

crimson tide plc

annual report & accounts 20**11**

mpro
simply smart

Crimson Tide is a leader in mobile applications for business

Our range of **mpro** subscription based systems improve business efficiencies, save money and even improve patients' lives.

- Household name **stores** are audited using **mpro**
- **Nurses** record drug information using **mpro**
- **Patients** record medical incidents using **mpro**
- **Drivers** record the delivery of The Metro using **mpro**

The company has developed **mpro** for smartphone, tablet and pda and has a growing subscriber base in these and other vertical markets

For more information about Crimson Tide and **mpro**, go to www.crimsontide.co.uk

mpro
simply **smart**

2011 HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- Gross profits increased by 19% to £1.2m (2010: £1.0m)
- EBITDA increased 46% to £168k (2010: £115k)
- Gross margin before operating expenses of 80% (2010: 68%) reflects the move away from lower margin activities and higher intellectual property content

OPERATIONAL HIGHLIGHTS

- 50% growth in subscriber base during 2011
- 100th haemophilia patient added
- mpro5 being developed to work on iOS, Android, Blackberry, Windows Phone and Windows 8 smartphone and tablet operating systems

Barrie Whipp, Executive Chairman of Crimson Tide, commented:

"I am pleased to report a further year of significant progress for Crimson Tide, in difficult economic times. In the year we completed our move away from lower margin activities through the disposal of our mobile phone connection business and as a result improved our gross margin to 80%. EBITDA of £168k confirms the robustness of our subscription based model."

"We have continued to invest time and resources in our mpro software and thereby the levels of IP within the business, which we believe will help to retain long-term competitive advantage and provide further margin support. We are excited by the release of mpro5 for the iOS, Android and BlackBerry platforms planned for Q2, 2012 with Windows Phone and Windows 8 providing further opportunities for platform expansion. Our subscriber base has grown by 50% with the size of new deals increasing and, whilst these take longer to secure, the pipeline for new business provides the Board with continued confidence in the future."

Contents

P3	2011 Highlights
P4-5	mpro in action
P6	Chairman's Statement
P7-8	Operating and Financial Review
P9	Board of Directors
P10-12	Directors' Report
P13-14	Corporate Governance report
P14	Report of the Remuneration Committee
P15	Independent Auditor's report to the Members of Crimson Tide Plc
P16	Consolidated Income Statement for the year ended 31 December 2011
P16	Consolidated Statement of Comprehensive Income for the year ended 31 December 2011
P17	Consolidated Statement of Financial Position at 31 December 2011
P18	Consolidated Statement of Changes in Equity at 31 December 2011
P19	Consolidated Statement of Cash Flows for the year ended 31 December 2011
P20-37	Notes to the Consolidated Financial Statements at 31 December 2011
P38	Company Statement of Financial Position at 31 December 2011
P39	Company Statement of Changes in Equity at 31 December 2011
P40	Company Statement of Cash Flows for the year ended 31 December 2011
P41	Officers and Professional Advisers
P42	Notice of Annual General Meeting
P43	Form of Proxy

MPRO IN ACTION

Late in the evening a schedule of Metro deliveries is uploaded to our mpro server in the cloud. Each metro delivery lorry has a set schedule. They pick up from Central London and deliver to stations and landmark premises around London and the South East. Each bundle of Metro newspapers is delivered to a rack and that rack delivery is recorded using the mpro system on a Motorola MC55 pda. Before and after photos are taken and deliveries signed off to prove delivery. Deliveries happen throughout the night, ready for commuters to pick up their copy of The Metro in the morning

That same morning, Frylite cooking oil deliveries are planned for the day. Cooking oil is delivered to restaurants and food outlets and the delivery run is uploaded to the mpro system in the cloud. As drivers make their runs, they deliver to schedule, collect payments and deal with the collection of waste cooking oil. All deliveries, payment and certification are dealt with on their pda running mpro

During the day haemophilia patients using our mpro system record scheduled and adhoc bleeds on their

smartphone. They may be at home, at work or travelling. The mpro system records their drug data, bleed location and details and makes it available on a web based portal. Urgent information can be sent to their hospital consultant by email. The hospital benefits from cost savings and efficiencies, but most importantly the patient knows that their information is recorded correctly and that drugs are in date and not subject to a recall

Nurses out in the field are busy receiving their jobs on their mpro system. They record patient and drug surveys using a very complex, but user friendly question and answer based system. This mpro system allows drug companies to source very useful patient data and tailor their systems accordingly. The system is in a state of continual evolution, a critical part of mpro systems, which are designed with ultimate flexibility. Nurses are scheduled jobs based upon the mpro gemini scheduling system, which allows visits to be scheduled to teams and also allows scheduling based upon skill sets.

