

COMPANY ANNOUNCEMENT

Crimsonwing plc (the "Company")

Approval of Interim Consolidated Financial Statements

Date of Announcement	28 th November 2013
Reference	61/2013
Listing Rule	LR 5.16.20

This is a Company announcement being made by the Company in compliance with Chapter 5 of the Listing rules:

Quote

"The directors approved the Interim Consolidated Financial Statements for the financial period ending 30th September 2013. The Interim Consolidated Financial Statements are available for viewing on the Company's website, at the Registered Office of the Company and are herewith attached."

Unquote

Signed:



Louis de Gabriele
Company Secretary

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Directors' commentary

Interim condensed consolidated financial statements – 30 September 2013

Performance review

Overview

Crimsonwing recorded good sales progress in the first half of the year with revenues up nearly 14% on the same period last year to €9,860,961 (2012: €8,675,311). This maintains a consistent feature of our organic growth story of the past few years with Crimsonwing again attaining the highest first half recorded revenues.

Two key features of our sales successes are larger bid sizes and a growing international dimension. The latter is especially true in our eCommerce offerings where we are now working on two programmes of global reach. Our latest success, with a global consumer brand, involves eCommerce implementations in over 50 markets and in over 20 languages. Such large and complex bids take our committed work to the end of 2014 and beyond.

We are also engaging with more of our clients on solutions that more fully integrate and manage their relationships between themselves and their consumers. The drive now is for a business to have a more connected relationship with its customers, working off consistent product, pricing and promotional data. This Omni-channel approach is one we are well positioned to enable.

We have all the back office ERP, eCommerce, and mobile credentials and capabilities, and we are well versed in the integration of all these key elements to provide a workable, reliable and scalable Omni-channel platform. It is no surprise that our ERP clients are asking for involvement in their eCommerce initiatives, and vice versa. This also means we are not overly dependent on client additions as we can also generate new projects with our existing, and growing, client base.

This capability has required further investments in both technical and business consultancy, and all our units have been recruiting new staff in the first half. Nevertheless whilst investing in new staff and securing new sales, we've also kept administration overheads in control. In fact they declined in real terms in the period by nearly 6% to €2,416,853, representing 24.5% of turnover (2012: €2,562,425 representing 29.5% of turnover).

As a result our overall EBITDA has increased by 34% over the same six-month period as last year to €1,156,584 (2012: €862,607).

This has had a positive impact on our net profit position, which before tax is up 40% to €770,365 (2012: €550,398).

Directors' commentary (continued)

Interim condensed consolidated financial statements – 30 September 2013

Performance review (continued)

Overview (continued)

Income tax expense of (€309,909) was then positively offset by a tax refund of €148,188 related to tax refund on dividend payments between Crimsonwing (Malta) and Crimsonwing plc. Thus the net tax expense came to (€161,721) (2012: (€38,146)).

Overall net profit after tax achieved for the period was €608,644 (2012: €512,252).

Directors' commentary (continued)

Interim condensed consolidated financial statements – 30 September 2013

Sector Reporting

Crimsonwing Malta

It has been a very busy and productive period for our Crimsonwing Malta Solution Centre with over 94 clients serviced in the first 6 months of the year. Local and direct business also grew substantially in the period with revenues doubling to €976,619 (2012: €425,556). Overall revenues grew 21% to €3,935,965 (2012: €3,237,071). Over 12,500 man days of work were delivered, and over 70 client visits were hosted – double last year's rate.

There was a considerable investment in the first half on building more eCommerce and Microsoft Dynamics ERP capability. The 20% increase in headcount from 148 in April to just over 180 in September was almost entirely across these key units. For the first time we had to deploy and use agencies to identify the senior staff needed. This necessary investment to support upcoming new projects was essential and depressed our EBITDA somewhat which remained flat at €290,831 (2012: €303,875). However the benefits will flow during the second half.

Crimsonwing Malta won its first 'YourTeam' service with a leading European Dynamics partner which involves a three year commitment.

The Research and Development unit was very active and we have deployed dedicated and highly skilled technical resources to work on building new IP in eCommerce and mobile technologies. We are very excited by our initial foundation client feedback and hope to launch a new product in the spring of 2014.

Crimsonwing NL – VDA and Promentum

The turnaround at VDA continued with revenues up nearly 50% to €1,116,477 (2012: €751,906). As a result EBITDA improved enormously to €226,824 (2012: €25,910). The period was marked by renewed activity from our long standing Media clients and also some significant eCommerce new wins and projects.

Sales at Promentum (Dynamics ERP) appear flat at around €3,055,821 (2012: €3,035,768) however last years' figures included a €500,000 licence deal. In fact the first half has been very successful for this unit with the EBITDA improving nearly 90% to €370,548 (2012: €196,635). Our new portal functionality in our Dynamics for Membership solution was successfully installed in the first client with excellent feedback.

