



Lignum House, Marsa, Malta  
Tel +356 2593 3000 Fax +356 2593 3998 Email info@crimsonwing.com Web www. crimsonwing.com  
Registered in Malta: C42234

## COMPANY ANNOUNCEMENT

### CRIMSONWING plc

#### APPROVAL OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**Date:** 29<sup>th</sup> November 2011

**Reference:** Crimsonwing CW041

*This is a Company Announcement being made by the Company in compliance with Chapter 5 of the Listing Rules:*

#### Quote

*“At a meeting of the directors the interim consolidated financial statements for the financial period ending 30<sup>th</sup> September 2011 were approved. The interim consolidated financial statements are available for viewing at the registered office of the company and are attached.”*

#### Unquote

**Signed:**

A handwritten signature in black ink, appearing to read 'L. de Gabriele', is written over a horizontal line.

**Louis de Gabriele**  
**Company Secretary**



## **Crimsonwing plc**

**Interim financial report and  
directors' commentary**

30 September 2011



## Contents

---

	<b>Page</b>
Directors' commentary	3
Statement pursuant to Listing Rule 5.75 issued by the Listing Authority	6
Condensed consolidated statement of comprehensive income	7
Consolidated statement of financial position	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated statement of cash flows	10
Notes to the interim condensed consolidated financial statements	11



## Directors' commentary

Interim condensed consolidated financial statements 30 September 2011

---

### Performance review

#### Overview

Given the continued challenging economic circumstances the Directors are pleased to report a satisfactory first half performance with revenues growing 9.4% to €7,736,401 (2010: €7,068,451).

This is the highest first half revenue recorded in Crimsonwing.

Overall however an increase in direct costs to €3,495,831 (2010: €3,016,437), and administration costs to €3,926,281 (€3,509,397), contrived to depress the EBITDA to €314,289 (2010: €542,617).

The increases in direct costs were mainly due to two factors: increased software licence sales in Malta (local business) which was an additional €103,000, and increased e-Commerce staffing costs in the UK (Magento business) at €136,000. These made the increases in direct costs higher than the increase in overall sales.

The increases in administration costs were almost entirely connected with the Promentum business where administration costs increased by €419,300 to €1,652,383 (2010: €1,233,083). This was due to an increase in staffing costs with associated recruitment costs, and increased sales and marketing costs. Both these investments were deemed necessary to position the business for new contracts (and increased sales) in the second half of the year.

Profit for the period before tax was €38,279 (2010: €293,272).

This result was fully expected by the Directors, and is consistent with the budget expectations for the first half of the year. The budgets planned on two assumptions – building forward from a slow second half of the last full year, and continued investments in software product development and skill-sets. By way of demonstration the second half of last year delivered an EBITDA of €203,979, whereas the EBITDA of the first half of this year has grown to €314,289. This has been despite the aforementioned investments which the Directors considered vital in order to drive future growth in solution sales and services.

Additionally, although the performance of the VDA business has continued to depress the overall result (see Sector report), actions are well underway to rectify this. As these actions mainly relate to staff costs, it does take a long time under Dutch Law for the benefits to work through to the bottom line, and these will be forthcoming in the second half of the year.

Regarding first half investments, these relate primarily to our Microsoft Dynamics businesses where there are two significant investments of note. The first concerns the finalisation of some significant updates of our Membership solution. This work has been considerable and to some degree the increase in software amortisation and depreciation in the first half to €233,531 (2010: €200,264) is reflective of this.

---



## **Directors' commentary**

Interim condensed consolidated financial statements 30 September 2011

---

The second concerns Microsoft delivery of a new Dynamics platform – AX 2012 which started shipping this September. These major releases are every 4 years or so, the last being AX 2009, and as a result we have two impacts: the first is to train up on the new release, and as we offer 'training services' to other partners, it is clearly vital that we are in the forefront of this. The second is that clients have been deferring their investments decisions into the second half, to wait for the latest software release, and to some degree our Dynamics projects have been shunted back into the second half of the year as a result. The Directors were fully cognisant of this in the performance expectations for the year and those of the first half.