Initial Building Services is tasked with servicing and completing checks on industrial cleaning assets. Their mpro system allows them to ensure that recurring jobs



are completed on time and to schedule. Their mpro system has a complete record of the asset and its servicing history. Mpro ensures that the regular servicing is scheduled automatically – no need for user intervention unless an engineer needs to move to an urgent job. Mpro simply allows a new engineer to be scheduled and the job information is pushed wirelessly out to the new user.

During the day, an incredible number of high street and retail stores cleanliness and facilities are audited using mpro. From banks such as Santander, to stores such as Next and Comet are checked for cleanliness, damage and other facilities critical to maintaining the best customer experience. Our clients supply these services and are actually rated by the stores on their performance to strict service level agreements. The mpro system even calculates these scores “live” on the user’s smartphone or pda. The system records the signatures of branch managers or other signatories to prove the efficiency of our clients’ services.

Also during the day, the cleanliness of the kitchens of schools in Hampshire is recorded for the purposes of

Health & Safety. The council’s field based staff complete a series of questions designed to ensure that cleanliness is in order and the information is, like all mpro systems, synchronised wirelessly to the mpro server in the cloud.

Mpro systems have been delivered for some time on Windows Mobile based smartphones. Crimson Tide has spent much of the last year developing mpro5, a radical redesign of the mpro product. Whilst the core mpro gemini scheduling system remains the same, the mpro5 software will run on the Apple iOS operating system as well as Android, Blackberry and Windows Phone devices. This brings to customers the benefit of a seamless experience on modern equipment in the rugged and smart spaces. The ability of field workers to use tablet devices to get the job done is a major selling point of the new mpro5 system.



CHAIRMAN'S STATEMENT

Crimson Tide continued to make significant progress in 2011. Profit at the EBITDA level reached £168,000 and the turnover and profitability were in line with our expectations. The fact that we were able to secure additional equity funding in the early part of the year, added to the final repayment of our loan to buy our business in Ireland, left the Company entirely debt free at the end of the year, with a healthy cash surplus. Ideally, debt funding will be sourced to finance our growth in future periods, underpinned by a stronger equity balance sheet. Recently HSBC confirmed provision of a term loan of £350,000 to fund the imminent purchase of new equipment.

In September we disposed of our mobile phone connection business to Premier Telecom. This business was largely profit neutral, however it means that we lose the gross revenue associated with connecting customers to mobile phone networks. This revenue was welcome in our earlier days, however the networks now seek a more limited number of partners and margins are being squeezed for smaller players. As well as receiving a cash payment for the migration of the accounts, the Company has also benefited from the disposal through further margin improvement.

As a result, we have been able to dedicate more resources and focus to further developing our own proprietary software in 2011. We have a stable core web scheduling product, mpro Gemini 4, which now drives scheduling for cleaning, logistics and healthcare solutions. This product is now very stable and highlights the fact that our clients really do not need any infrastructure of their own to mobilise their business. The smartphone applications that we have developed have become more complex and the latest versions are being rolled out to customers in 2012. We have also spent a great deal of development time on our new range of mobile software, known as mpro5, which will work across all the major mobile platforms, including iOS, Android, Windows Phone, Windows 8 and Blackberry. We firmly believe that the time invested in product development and increasing the level of intellectual property within the Company will pay off in years to come and continue to distance Crimson Tide from any competition in the market place, as well as providing further margin support.

The Directors have great hopes for the Company's healthcare applications. Recently, we delivered the smartphone to the 100th patient to use our haemophilia application. We are also delivering much more complex healthcare apps, especially in the field of home nursing and, with our commitment to mpro5, will be able to deliver these applications across all major mobile platforms, opening up the burgeoning tablet or pad market. We have also developed a product for the retail premises market that we believe has significant potential, which is currently undergoing testing for full launch in the second half of 2012 and opens up possibilities for larger subscriber numbers with some household names already expressing interest.

There is no doubt that the market continues to be challenging and a number of clients have not survived these circumstances. This, we believe, is further vindication of our subscription model, as it protects us from major bad debt failures. It is true to say that larger clients demand more and that this has led to more investment in our core products where we retain the Intellectual Property. However, these demands have led to more saleable products and we believe that the number of opportunities available for us remains significant and exciting. We have also continued to ensure that we retain sufficient consultancy type billing to balance our subscription model.

In summary, The Directors remain optimistic, and are especially confident in the quality of products that the Company has developed, which are now ripe for expansion.

Our staff continue to work tremendously hard to ensure we deliver world class mobile apps for business. I thank them for their commitment and our partners for their support of Crimson Tide

Barrie Whipp
Executive Chairman
31 May 2012

OPERATING AND FINANCIAL REVIEW

I am pleased to report on our results for the year to 31 December 2011 and how the business has developed over this period.