In addition we worked on several combined Dynamics ERP and eCommerce projects, notably at Flora Holland, a co-operative Floriculture business with over €4 billion of sales.

Directors' commentary (continued)

Interim condensed consolidated financial statements – 30 September 2013

Sector Reporting (continued)

Crimsonwing UK

The UK made some significant client additions in the first half, both across eCommerce and Dynamics ERP. Also, like The Netherlands experience, we saw more of these new and some existing clients requesting our solutions across both our platforms.

In eCommerce we finalised the core global platform for Mothercare and now have over seven projects underway with the first site now live in the Ukraine. We won a second worldwide eCommerce roll-out with a global consumer brand. These programmes are extensive and will be active throughout 2014 and beyond.

In Dynamics ERP we have added several new clients of note. As well as increasing our licence and renewal sales we are recognised by Microsoft as a growing partner. A very notable new client is with a leading UK packaging company who have committed to a Crimsonwing and Microsoft solution.

UK revenues in the period were slightly up to €4,753,989 (2012: €4,632,963), however this will strengthen in the second half as a result of the new clients.

Summary

The Directors are pleased with the progress so far this financial year. It is very pleasing to see the improving profit performance and our long order book. Also our Crimsonwing brand is becoming more recognised as we deliver on substantial international programmes, and as we demonstrate our Omni-channel credentials.

The economic environment is still challenging, but we are making excellent progress, and our nearshore Malta centre helps us create compelling propositions to our clients.

We fully expect to maintain this momentum in the second half year.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

Interim financial statements - 30 September 2013

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 2013, 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 Rules 5.81 to 5.84.



James Bonello
Director



David Walsh
Director

Crimsonwing plc

Condensed consolidated statement of comprehensive income

Period ended 30 September 2013

	6 months to Sep-13 (unaudited) Eur	6 months to Sep-12 (unaudited) Eur
Revenue	9,860,961	8,675,311
Direct costs	(6,287,524)	(5,254,495)
Gross profit	3,573,437	3,420,816
Other income	-	4,215
Administrative expenses excluding depreciation and amortisation	(2,416,853)	(2,562,424)
EBITDA	1,156,584	862,607
Other administrative expenses Amortisation and depreciation	(334,179)	(260,326)
Results from operating activities	822,405	602,281
Finance income	285	1,520
Finance expenses	(52,325)	(53,403)
Net finance expense	(52,040)	(51,883)
Profit before income tax	770,365	550,398
Income tax expense	(161,721)	(38,146)
Profit for the period	608,644	512,252
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(740)	(36,164)
Total comprehensive income for the period	607,904	476,088
Profit for the period attributable to:		
Non-controlling interest	-	37,091
Equity holders of the parent	608,644	475,161
	608,644	512,252
Total comprehensive income attributable to:		
Non-controlling interest	-	37,091
Equity holders of the parent	607,904	438,997
	607,904	476,088
Earnings per share	0.0210	0.0183

Crimsonwing plc

Consolidated statement of financial position

Period ended 30 September 2013

	Sep-13 (unaudited) Eur	Mar-13 (audited) Eur
ASSETS		
Intangibles	3,621,778	3,758,314
Plant and equipment	283,699	245,052
Deferred tax assets	440,055	440,055
Total non-current assets	4,345,532	4,443,421
Trade and other receivables	4,922,819	3,787,333
Cash and cash equivalents	174,905	149,354
Total current assets	5,097,724	3,936,687
Total assets	9,443,256	8,380,108
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	2,894,000	2,894,000
Share premium	1,310,584	1,310,584
Other reserves	(590,626)	(589,885)
Retained earnings/(accumulated losses)	391,509	(217,137)
Total equity	4,005,467	3,397,562
LIABILITIES		
Current liabilities		
Trade and other payables	2,976,584	2,972,165
Income tax payable	319,068	422,394
Other financial liabilities	340,062	303,439
Bank borrowings	1,221,847	971,755
	4,857,561	4,669,753
Non-current liabilities		
Other financial liabilities	230,046	264,751
Bank borrowings	321,179	-
Deferred tax liability	29,003	48,042
	580,228	312,793
Total liabilities	5,437,789	4,982,546
Total equity and liabilities	9,443,256	8,380,108

These accounts were approved by the Board on 27 November 2013.

