Second half activity is now strengthening with The Netherlands coming out of recession, and we are seeing the return of partner services as well as new direct client opportunities.

Crimsonwing Malta – This business pre-dominantly services the UK and Dutch operations, but also undertakes work with a growing number of local (Maltese) based businesses, and others notably in Italy and Germany. Within Crimsonwing Malta there is a great deal of experience, with for example over 35 people still with the company since its foundation over 10 years ago. Operating profits in the period were excellent at €225,600 (2008: a loss of €27,434).

Crimsonwing Group (PLC) – this is a cost centre which accommodates some PLC overheads including non-executive fees, loan interest, audit fees, etc. Costs have been well managed and compare very favourably with the same period last year. This period's administrative expenses down at €41,249 (2008: €67,133).

Summary



The Directors feel that they have executed the correct actions to navigate through the remnants of the recessionary markets of the first half year, and have fared well against the dual challenges of slowing business and the banking crisis. This has been underpinned through the considerable personal commitment of the Crimsonwing staff and directors, and the support of our long standing clients which we very much appreciate. As a result the first half revenues compare very favourably with the same period last year, and the overall profitability is much improved.

We look forward to further improving our position during the second half 2009.



Statement pursuant to Listing Rule 9.44k.3 issued by the Listing Authority

Interim financial statements 30 September 2009

We confirm that to the best of our knowledge:

- The condensed interim financial information gives a true and fair view of the financial position of the company as at 30 September 2009, and of its financial performance and its cash flows for the period then ended and conform with the requirements of the accounting standards adopted for use in the EU for interim financial statements, including IAS 34: Interim Financial Reporting; and
- The interim Directors' Report includes a fair review of the information provided as required in terms of Listing Rule 9.44.2.

Louis de Gabriele
Director

A handwritten signature in black ink, appearing to read 'Louis de Gabriele', is written over the printed name and title.

David Walsh
Director

A handwritten signature in black ink, appearing to read 'David Walsh', is written over the printed name and title.



Crimsonwing Plc
Condensed consolidated statement of comprehensive income

Period ended 30 September 2009

	6 months to Sep-09 (unaudited) Eur	6 months to Sep-08 (unaudited) Eur
Revenue	6,016,979	6,282,171
Direct costs	(2,262,028)	(2,502,400)
Gross profit	3,754,951	3,779,771
Administrative expenses excluding depreciation and amortisation	(3,352,009)	(3,753,660)
EBITDA	402,942	26,111
Other administrative expenses		
Amortisation and depreciation	(194,975)	(60,000)
Results from operating activities	207,967	(33,889)
Finance income	7,763	9,096
Finance expenses	(62,286)	(31,949)
Net finance income	(54,523)	(22,853)
Profit/(loss) before income tax	153,444	(56,742)
Income tax expense	(1,934)	(1,935)
Profit/(loss) for the period	151,510	(58,677)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(10,100)	28,332
Total comprehensive income for the period	141,410	(30,345)
Profit/(loss) for the period attributable to:		
Non-controlling interests	286	43,688
Equity holders of the parent	151,224	(102,365)
	151,510	(58,677)
Total comprehensive income attributable to:		
Non-controlling interests	286	(43,688)
Equity holders of the parent	141,124	13,343
	141,410	(30,345)
Earnings/(loss) per share	0.006	(0.004)





Crimsonwing Plc
Consolidated statement of financial position

Period ended 30 September 2009

	Sep-09 (unaudited) Eur	Mar-09 (audited) Eur
ASSETS		
Intangibles	3,443,120	3,567,502
Plant and equipment	283,080	322,098
Deferred tax assets	537,624	508,738
Total non-current assets	4,263,823	4,398,338
Trade and other receivables	3,269,300	3,137,432
Cash and cash equivalents	258,830	266,530
Current tax assets	8,242	-
Total current assets	3,536,372	3,403,962
Total assets	7,800,195	7,802,300
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	2,600,000	2,600,000
Share premium	722,572	722,572
Other reserves	158,791	168,891
(Accumulated losses)/retained earnings	(174,569)	(325,793)
	3,306,794	3,165,670
Non-controlling interests	237,941	237,655
Total equity	3,544,735	3,403,325
LIABILITIES		
Current		
Trade and other payables	2,455,271	2,718,868
Income tax payable	7,023	35,051
Bank borrowings	772,441	646,699
	3,234,735	3,400,618
Non-current		
Bank borrowings	1,020,725	998,357
Total liabilities	4,255,460	4,398,975
Total equity and liabilities	7,800,195	7,802,300

These accounts were approved by the Board on 24th November 2009.