OPERATING REVIEW

The year started with a placing in January 2011 of new Ordinary Shares with the Helium Special Situations Fund, raising a second tranche of £0.5m equity funding within a three month period. These funds were subsequently used to repay a term loan leaving Crimson Tide debt free with the exception of a few small finance leases. The balance of the funds, together with the cash raised in October 2010, have allowed the business to grow by funding the supply of handheld smartphones and ruggedized devices for use by our subscribers. As a reminder, our core business model is to contract subscribers usually for an initial three year term, whereupon the customer receives our mpro software on a handheld device, a cloud-hosted database and reporting suite, often integrated to other core systems. Training and support is provided over the period of the agreement with mobile users utilising the mpro application to plan and schedule jobs, complete electronic documentation, manage assets, and many other activities that allow them to be significantly more productive and save operating costs.

We finished the year with over 1,000 subscribers, an increase of 50% from the end of 2010, with facilities management and healthcare markets continuing to show encouraging growth. Other examples of where Crimson Tide's software is used include provision of a circulation tracking and recording system for Metro, the world's largest circulation free newspaper, and county councils to audit and survey their services. Further exciting developments are currently underway to supply an application to provide evidential data for use in the retail industry and we will provide further details in due course.

Deal sizes are increasing although these do take longer to secure. This together with the continuing economic uncertainties, means we have achieved a slower rate of growth overall than we had hoped for, but any "spare" time, has been very effectively used to further enhance our mpro software, including its ability to operate on other operating platforms and a wider range of devices. The team remain very excited about the pipeline of

opportunities we are progressing. An increasing number of new leads are coming from our channel partners, generally large mobile telecoms companies. Their sales teams have been able to re-visit their customer bases and promote our services, opening new sources of revenue for them and giving us increased sales reach. Our strategy of continuing to invest in our products and services, concentrating our resources in these areas, will ensure we remain a leading provider of mobility solutions for the foreseeable future.

FINANCIAL REVIEW

Turnover in 2011 was broadly at the same level as in 2010 but such an overview hides the continuing change in the mix and quality of our sales. As previously reported, it has been our intention for some time to move away from lower margin, non-core activities and in September 2011, we completed the last part of this strategy by divesting our mobile phone connection business.

Gross margin for 2011 averaged 80% before operating expenses versus 68% in 2010, a significant improvement. Gross profit accordingly increased by 19% to £1.2m in 2011 and EBITDA by 46% to £168,000. Operating costs have increased with the planned rise in marketing spend, some aimed at the new channel partners, and with the addition of two more technical staff.

Crimson Tide's accounting policies can be found in the notes to the 2011 Financial Statements. There have been no significant changes to these from 2010 other than the way we account for the cost of the smartphone and pda handheld devices purchased for our subscribers. Previously the cost of this equipment was treated as a current asset prepayment and spread over the term of the subscription contracts to which the purchases related. In 2011, our expenditure on this equipment significantly increased. £260,000 was spent on devices in 2011 totalling a net book value at the end of the year of £309,000. This represents a material class of assets that the Board of Directors believe is now more appropriately shown as tangible fixed assets, to be depreciated over their estimated useful life. 2010 reported results shown below have been re-stated to reflect this change which has had no impact on the reported profit before tax for 2010 or 2011.

OPERATING AND FINANCIAL REVIEW CONTINUED

At the year end, the Group had a cash balance of £219,000 after the capital expenditure noted above. This balance has been added to since the year end with receipts of some annual payments by customers. In addition a new loan facility secured with HSBC Bank, will ensure funding is available for a reasonable level of future device requirements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors and management team continually review key performance indicators and trends, as well as regular financial information, to help identify future risks and uncertainties in the business.

The main financial risk concerns the rate of growth the Group can achieve with existing debt and working capital facilities. The Board believe that existing cash resources and a debt facility under negotiation are sufficient for the level of growth currently forecast. The Board is conscious that the Group will become increasingly cash generative at the operating level as economies of scale increase with the growth in subscriber numbers.

This financial risk highlights the main operational risk. The current level of overheads can sustain a greater subscriber base but should subscriber numbers not grow, there is little opportunity to reduce overheads without having a detrimental effect on our expected rate of growth. Examples might include less marketing generating fewer leads, insufficient operational staff delaying new subscriber additions, and ultimately less time available to ensure our applications remain leading

edge. The current economic conditions are tending to result in slower decisions by prospective customers and in two recent cases the demise of subscription customers and the loss of their future business. Offsetting these uncertainties is however the considerable productivity benefit our customers immediately gain on implementing a mpro solution, without the need for capital expenditure, a very important consideration in this business climate.

In summary, the Board of Directors have a reasonable degree of flexibility to fit the Group's operations to market conditions, with the possible adverse result that growth may be slower than all stakeholders hope.

FUTURE PROSPECTS

Crimson Tide's latest mpro software applications are better and more easily implemented than they have ever been. The team is stronger and the Group's financial situation is less risky than at any time previously. Leads generated increasingly by our channel partners are more exciting and the Board are very much looking forward, despite the tough conditions, to dealing with the challenges ahead.