Crimsonwing plc

Condensed consolidated statement of changes in equity

Period ended 30 September 2013

Attributable to the holders of the parent

	Share capital Eur	Share premium Eur	Retained earnings Eur	Other equity Eur	Reorganisation reserve Eur	Translation reserve Eur	Total Eur	Non- Controlling interest Eur	Total Equity 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 period	-	-	770,067	-	-	-	770,067	67,081	837,148
Other comprehensive income for the period	-	-	-	-	-	10,080	10,080	-	10,080
Total comprehensive income for the period	-	-	770,067	-	-	10,080	780,147	67,081	847,228
Issue of share Capital	294,000	588,000	-	-	-	-	-	-	-
Effect of acquisition of non-controlling interest	-	-	-	(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
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
Profit for the period	-	-	608,644	-	-	-	608,644	-	608,644
Other comprehensive income for the period	-	-	-	-	-	(740)	(740)	-	(740)
Total comprehensive income for the period	-	-	608,644	-	-	(740)	607,904	-	607,904
Balance at 30 September 2013	2,894,000	1,310,584	391,509	(736,968)	186,219	(39,876)	4,005,467	-	4,005,467

Crimsonwing plc

Condensed consolidated statement of cash flows

Period ended 30 September 2013

	6 months to Sep-13 (unaudited) Eur	6 months to Sep-12 (unaudited) Eur
Cash flows from operating activities	78,387	805,851
Interest paid	(52,325)	(53,403)
Income tax paid	(284,086)	(96,573)
Net cash generated from operating activities	(258,024)	655,875
Cash flows from investing activities		
Purchase of property, plant and equipment	(106,093)	(41,933)
Purchase of intangibles	(130,196)	(266,562)
Interest received	285	1,520
Net cash used in investing activities	(236,004)	(306,975)
Cash flows from financing activities		
Shareholders' loans	36,623	29,169
Movement in other payables	(34,703)	-
Repayment of director's advances	(52,872)	-
Proceeds/(repayment) from bank borrowings	388,091	(172,451)
Net cash used in financing activities	337,139	(143,282)
Effect of exchange rate fluctuations on translation of cash flows of foreign operations	(740)	(36,164)
Net movement in cash and cash equivalents	157,629	169,454
Cash and cash equivalents at the beginning of the period	(822,401)	(807,428)
Cash and cash equivalents at the end of the period	(980,030)	(637,974)

Crimsonwing plc

Notes to the interim condensed consolidated financial statements

Period ended 30 September 2013

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 2013 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 2013 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 Chapter 5.

The financial information has been extracted from the company's unaudited interim financial statements for six month period ended 30 September 2013. The comparative amounts reflect the position of the company as included in the audited financial statements as at 31 March 2013 and the unaudited results for the period ended 30 September 2012.

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 2013, except as otherwise disclosed below:

- The Group has applied IFRS 13 Fair Value Measurement, which is applicable for annual periods beginning on or after 1 January 2013. This Standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not require fair value measurements in addition to those already required or permitted by other IFRSs. The adoption of this Standard did not have a quantitative impact on these interim financial statements
- The Group has applied the June 2011 Amendment to IAS 1, entitled Presentation of Items of Other Comprehensive Income. This Amendment is applicable for annual periods beginning on or after 1 July 2012. This Amendment requires companies to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement.

Crimsonwing plc

Notes to the interim condensed consolidated financial statements (continued)

Period ended 30 September 2013

4. Segment information

The Group's operating segments are organized 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 by 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.

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 Informatibeheersing BV.

Crimsonwing plc
Notes to the interim condensed consolidated financial statements
(continued)

Period ended 30 September 2013

4. Segment information (continued)

Apr 13 – Sep 13

	Malta	UK	Netherlands		Adjustments	Total
	Eur	Eur	NL Eur	Promentum Eur	Eur	Eur
Revenue	3,935,965	4,753,989	1,116,477	3,055,821	(3,001,291)	9,860,961
Direct costs	(2,823,319)	(3,856,861)	(789,379)	(1,819,256)	3,001,291	(6,287,524)
Gross Profit	1,112,646	897,128	327,098	1,236,565	-	3,573,437
Other income	-	-	68,324	-	(68,324)	-
Administrative expenses	(821,815)	(628,747)	(168,598)	(866,017)	68,324	(2,416,853)
EBITDA	290,831	268,381	226,824	370,548	-	1,156,584
Amortisation and depreciation						(334,179)
Results from operating activities						822,405
Net finance expense						(52,040)
Profit before income tax						770,365
Income tax expense						(161,721)
Profit for the period						608,644

Crimsonwing plc
Notes to the interim condensed consolidated financial statements
(continued)

Period ended 30 September 2013

4. Segment information (continued)

Apr 12 – Sep 12

	Malta	UK	Netherlands		Adjustments	Total
	Eur	Eur	NL Eur	Promentum Eur	Eur	Eur
Revenue	3,237,071	4,632,963	751,906	3,035,768	(2,982,397)	8,675,311
Direct costs	(2,214,402)	(3,575,239)	(600,481)	(1,846,770)	2,982,397	(5,254,495)
Gross profit	1,022,669	1,057,724	151,425	1,188,998	-	3,420,816
Other income			80,472		(76,257)	4,215
Administrative expenses	(718,884)	(721,447)	(205,987)	(992,363)	76,257	(2,562,424)
EBITDA	303,785	336,277	25,910	196,635	-	862,607
Amortisation and depreciation						(260,326)
Results from operating activities						602,281
Net finance expense						(51,883)
Profit before income tax						550,398
Income tax expense						(38,146)
Profit for the period						512,252