

COMPANY ANNOUNCEMENT

CRIMSONWING plc

APPROVAL OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Date: 29th November 2012

Reference: Crimsonwing CW050

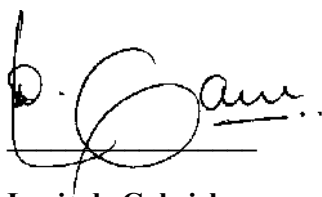
This is a Company Announcement being made by the Company in compliance with Chapter 5 of the Listing Rules:

Quote

“The directors approved the interim consolidated financial statements for the financial period ending 30th September 2012. 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 2012

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Directors' commentary

Interim condensed consolidated financial statements 30 September 2012

Performance review

Overview

Crimsonwing enjoyed a very good sales period in the first half of the year with revenues up 12% on the same period last year to €8,675,311 (2011: €7,736,401). This is the highest first half revenue recorded in Crimsonwing.

The two business units with exceptional growth in the period were Promentum with a 35% growth to €3,035,768 (2011: €2,240,195), and the UK also with 35% growth to €4,632,963 (2011: €3,439,620). Both these exceptional increases were fuelled by our Microsoft Dynamics solutions, where Promentum (a pure Dynamics business), and the UK's Dynamics business units recorded higher licence sales during the period. The licence revenues also included sales of our own Intellectual Property (IP), which both helps us to secure the business and to ensure long term annuity revenues.

The above excellent Dynamics performance is not to say that our Ecommerce solutions have not similarly progressed. In fact our Ecommerce revenues across the Group have been very solid in the first half, and we have been investing heavily in capability, in business development and in creating a new international solution for a global retailer. This new client is contracted with us to begin a global roll-out starting in 2013 and it is a major programme that will be active for a minimum of two years, and with global support being provided from our Malta based solutions centre.

Crimsonwing Direct Costs of €5,254,494 were 61% of revenues. The comparison with the same period of last year is not instructive as there were subsequent changes in the last full year in how costs were allocated across Direct and Administrative Costs. Thus, a comparison is best made against the last full reporting period (from April 2011 to March 2012), which show a Direct Cost ratio of 63%. Similarly the Administrative Expenses of €2,562,424 were 29.5% of revenues, and this compares with 35% in the last full reporting period. Thus these improvements, especially in Administrative Expenses, resulted in an excellent first half EBITDA achievement of €862,607 (2011: €314,289).

Amortisation and Finance expenses being similar to previous period then resulted in a much improved Profit before income tax of €550,398 (2011: €38,279). Income tax expense of (€211,962) was then positively offset by an adjustment from the previous year of €22,850 and a tax refund of €150,966 related to a dividend payment between Crimsonwing (Malta) and Crimsonwing PLC. Thus the net tax expense came to (€38,146).

Overall Profit achieved for the period was very good at €512,252 (2011: a loss of (€16,997)).

Sector Reporting

Crimsonwing UK

Overall revenues in the UK increased by 35% to €4,632,963 (2011: €3,439,620), and this was predominantly due to a high performing Dynamics business unit. EBITDA was thus much improved at €336,277 (2011: €39,107). We have secured new and long terms contracts with a number of clients and with international dimensions. Additionally the UK secured a strategic contract with Mothercare PLC for providing a global Ecommerce solution for its international division across 50 countries. The solution, based on Magento technology and deployed in the Cloud, will take most of 2012 for Crimsonwing to architect and build. The first installations are planned in early 2013, starting with Australia and New Zealand. As part of our services, Crimsonwing will be stepping up its 7 by 24 hour support capability which will become a fully manned service based in Malta. Real financial benefits from this investment will start flowing from 2013 and in the years following, and which will deliver a strong build of annuity revenues.

Directors' commentary

Interim condensed consolidated financial statements 30 September 2012

Sector Reporting (continued)

Crimsonwing Promentum

A very good half for Promentum which saw revenues improve by 35% to €3,305,768 (2011: €2,240,195). EBITDA consequently improved to €196,635 (2011: €44,677). This again was fuelled by Dynamics related licences and project work. But what is exciting is that we also secured large contracts which will bring benefits in the second half and well through 2013. The Mastermate contract is a good example, which only started in September. Also, during the period, we continued to invest in our Dynamics Membership solution, and moved the product development into Crimsonwing Malta. During the period an agreement was made for Crimsonwing to acquire the outstanding equity in Promentum, and this was the subject of a shareholder circular issued in September. The resolutions were unanimously approved at the Crimsonwing AGM in October 2012 and Promentum is now a 100% subsidiary of Crimsonwing.