### **Sector Reporting**

#### **Crimsonwing Malta**

Crimsonwing in Malta reported a very good first half with overall revenues up 12% to €3,298,967. To some extent this was as a result of some Dutch clients being serviced directly by Crimsonwing Malta instead of through Crimsonwing BV. But the overall growth in direct sales has nevertheless been strong, with €928,198 of direct sales in the first half (2010: €386,818). The slowdown of internal sales, primarily to the UK and for the reasons previously mentioned, has been more than offset by the increase in direct local sales.

#### **Crimsonwing UK**

Overall, sales in the UK declined 7.6% to €3,439,620 (2010: €3,723,274) and this has a commensurate impact on EBITDA at €39,107 (2010: €248,096), but to a large degree this was expected. There are several very large solution sales situations which are now deploying in the second half of the year, and the Directors expect the UK performance to improve.

#### **Crimsonwing NL (VDA/BV) (VDA)**

The overhead costs of this business has been problematic, and the Directors are pleased to report that the office costs will reduce substantially from October 2011 as the rental on an office wing has been successfully transferred to a new tenant. This process took around one year to accomplish. Additionally, Crimsonwing has made a successful application to the Dutch Labour Council (UWV) to reduce the numbers of overhead staff. This process took around seven months to accomplish and the full benefits will be felt in the final quarter of this financial year. Overall the savings in overhead costs amount to around €40,000 per month (or just under €500,000 per year), and this will have a significant bearing the company performance. As well as addressing cost savings, the Directors have been taking action to invest in the business, and have effectively built an e-Commerce business unit from scratch. The results of this are reflected in the first half revenues up by 40% to €973,197 (2010: €694,717).

#### **(BV)**

This business, being the main company vehicle attached to the ex-Directors of the BV/VDA business, is not particularly active, with the majority of the contracts transferred directly to Crimsonwing Malta.



## **Directors' commentary**

Interim condensed consolidated financial statements 30 September 2011

---

### **Crimsonwing Promentum**

This business works exclusively in Microsoft Dynamics AX and as a result has been impacted by the slow-down in business in the run up to the new release of AX 2012 in September. Nevertheless it managed to post an increase in sales of 24% to €2,240,195 (2010: €1,801,357). Regarding the EBITDA this declined to €44,677 (2010: €131,319), and this was as a result of the investments in solution build (Membership solution) and in re-training. Overall the Directors are confident that the business will have a stronger second half as consultants attached to the solution build can re-deploy on the new projects that are strongly emerging.

### **Crimsonwing Group (PLC)**

Included here are PLC overheads which include non-executive fees, loan interest, audit fees etc. These costs continue to be well managed, showing a very similar result at €42,830 (2010: €42,703).

### **Summary**

The Directors are pleased with the overall progress this first half, and with the investments and cost savings that have been put in place. We are confident of building on this steady start as we proceed on into the second half of the year.



**Statement pursuant to Listing Rule 5.75 issued by the Listing Authority**

Interim financial statements 30 September 2011

---

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 2011, 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.

A handwritten signature in dark ink, appearing to read 'James Bonello'.

**James Bonello**  
**Director**

A handwritten signature in dark ink, appearing to read 'David Walsh'.

**David Walsh**  
**Director**



## Crimsonwing Plc

### Condensed consolidated statement of comprehensive income

Period ended 30 September 2011

	6 months to Sep-11 (unaudited) Eur	6 months to Sep-10 (unaudited) Eur
Revenue	7,736,401	7,068,451
Direct costs	<u>(3,495,831)</u>	<u>(3,016,437)</u>
<b>Gross profit</b>	<b>4,240,570</b>	<b>4,052,014</b>
Administrative expenses excluding depreciation and amortisation	<u>(3,926,281)</u>	<u>(3,509,397)</u>
<b>EBITDA</b>	<b>314,289</b>	<b>542,617</b>
Other administrative expenses Amortisation and depreciation	<u>(233,531)</u>	<u>(200,264)</u>
<b>Results from operating activities</b>	<b>80,758</b>	<b>342,353</b>
Finance income	7	13
Finance expenses	<u>(42,486)</u>	<u>(49,094)</u>
<b>Net finance expense</b>	<b>(42,479)</b>	<b>(49,081)</b>
Profit before income tax	<b>38,279</b>	<b>293,272</b>
Income tax expense	<u>(55,276)</u>	<u>(145,238)</u>
<b>(Loss)/profit for the period</b>	<b>(16,997)</b>	<b>148,034</b>
<b>Other comprehensive income</b>		
Exchange differences arising on translation of foreign operations	<u>46,315</u>	<u>(9,950)</u>
<b>Total comprehensive income for the period</b>	<b>29,318</b>	<b>138,084</b>
<b>(Loss)/profit for the period attributable to:</b>		
Minority interest	2,349	54,375
Equity holders of the parent	<u>(19,346)</u>	<u>93,659</u>
	<b>(16,997)</b>	<b>148,034</b>
<b>Total comprehensive income attributable to:</b>		
Minority interest	2,349	54,375
Equity holders of the parent	<u>26,969</u>	<u>83,709</u>
	<b>29,318</b>	<b>138,084</b>
<b>Earnings per share</b>	<b>0.0007</b>	<b>0.0036</b>