Stephen Goodwin
Chief Executive
31 May 2012

BOARD OF DIRECTORS

Barrie Reginald John Whipp (51)

Executive Chairman

Barrie founded Crimson Tide in 1996 and he formulated the ideas behind the Group's mobile data solutions in 2003. He is responsible for setting the Group's vision and strategy as well as setting goals and targets for the Board.

After an early career in finance and business administration with Dowell Schlumberger S.A. and UDS Group plc, Barrie joined Tiphook plc where he founded the financial services arm in 1986. He became Group Managing Director of IAF Group plc, which was admitted to the Official List in April 1994. In 1996 Barrie set up Crimson Tide, where he was responsible for the day-to-day management until 2004, when he recruited the current management team. He has served as a non-executive Director of pump distributor Wills Group plc as well as a number of private companies.

Stephen Keith Goodwin (53)

Chief Executive Officer

Steve was appointed as Crimson Tide's Chief Executive in April 2004 and has responsibility for delivering the strategy, day-to-day management of the Group and financial management and control. Steve is a Certified Accountant with over 20 years' experience at Board level. After training as an accountant working for Shell International, he joined Tiphook plc in 1988 where he became Group Financial Controller and later Finance Director of the trailer division. In 1994 Steve was appointed Managing Director of the rail division and in 1996 led the management team in a £30m management buyout. The business was sold two years later to GE Capital where he stayed on as Managing Director of GE's European rail business and gained further experience in negotiating and integrating acquisitions.

Jeremy Walter Frederick Roth (50)

Sales Director

Jeremy has over 20 years' experience in mobile telecommunications. His early career was with Connexions, a mobile telecoms dealer based in the South East in the early days of the introduction of personal mobile phones. He joined Astec Communications in 1989 which was subsequently taken over by Vodafone. Jeremy worked within Vodafone Corporate, dealing with mobile

communications for some of its largest corporate accounts, and later, as a senior sales executive, was given responsibility for dealing with the NHS. During this time he built relationships with a number of NHS trusts, including ambulance services and the Department of Health. He developed these accounts from being purely users of voice communications to mobile data, introducing a number of solutions. He joined Crimson Tide in 2004 to head the Company's sales effort.

Rowley Stuart Ager (66)

Non-Executive Director

Rowley is a qualified accountant who has spent all of his working life in industry and commerce. In 1972 he joined BAT Industries Group where he held a number of finance roles. In 1986, Rowley joined Tesco PLC becoming Company Secretary from 1990 to 2004 and was a member of the Tesco PLC board from 1992 to 2004. Rowley was Chairman of Tesco Personal Finance, a joint venture with RBS Group plc, from its formation in 1995 until he retired in 2004. He is currently chairman of Tesco Pension Trustees Ltd. Rowley is Chairman of the Audit Committee.

Graham Basil Ashley (65)

Non-Executive Director

Graham has over 40 years' experience in stockbroking and corporate finance and was a founding director and shareholder of stockbrokers Greig Middleton Holdings Limited. After the merger of Greig Middleton with Gerrard Limited, he became a director of Gerrard Limited and, following its acquisition by Old Mutual Securities Limited ("OMS"), a Corporate Finance director of OMS (which subsequently became Arbutnot Securities Limited). Graham has advised on acquisitions and disposals and fund-raising across a wide range of sectors and industries. Graham became a Non-Executive Director of Crimson Tide Limited in April 2004. Graham was appointed as a Director of A. Cohen & Co. Plc on 20 October 2004 and was Chairman from February 2005 until the reverse acquisition of Crimson Tide Limited in August 2006. Graham is Chairman of the Remuneration Committee.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2011.

Principal Activities

The principal activity of the Group during the period was the provision of mobile data solutions and related software development. The principal activity of the Company was to provide management and support to other Group companies.

Review of the Business

A review of the year and future developments are given in the Operating and Financial Review.

The Group's strategy is to continue to build on the progress made in recent years to focus its resources on growing its subscriber book and as a result, the level of contracted future revenues. The on-going investments in its mpro software, together with the creation of new sales channels, are important steps towards achieving the Group's overall aim of accumulating shareholder value. As described in the Operating and Financial Review, the Group has made positive progress in respect of these aims.

Management regularly review financial results compared to annual budgets and short and long term forecasts. In addition, monthly KPIs are monitored closely to highlight early any unexpected trends and appropriate action taken if required. These KPIs include:

- Numbers of subscribers

Subscribers increased from 703 to 1063, an increase of 51% in the year. The largest subscription customer had 159 users at 31 December 2011.

- Contracted future revenues from subscribers.

Future revenues expected from current subscription contracts increased by 180% over 2011, from to £0.5m to £1.4m.

Other measures used by management to ensure the Group is likely to perform as forecast include; expected contract wins, renewal rates and losses, and sales opportunity pipeline.

As the subscriber base grows, contracted profits and cashflows increase at a faster rate because overheads do not increase proportionately. Together, they reduce the principle risks described in the Operating and Financial Review but in overall terms, the contracted nature of an increasing proportion of the Group's revenues, being spread typically over a three year term, makes the Group insensitive to adverse movements in subscriber numbers.