Crimsonwing Plc
Condensed consolidated statement of changes in equity

Period ended 30 September 2009

	Attributable to the holders of the parent						
	Share	Share	Retained	Reorganisation	Translation	Minority	Total
	capital	premium	earnings	Reserve	reserve		
	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Balance at 31 March 2008	2,600,000	722,572	532,030	186,219	(68,812)	139,764	4,111,773
Equity dividends	-	-	(260,000)	-	-	-	(260,000)
Translation adjustment	-	-	-	-	28,332	-	28,332
Net income/(expense) recognised							
directly in equity	-	-	(260,000)	-	28,332	-	(231,668)
Loss for the period	-	-	(102,365)	-	-	43,688	(58,677)
Total recognised income and expense							
for the year	-	-	(362,365)	-	28,332	43,688	(290,345)



Balance at 30 September 2008	2,600,000	722,572	169,665	186,219	(40,480)	3,637,976	183,452	3,821,428
Balance at 31 March 2009	2,600,000	722,572	(325,793)	186,219	(17,328)	3,165,670	237,655	3,403,325
Translation adjustment	-	-	-	-	(10,100)	(10,100)	-	(10,100)
Net income/(expense) recognised directly in equity	-	-	-	-	(10,100)	(10,100)	-	(10,100)
Profit for the period	-	-	151,224	-	-	151,224	286	151,510
Balance at 30 September 2009	2,600,000	722,572	(174,569)	186,219	(27,428)	3,306,794	237,941	3,544,735



Crimsonwing Plc
Condensed consolidated statement of cash flows

Period ended 30 September 2009

	6 months to Sep-09 (unaudited) Eur	6 months to Sep-08 (unaudited) Eur
Cash flows from operating activities		
Cash generated from operations	28,961	130,124
Interest paid	(62,286)	(29,383)
Income tax paid	(36,270)	(39,249)
Net cash generated from operations	(69,595)	61,492
Cash flows from investing activities		
Acquisition of subsidiary	-	(1,894,150)
Purchases of property, plant and equipment	(15,900)	(176,823)
Purchases of intangibles	(79,999)	-
Interest received	7,763	9,477
Net cash used in investing activities	(88,136)	(2,061,496)
Cash flows from financing activities		
Proceeds from bank borrowings	148,110	1,436,711
Dividends paid to ordinary shareholders	-	(260,000)
Net cash used in financing activities	148,110	1,176,711
Net decrease in cash and cash equivalents	(9,621)	(823,293)
Cash and cash equivalents at the beginning of the period	266,530	1,031,623
Exchange gains/(losses) on cash	1,922	(46,635)
Cash and cash equivalents at the end of the period	258,831	161,695



Crimsonwing Plc

Notes to the interim condensed consolidated financial statements

30 September 2009

1. Reporting entity

Crimsonwing plc is a company registered and domiciled in Malta. The condensed consolidated interim financial statements as at and for the six months ended 30 September 2009 comprise the company and all its subsidiaries including Crimsonwing Ltd, Crimsonwing BV, Crimsonwing Promentum Holdings BV, VDA Informatiebeheersing BV and Crimsonwing (Malta) Ltd.

2. Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 September 2009 have been extracted from the unaudited management accounts of the Group and have been prepared in accordance with International Financial Reporting Standard 34 *Interim Financial Reporting* and in terms of the Malta Financial Services Authority Listing Rules Chapters 8 and 9.

The financial information has been extracted from the company's unaudited interim financial statements for six month period ended 30 September 2009. The comparative amounts reflect the position of the company as included in the audited financial statements as at 31 March 2009 and the unaudited results for the period ended 30 September 2008.

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009 except for the impact of the adoption of Standards and Interpretations effective during the period as described below. These policies have had no material impact on the reported results or the financial position of the Group.



IFRS 8 Operating Segments

The Group adopted this standard with effect from 1 April 2009. This standard requires the disclosure of information about the Group's reportable operating segments, as shown in note 4.

IAS 1 (revised 2007) Presentation of Financial Statements

The revised Standard has introduced a number of changes in terminology including changes in titles for the condensed financial statements.



Crimsonwing Plc

Notes to the interim condensed consolidated financial statements

30 September 2009

4. Segment information

Crimsonwing Plc Segment Reporting

	Eur	Group (PLC) Costs	Group (PLC) Costs	Crimsonwing UK		Crimsonwing Malta		Crimsonwing Promentium		Crimsonwing BV		Crimsonwing VDA		Crimsonwing VDA* 3 months		Total	
		Apr-09 to Sep-09	Apr-08 to Sep-08	Apr-09 to Sep-09	Apr-08 to Sep-08	Apr-09 to Sep-09	Apr-08 to Sep-08	Apr-09 to Sep-09	Apr-08 to Sep-08	Apr-09 to Sep-09	Apr-08 to Sep-08	Apr-09 to Sep-09	Apr-08 to Sep-08	Jul-08 to Sep-08	Apr-09 to Sep-08	Apr-09 to Sep-08	Jul-08 to Sep-08
Revenue				3,178,585	3,790,283	2,502,800	2,652,095	1,024,941	1,293,749	349,709	589,654	930,808	600,286	600,286	8,076,843	8,926,067	
Direct Costs				-2,251,038	-2,628,416	-1,415,954	-1,604,647	-313,519	-379,593	-241,850	-456,630	-99,531	-77,010	-77,010	-4,321,892	-5,146,296	
Gross Profit		0	0	927,547	1,161,867	1,176,846	1,047,448	711,422	914,156	107,859	133,024	831,277	523,276	523,276	3,754,951	3,779,771	
Administrative expenses		-41,169	-67,133	-738,506	-1,112,107	-931,246	-1,074,882	-695,218	-818,983	-139,774	-182,598	-786,096	-497,957	-497,957	-3,352,009	-3,753,660	
EBITDA		-41,169	-67,133	189,041	49,760	225,600	-27,434	16,204	95,173	-31,915	-49,574	45,181	25,319	25,319	402,942	26,111	