## Crimsonwing Plc

### Consolidated statement of financial position

Period ended 30 September 2011

	Sep-11 (unaudited) Eur	Mar-11 (audited) Eur
<b>ASSETS</b>		
Intangibles	3,708,130	3,609,775
Plant and equipment	242,114	216,904
Deferred tax assets	460,055	460,055
<b>Total non-current assets</b>	<b>4,410,299</b>	<b>4,286,734</b>
Trade and other receivables	2,991,698	3,135,850
Cash and cash equivalents	590,726	631,226
<b>Total current assets</b>	<b>3,582,424</b>	<b>3,767,076</b>
<b>Total assets</b>	<b>7,992,723</b>	<b>8,053,810</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	2,600,000	2,600,000
Share premium	722,584	722,584
Other reserves	200,533	154,218
Accumulated losses	(473,491)	(454,145)
	3,049,626	3,022,657
Minority interest	301,042	298,693
<b>Total equity</b>	<b>3,350,668</b>	<b>3,321,350</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables	2,734,107	2,917,993
Income tax payable	258,840	307,457
Other financial liabilities	327,548	324,121
Bank borrowings	1,140,523	832,087
Deferred tax liability	20,234	26,542
	4,481,252	4,408,200
<b>Non-current</b>		
Bank borrowings	160,803	324,260
<b>Total liabilities</b>	<b>4,642,055</b>	<b>4,732,460</b>
<b>Total equity and liabilities</b>	<b>7,992,723</b>	<b>8,053,810</b>

These accounts were approved by the Board on 28<sup>th</sup> November 2011.



## Crimsonwing Plc

### Condensed consolidated statement of changes in equity

Period ended 30 September 2011

	Attributable to the holders of the parent							Total equity Eur
	Share capital Eur	Share premium Eur	Retained earnings Eur	Reorganisation Reserve Eur	Translation reserve Eur	Total Eur	Minority interest Eur	
<b>Balance at 31 March 2010</b>	2,600,000	722,584	(345,010)	186,219	(64,521)	3,099,272	182,248	3,281,520
Translation adjustment	-	-	-	11,293	(9,950)	1,343	-	1,343
Net income/(expense) recognised directly in equity	-	-	-	11,293	(9,950)	1,343	-	1,343
Profit for the period	-	-	93,659	-	-	93,659	54,375	148,034
<b>Balance at 30 September 2010</b>	<b>2,600,000</b>	<b>722,584</b>	<b>(251,351)</b>	<b>197,512</b>	<b>(74,471)</b>	<b>3,194,274</b>	<b>236,623</b>	<b>3,430,897</b>
<b>Balance at 31 March 2011</b>	2,600,000	722,584	(454,145)	186,219	(32,001)	3,022,657	298,693	3,321,350
Translation adjustment	-	-	-	-	46,315	46,315	-	46,315
Net income/(expense) recognised directly in equity	-	-	-	-	46,315	46,315	-	46,315
(Loss)/profit for the period	-	-	(19,346)	-	-	(19,346)	2,349	(16,997)
<b>Balance at 30 September 2011</b>	<b>2,600,000</b>	<b>722,584</b>	<b>(473,491)</b>	<b>186,219</b>	<b>14,314</b>	<b>3,049,626</b>	<b>301,042</b>	<b>3,350,668</b>