Results and Dividends

The trading results for the year ended 31 December 2011 and the Group's financial position at the end of the financial period are shown in the attached financial statements. The statements have been prepared under International Financial Reporting Standards ("IFRS").

Turnover for the year ended 31 December 2011 was £1,525,441 (2010: £1,506,878) and the total profit for the period before taxation was £26,877 (2010: £6,938). The Directors do not recommend payment of a final dividend.

Directors

The following Directors have held office during the year:

Name	Position
B R J Whipp	Executive Chairman
S K Goodwin	Chief Executive
J W F Roth	Sales Director
G B Ashley	Non-Executive Director
R S Ager	Non-Executive Director

DIRECTORS' REPORT CONTINUED

Directors' Interests in Shares

Directors' interests in the share capital of the Company, including family and pension scheme interests, were as follows:

Director	Ordinary shares of £0.01 each	
	31 December 2011	31 December 2010
B R J Whipp	115,610,132	115,610,132
S K Goodwin*	25,611,484	25,611,484
J W F Roth	30,131,159	30,131,159
G B Ashley	18,354,718	18,354,718
R S Ager**	13,000,000	13,000,000

* Mr. Goodwin also had an interest as a trustee in 9,150,000 Ordinary Shares of £0.01 each as at 31 December 2011 (1,650,000 ordinary shares of £0.01 each as at 31 December 2010).

** Mr. Ager's shareholding includes 5,834,250 Ordinary Shares of £0.01 each held by his wife.

Directors' interests in the share options, issued under the Group's Enterprise Management Incentive Scheme, were as follows:

Director	Number of Share options	
	31 December 2011	31 December 2010
S K Goodwin	7,500,000	7,500,000
J W F Roth	4,500,000	4,500,000

Directors' interests in unapproved share options were as follows:

Director	Number of Share Options	
	31 December 2011	31 December 2010
B R J Whipp	2,500,000	2,500,000

Directors' Remuneration

The remuneration of the Directors during the period is summarised below:

	Fees and salaries £	Benefits £	Total 2011 £	Total 2010 £
Non-Executive				
R S Ager	18,000	-	18,000	7,500
G B Ashley	18,000	-	18,000	7,500
Executive				
B R J Whipp	80,220	16,347	96,567	71,785
S K Goodwin	72,000	14,730	86,730	68,041
J W F Roth	69,104	13,024	82,128	66,744
Total	257,324	44,101	301,425	221,570

Significant Shareholdings

As at 30 May 2012 the shareholders' register showed that the following shareholders had interests in 3% or more of the share capital of the Company:

Shareholder	Ordinary shares currently held as at 30 May, 2012	Percentage of issued share capital
B R J Whipp	115,610,132	26.0%
Helium Special Situations Fund	67,925,000	15.2%
J W F Roth	30,131,159	6.8%
W H Ireland Ltd	29,835,347	6.7%
S K Goodwin	25,611,484	5.7%
S J M Morris	21,707,817	4.9%
G B Ashley	18,354,718	4.1%

DIRECTORS' REPORT CONTINUED

Financial Risk Management

The Company's exposure to financial risk is set out in note 17 to the accounts

Policy on Payments to Suppliers

It is the policy of the Company in respect of all its suppliers, where reasonably practicable, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by those terms. The number of trade creditor days outstanding at the period end for the Group was 33 days (2010: 66 days). The company is a holding company and has no significant trade creditors.

Health, Safety and the Environment

Crimson Tide operates responsibly with regard to its shareholders, the environment and the wider community. The Group and Company are committed to the well-being of all employees and ensure that their health, safety and general welfare is paramount at all times. We also maintain open and fair relationships with all clients and suppliers while ensuring that all transactions are operated on an arm's length, commercial basis.

Political and charitable contributions

No political or significant charitable donations were made during the period.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law and have also elected to prepare the Company financial statements in accordance with IFRSs as adopted by the European Union and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statement on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

In the case of each of the persons who were Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's Auditors are unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's Auditors are aware of that information.

Independent auditors

Shipleys LLP has indicated its willingness to remain in office and a resolution to reappoint Shirley LLP as auditors will be proposed at the Annual General Meeting.

Signed by order of the Board

Stephen Goodwin
Company Secretary
31 May 2012

CORPORATE GOVERNANCE REPORT

The requirements of the combined code of principles of corporate governance set out in the listing rules of the Financial Services Authority are not mandatory for companies traded on AIM. However, the Directors are committed to complying with best practice in this area, and have adopted its principles where they have been considered appropriate.

Shareholder communication

The Group seeks to ensure that all shareholders are kept informed about the Group and its activities. A comprehensive annual report and accounts and an interim report are made available to shareholders on the Group's website and sent to those shareholders requesting a paper copy.