Crimsonwing NL

The Directors are pleased to report that this business was profitable in the first half, the EBITDA being €25,910 (2011: a loss of (€220,242)). Net profit before tax was €10,190 (2011: a loss of (€314,092)). This is a huge turnaround and a measure of the efforts made in balancing the staff costs and in reducing overheads – for example, we were able to complete a further rent reduction on our offices early in the new financial year. Revenues are down at €832,378 (including all income) (2011: €1,040,892), but this is because the business is concentrating on profitable lines of sales, and in some cases client revenues are passing straight to Crimsonwing Malta. Good progress was made in the first half on securing good quality Ecommerce business, and we won a major new and long term contract with the Rezidor Group with benefits flowing from 2013. We also undertook our first enterprise Intershop 7 projects – being one of the first partners to do so. Given our full ownership of the Dutch operations the plans are now to restructure Crimsonwing Promentum and Crimsonwing NL into one cohesive unit offering Dynamics and Ecommerce solutions mirroring the Crimsonwing structures across the Group.

Crimsonwing Malta

Crimsonwing Malta's revenues remained static at €3,237,071 (2011: €3,298,967), but it has been a very busy investment period with some activities not immediately qualifying for revenue recognition. Two large examples of this being the building of the global Mothercare solution and our Membership product development (which started its transfer out of the Netherlands into Malta). In fact our Malta centre is on a major recruitment drive as we step-up to take on the contracts that come on stream in the second half of the year. This includes some major local wins both on Dynamics and Ecommerce clients. Our R&D department is resident in Malta, and during the period successfully launched the world's first speech engine for the Maltese language. This has led to academic publication of the techniques involved in speech synthesis and we are looking to develop further solutions.

Summary

The Directors are pleased with the overall progress of this first half, especially considering the continued backdrop of economic hardship. We feel we have exceptional solutions and capability in the markets combined with good quality and excellent value. Our client portfolio and profile has increased to the extent that we are often researched and approached directly by prospects looking to engage with us. We feel that we have now addressed some structural barriers in pushing on with our growth and are confident on building on this during the second half.

Statement pursuant to Listing Rule 5.75 issued by the Listing Authority

Interim financial statements 30 September 2012

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 2012, 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 2012

	6 months to Sep-12 (unaudited) Eur	6 months to Sep-11 (unaudited) Eur
Revenue	8,675,311	7,736,401
Direct costs	(5,254,495)	(3,495,831)
Gross profit	3,420,816	4,240,570
Other Income	4,215	-
Administrative expenses excluding depreciation and amortisation	(2,562,424)	(3,926,281)
EBITDA	862,607	314,289
Other administrative expenses		
Amortisation and depreciation	(260,326)	(233,531)
Results from operating activities	602,281	80,758
Finance income	1,520	7
Finance expenses	(53,403)	(42,486)
Net finance expense	(51,883)	(42,479)
Profit before income tax	550,398	38,279
Income tax expense	(38,146)	(55,276)
Profit/(loss) for the period	512,252	(16,997)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(36,164)	46,315
Total comprehensive income for the period	476,088	29,318
Profit/(loss) for the period attributable to:		
Non-controlling interest	37,091	2,349
Equity holders of the parent	475,161	(19,346)
	512,252	(16,997)
Total comprehensive income attributable to:		
Non-controlling interest	37,091	2,349
Equity holders of the parent	438,997	26,969
	476,088	29,318
Earnings per share	0.0183	(0.0007)

Crimsonwing Plc
Consolidated statement of financial position

 Period ended 30 September 2012

	Sep-12 (unaudited) Eur	Mar-12 (audited) Eur
ASSETS		
Intangibles	3,712,276	3,682,416
Plant and equipment	221,153	229,045
Deferred tax assets	440,055	440,055
Total non-current assets	4,373,484	4,351,516
Trade and other receivables	3,473,030	3,711,580
Cash and cash equivalents	318,794	331,720
Total current assets	3,791,824	4,043,300
Total assets	8,165,308	8,394,816
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	2,600,000	2,600,000
Share premium	722,584	722,584
Other reserves	100,839	137,003
Accumulated losses	(512,042)	(987,203)
Non-controlling interest	409,042	371,951
Total equity	3,320,423	2,844,335
LIABILITIES		
Current		
Trade and other payables	2,970,700	3,293,543
Income tax payable	338,511	396,940
Other financial liabilities	370,756	341,587
Bank borrowings	1,137,112	1,491,943
	4,817,079	5,524,013
Non-current liabilities		
Deferred tax liability	27,806	26,468
Total liabilities	4,844,885	5,550,481
Total equity and liabilities	8,165,308	8,394,816

 These accounts were approved by the Board on 28th November 2012.