## Crimsonwing Plc

### Condensed consolidated statement of cash flows

Period ended 30 September 2011

	6 months to Sep-11 (unaudited) Eur	6 months to Sep-10 (unaudited) Eur
<b>Cash flows from operating activities</b>	<b>274,555</b>	<b>27,322</b>
Interest paid	(42,486)	(49,094)
Income tax paid	(103,893)	(166)
Net cash generated from/ (used in) operating activities	<u>128,176</u>	<u>(21,938)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(75,362)	(32,506)
Purchase of intangibles	(284,615)	(74,947)
Interest received	7	13
Net cash used in investing activities	<u>(359,970)</u>	<u>(107,440)</u>
<b>Cash flows from financing activities</b>		
Shareholders' loans	-	(103,255)
Advances to directors	-	2,951
(Repayments)/proceeds from bank borrowings	(163,457)	204,657
Net cash (used in)/generated from financing activities	<u>(163,457)</u>	<u>104,353</u>
Effect of exchange rate fluctuations on translation of cash flows of foreign operations	<u>46,315</u>	<u>1,343</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(348,936)</b>	<b>(23,682)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>159,139</b>	<b>(134,311)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>(189,797)</u></b>	<b><u>(157,993)</u></b>



## **Crimsonwing Plc**

### **Notes to the interim condensed consolidated financial statements**

30 September 2011

---

#### **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 2011 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 2011 have been extracted from the unaudited management accounts of the Group and have been prepared in accordance with International Accounting 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 2011. The comparative amounts reflect the position of the company as included in the audited financial statements as at 31 March 2011 and the unaudited results for the period ended 30 September 2011.

#### **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 2011.



## Crimsonwing Plc

### Notes to the interim condensed consolidated financial statements

30 September 2011

#### 4. Segment information

	Malta		UK Crimsonwing Limited Eur	Netherlands		Total Eur
	Crimsonwing Plc Eur	Crimsonwing (Malta) Limited Eur		Crimsonwing Promentum Eur	Crimsonwing BV Eur	
Apr 11 – Sep 11						
Revenue	-	3,298,967	3,439,620	2,240,195	973,197	7,736,401
Direct costs	-	(2,193,344)	(2,719,032)	(543,135)	(323,593)	(3,495,831)
Gross Profit	-	1,105,623	720,588	1,697,060	649,604	4,240,570
Administrative expenses	(42,830)	(612,046)	(681,481)	(1,652,383)	(917,278)	(3,926,281)
EBITDA	(42,830)	493,577	39,107	44,677	(267,674)	314,289
Amortisation and depreciation						(233,531)
Results from operating activities						80,758
Net finance expense						(42,479)
Profit before income tax						38,279
Income tax expense						(55,276)
Loss for the period						(16,997)



## Crimsonwing Plc

### Notes to the interim condensed consolidated financial statements

30 September 2011

#### 4. Segment information (continued)

Apr 10 – Sep 10	Malta		UK		Netherlands		Total Eur
	Crimsonwing Plc Eur	Crimsonwing (Malta) Limited Eur	Crimsonwing Limited Eur	Crimsonwing Promentum Eur	Crimsonwing BV Eur	VDA BV Eur	
Revenue	-	2,951,268	3,723,274	1,801,357	494,026	694,717	7,068,451
Direct costs	-	(1,869,831)	(2,784,963)	(436,955)	(361,675)	(121,314)	(3,016,437)
Gross Profit	-	1,081,437	938,311	1,364,402	132,351	573,403	4,052,014
Administrative expenses	(42,703)	(603,783)	(690,215)	(1,233,083)	(175,238)	(802,265)	(3,509,397)
<b>EBITDA</b>	<b>(42,703)</b>	<b>477,654</b>	<b>248,096</b>	<b>131,319</b>	<b>(42,887)</b>	<b>(228,862)</b>	<b>542,617</b>
Amortisation and depreciation							(200,264)
Results from operating activities							342,353
Net finance expense							(49,081)
<b>Profit before income tax</b>							<b>293,272</b>
Income tax expense							(145,238)
<b>Profit for the period</b>							<b>148,034</b>