The Annual General Meeting is a forum for shareholders' participation with the opportunity to meet and question Board members including the non-executive members and the Chairmen of the Board committees.

Additionally, the Group operates an investors' section on its website to provide further details of the Group's activities.

Board of Directors and Board Committees

The Board of Directors, which consists of three Executive and two Non-Executive Directors, is responsible for the Group's system of corporate governance. The role of the Non-Executive Directors is to bring independent judgement to Board discussions and decisions. The Board meets regularly throughout the year. It has a schedule of matters referred to it for decision, which includes Group strategy and future developments, allocation of financial resources, investments, annual and interim results, and risk management. The Group has two Board committees, which operate within defined terms of reference.

Audit Committee

The Audit Committee, comprising Mr. Ager (Chairman), Mr. Ashley, Mr. Whipp and Mr. Goodwin, is responsible for reviewing the full and half year results. In addition, the Audit Committee monitors the framework of internal control.

Remuneration Committee

The Remuneration Committee, comprising Mr. Ashley (Chairman), Mr. Ager, Mr. Whipp and Mr. Goodwin, reviews the remuneration of the Executive Directors and any senior executive of the Group and considers the grant of options and payment of performance related bonuses.

Internal control

The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that assets are safeguarded. There are inherent limitations in any system of internal financial control. On the basis that such a system can only provide reasonable but not absolute assurance against material misstatement or loss and that it relates only to the needs of the business at the time, the system as a whole was found by the Directors at the time of approving the accounts to be generally appropriate to the size of the business.

Going concern

After reviewing budgets and forecasts, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue as an operational business for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

Employment policy

The Board places considerable value on the involvement of its employees and has effective arrangements for communicating the Group's results and significant business issues to them. The Directors recognise that continued and sustained improvement of the Group depends on its ability to attract, motivate and retain employees of the highest calibre. Furthermore, the Directors believe that the Group's ability to sustain the competitive advantage in the long term depends on ensuring that all employees contribute to the maximum of their potential. The Group is committed to improving the performance of all its employees through appropriate development and training. Share ownership is at the heart of the Group's remuneration philosophy and the Directors believe that the key to the Group's future success lies in a motivated workforce holding a stake in the Group. For this reason the Board implemented an Enterprise Management Incentive share option scheme in February 2008 which is available to all Group employees subject to meeting certain qualifying rules. The Group is an equal opportunity employer. Entry into and progression within the Group is solely determined on the basis of work criteria and individual merit. The Group gives full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate.

CORPORATE GOVERNANCE REPORT CONTINUED**Corporate Responsibility**

Crimson Tide plc operates responsibly with regard to its shareholders, employees, other stakeholders, the environment and the wider community. The Group is committed to the wellbeing of all employees and ensures that their health, safety and general welfare is paramount at all times. We also maintain open and fair relationships with all clients and suppliers while ensuring that all transactions are operated on an arm's length, commercial basis. As part of this culture, the Group ensures that all suppliers are paid in a timely fashion, unless there are sound commercial reasons why payment should not be made.

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee was established to determine the Group's policy on executive remuneration and to consider and approve the remuneration packages for the Directors, subject to ratification by the Board.

The Group's current and ongoing remuneration policy aims to ensure executive directors and senior executives are fairly rewarded for their individual contributions to the Group's overall performance and is designed to retain and motivate executives of the right calibre and experience. The Committee is responsible for recommendations on all elements of directors' remuneration including basic salary, annual bonus, share options and any other incentive awards.

The Committee determines the Group's policy on executive directors' remuneration with reference to comparable companies and the achievement of the Group's strategic objectives. In designing and reviewing schemes for performance related remuneration, the Committee gives full consideration to the provisions of Schedule A to the Combined Code.

The Board determines the Company's policy on Non-Executive Directors' fees and will set fees with reference to the individual director's role, the Company's market capitalisation and business sector.

At the last Remuneration Committee meeting it was re-confirmed that the Directors' remuneration would continue to be reviewed based upon on the Company's performance and financial circumstances prevailing at the time.

On behalf of the Board

Graham Ashley

Chairman - Remuneration Committee

31 May 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRIMSON TIDE PLC

We have audited the financial statements of Crimson Tide plc for the year ended 31 December 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement (set out on page 12), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If

we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion of Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by The Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

JOSEPH KINTON (Senior Statutory Auditor)
For and on behalf of SHIPLEYS LLP Chartered Accountants
& Statutory Auditor
10 Orange Street, Haymarket, London, WC2H 7DQ
31 May 2012.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Year ended 31 December 2011			Year ended 31 December 2010		
		Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Total Revenue	1	1,213	312	1,525	1,144	363	1,057
Cost of sales		(230)	(69)	(299)	(364)	(115)	(479)
Gross Profit		983	243	1,226	780	248	1,028
Total operating expenses		(951)	(237)	(1,188)	(766)	(233)	(999)
Profit from operations	2	32	6	38	14	15	29
Interest Income	3	-	-	-	-	-	-
Interest payable and similar charges	3	(11)	-	(11)	(22)	-	(22)
Profit/(Loss) before taxation		21	6	27	(8)	15	7
Taxation	5	(12)	-	(12)	-	-	-
Profit/(Loss) after tax		9	6	15	(8)	15	7
Profit from discontinued operations		6			15		
Profit for the year available to equity holder of parent		15			7		