Crimsonwing Plc

Condensed consolidated statement of changes in equity

Period ended 30 September 2012

	Attributable to the holders of the parent						Non-Controlling interest	Total Equity
	Share capital	Share premium	Retained earnings	Reorganisation reserve	Translation reserve	Total		
	Eur	Eur	Eur	Eur	Eur	Eur		
Balance at 31 March 2011	2,600,000	722,584	(454,145)	186,219	(32,001)	3,022,657	298,693	3,321,350
Loss for the period	-	-	(19,346)	-	-	(19,346)	2,349	(16,997)
Other comprehensive income for the period	-	-	-	-	46,315	46,315	-	46,315
Total comprehensive income for the period	-	-	(19,346)	-	46,315	26,969	2,349	29,318
Balance at 30 September 2011	2,600,000	722,584	(473,491)	186,219	14,314	3,049,626	301,042	3,350,668
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	-	-	475,161	-	-	475,161	37,091	512,252
Other comprehensive loss for the period	-	-	-	-	(36,164)	(36,164)	-	(36,164)
Total comprehensive income for the period	-	-	475,161	-	(36,164)	438,997	37,091	476,088
Balance at 30 September 2012	2,600,000	722,584	(512,042)	186,219	(85,380)	2,911,381	409,042	3,320,423

Crimsonwing Plc
Condensed consolidated statement of cash flows

 Period ended 30 September 2012

	6 months to Sep-12 (unaudited) Eur	6 months to Sep-11 (unaudited) Eur
Cash flows from operating activities	805,851	274,555
Interest paid	(53,403)	(42,486)
Income tax paid	(96,573)	(103,893)
Net cash generated from operating activities	<u>655,875</u>	<u>128,176</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,933)	(75,362)
Purchase of intangibles	(266,562)	(284,615)
Interest received	1,520	7
Net cash used in investing activities	<u>(306,975)</u>	<u>(359,970)</u>
Cash flows from financing activities		
Shareholders' loans	29,169	-
(Repayments)/proceeds from bank borrowings	(172,451)	(163,457)
Net cash used in financing activities	<u>(143,282)</u>	<u>(163,457)</u>
Effect of exchange rate fluctuations on translation of cash flows of foreign operations	(36,164)	46,315
Net movement in cash and cash equivalents	<u>169,454</u>	<u>(348,936)</u>
Cash and cash equivalents at the beginning of the period	(807,428)	159,139
Cash and cash equivalents at the end of the period	<u><u>(637,974)</u></u>	<u><u>(189,797)</u></u>

Crimsonwing Plc**Notes to the interim condensed consolidated financial statements**

30 September 2012

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 2012 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 2012 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 2012. The comparative amounts reflect the position of the company as included in the audited financial statements as at 31 March 2012 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 2012.

Crimsonwing Plc

Notes to the interim condensed consolidated financial statements

30 September 2012

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 Informatiebeheersing BV

Apr 12 – Sep 12

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

Crimsonwing Plc
Notes to the interim condensed consolidated financial statements

 30 September 2012

4. Segment information (continued)
Apr 11 – Sep 11

	Malta	UK	Netherlands		Adjustments	Total
	Eur	Eur	NL Eur	Promentum Eur	Eur	Eur
Revenue	3,298,967	3,439,620	1,040,892	2,240,195	(2,283,273)	7,736,401
Direct costs	<u>(2,193,344)</u>	<u>(2,719,032)</u>	<u>(323,593)</u>	<u>(543,135)</u>	<u>2,283,273</u>	<u>(3,495,831)</u>
Gross Profit	1,105,623	720,588	717,299	1,697,060	-	4,240,570
Administrative expenses	<u>(654,876)</u>	<u>(681,481)</u>	<u>(937,541)</u>	<u>(1,652,383)</u>	-	<u>(3,926,281)</u>
EBITDA	<u>450,747</u>	<u>39,107</u>	<u>(220,242)</u>	<u>44,677</u>	-	<u>314,289</u>
Amortisation and depreciation						<u>(233,531)</u>
Results from operating activities						80,758
Net finance expense						<u>(42,479)</u>
Profit before income tax						38,279
Income tax expense						<u>(55,276)</u>
Loss for the period						<u>(16,997)</u>