Earnings per share

From continuing and discontinued operations:

Basic and diluted earnings per ordinary share (pence)	6	0.00	0.00
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From continuing operations:

Basic and diluted earnings per ordinary share (pence)	6	0.00	0.00
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Year ended 31 December 2011 £000	Year ended 31 December 2010 (Restated) £000
Net Profit for the year		15	7
Other comprehensive income/(loss) for the year:			
Exchange differences on translating foreign operations		(5)	(4)
Total comprehensive profit for the year		10	3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011

	Notes	As at 31 December 2011 £	As at 31 December (Restated) 2010 £	As at 1 January (Restated) 2010 £
Assets				
Intangible assets	7	1,058	938	868
Equipment, fixtures & fittings	8	337	160	123
Total non-current assets		1,395	1,098	991
Inventories		37	28	33
Trade and other receivables	10	408	504	343
Cash and cash equivalents	11	219	440	96
Total current assets		664	972	472
Total Assets		2,059	2,070	1,463
Equity and liabilities				
Share capital	12	7,335	6,760	6,210
Capital redemption reserve	13	49	49	49
Share premium	13	1,090	1,090	1,124
Other Reserves	13	436	441	431
Reverse acquisition reserve	13	(5,244)	(5,244)	(5,244)
Retained earnings	13	(1,895)	(1,910)	(1,917)
Total equity		1,771	1,186	653
Trade and other payables				
Amounts falling due within one year	14	280	880	528
Amounts falling after more than one year	15	8	4	282
Total liabilities		288	884	810
Total equity and liabilities		2,059	2,070	1,463

The financial statements were approved by the board of directors on 31 May 2012 and are subject to the approval of the shareholders at the Annual General Meeting on 28th June 2012 and signed on its behalf by:

B R J Whipp
Director

S K Goodwin
Director

Company registration number: 0113845

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2011

Group	Share redemption Capital £000	Capital reserve £000	Share Premium £000	Other Reserves £000	Reverse acquisition reserve £000	Retained Earnings £000	Total £000
Balance as at 1 January 2010 (Restated)	6,210	49	1,124	431	(5,244)	(1,917)	653
Profit for the year	-	-	-	-	-	7	7
Proceeds from new shares issued during the year	550	-	(34)	-	-	-	516
Employee Share option reserve	-	-	-	14	-	-	14
Translation movement	-	-	-	(4)	-	-	(4)
Balance as at 31 December 2010 (Restated)	6,760	49	1,090	441	(5,244)	(1,910)	1,186
Profit for the year	-	-	-	-	-	15	15
Proceeds from new shares issued during the year	575	-	-	-	-	-	575
Translation movement	-	-	-	(5)	-	-	(5)
Balance as at 31 December 2011	7,335	49	1,090	436	(5,244)	(1,895)	1,771

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 DECEMBER 2011

	Year ended 31 December 2011	Year ended 31 December 2010 (Restated)
	£000	£000
Cash flows from operating activities		
Profit before taxation	27	7
Add back:		
Amortisation of intangibles	31	19
Depreciation of equipment, fixtures and fittings	99	67
Interest expense	11	22
Operating cash flows before movement in working capital	168	115
(Increase) / decrease in inventories	(9)	5
Decrease / (increase) in trade and other receivables	96	(161)
(Decrease) / increase in trade and other payables	(296)	122
Cash (used) / generated in operations	(41)	81
Taxes paid	(12)	-
Net cash (used) / generated in operating activities	(53)	81
Cash flows used in investing activities		
Purchases of fixed assets	(427)	(194)
Interest received	-	-
Net cash used in investing activities	(427)	(194)
Cash flows from financing activities		
Net proceeds from issue of shares	575	516
Interest paid	(11)	(22)
Net decrease in borrowings	(305)	(18)
Net cash from financing activities	259	476
Net (decrease)/increase in cash and cash equivalents	(221)	363
Net cash and cash equivalents at beginning of period	440	77
Net cash and cash equivalents at end of period	219	440
Analysis of net funds		
Cash and cash equivalents	219	440
Bank overdraft	(17)	-
	202	440
Other borrowing due within one year	-	(308)
Borrowings due after one year	-	-
Finance Leases	(14)	(10)
Net funds	188	122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2011

A) Corporate Information

Crimson Tide plc (the "Company") is a public limited company incorporated in the United Kingdom. The address of the registered office is 10 Orange Street, London, WC2H 7DQ. Crimson Tide plc's shares are publicly traded on the Alternative Investment Market of the London Stock Exchange (AIM).

B) Basis of consolidation

The consolidated financial statements of the Company for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

On an acquisition, fair values are attributed to the Group's share of net assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill, which is capitalised and subjected to annual impairment reviews. The results of acquired companies are brought in from the date of their acquisition.

C) Basis of preparation

The consolidated financial statements of Crimson Tide plc have been prepared in accordance with applicable law and International Financial Reporting Standards incorporating International Accounting Standards and Interpretations (collectively "IFRS") as endorsed by the European Union.

The financial statements have been prepared on the historical cost basis except for certain assets and liabilities which have been measured at fair value. Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The financial statements are presented in UK sterling and have been prepared on a going concern basis.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of

revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in a period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements, except where noted.

D) Significant judgements and major causes of estimation uncertainty

As noted above, the Group makes estimates and assumptions concerning the future. Those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- i) Estimated impairment of goodwill
The Group tests semi-annually whether goodwill has suffered any impairment in accordance with the accounting policies stated in Notes G ii) and H) below. The recoverable amounts of cash generating units have been determined based on value-in-use calculations requiring the use of estimates.
- ii) Fair value of development costs
Research costs are not capitalised. Development costs, however, are capitalised from the point that it is sufficiently certain that future economic benefits to the Group will cover all selling, administration and support costs as well as the development costs themselves. The Board will continue to review the nature of the Group's development activities on an ongoing basis and consider whether the conditions are being satisfied. Development costs include work completed on mobility software applications.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

E) Changes in accounting policy

PDA and smartphone equipment

PDA and smartphone handheld devices supplied by the Group to its subscribers were previously accounted for as current asset prepayments and spread over their useful life. In recognition of the aggregate materiality of PDA and smartphone equipment in 2011, the Board of Directors decided that it was more appropriate to reflect the carrying value of PDA and smartphone equipment as fixed assets depreciated over their useful life, rather than as current asset prepayments. These financial statements reflect this

change in accounting policy and prior year figures have been restated accordingly.

As noted below, the restatement does not change the profit before tax results previously reported as the annual depreciation charge exactly matches the reduction in the current asset prepayment, both effectively spreading the equipment cost either over the term of the related mobile data solution subscription contract or over its useful life in the case ruggedized devices.

	2010 (Restated) £	2009 (Restated) £
Increase in fixed asset cost	285,036	191,381
Increase in fixed assets accumulated depreciation	(143,123)	(83,897)
Net increase in carrying value of fixed assets	141,913	107,484
Reduction in current asset prepayments	(141,913)	(107,484)
Net effect of value of Total Assets	-	-
Reduction in cost of sales	59,226	47,263
Increase in annual depreciation charge	(59,226)	(47,263)
Net effect on Profit before Tax	-	-

Standards, amendments to standards, and interpretations adopted in the 2011 annual financial statements

The following standards, amendments to standards and interpretations, which are relevant to the Group, have been adopted in these financial statements:

Amendments to IAS 1 *Presentation of Financial Statements as of part Improvements to IFRSs (issued in 2010)*

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present such an analysis in the statement of changes in equity.

IAS 24 *Related Party Disclosures (as revised in 2009)*

IAS 24 has been revised on the following two aspects: (a) the definition of a related party has changed and (b) a partial exemption from the disclosure requirements for

government-related entities was introduced.

The related party disclosures set out in note 18 reflect the application of the revised Standard.

Amendments to IFRS 3 *Business Combinations*

As part of Improvements to IFRSs issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. The application of this amendment (and other non-relevant amendments to IFRS 3) has had no impact on profit or loss of the Group for the current and prior periods.

Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*

IFRIC 14 addresses when refunds or reductions in future

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**AT 31 DECEMBER 2011**

contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Group's consolidated financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss. The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Group has not entered into any transactions of this nature.

Improvements to IFRSs issued in 2010

The application of *Improvements to IFRSs* issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

Future standards, amendments to standards, and interpretations not early-adopted in the 2011 annual financial statements:

The Group has not applied the following new and revised IFRSs that may be relevant to the Group and have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 July 2011:

Amendments to IFRS 7 *Disclosures – Transfers of Financial Assets*

Effective for annual periods beginning on or after 1 January 2012:

Amendments to IAS 12 *Deferred Tax – Recovery of Underlying Assets*

Effective for annual periods beginning on or after 1 July 2012:

Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*

Effective for annual periods beginning on or after 1 January 2013:

Amendments to IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

IFRS 9 *Financial Instruments*

IFRS 10 *Consolidated Financial Statements*

IFRS 11 *Joint Arrangements*

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 13 *Fair Value Measurement*

IAS 19 (as revised in 2011) *Employee Benefits*

IAS 27 (as revised in 2011) *Separate Financial Statements*

IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*

Note: In August 2011, the IASB issued an exposure draft titled *Mandatory Effective Date of IFRS 9*. The exposure draft proposes to change the effective date of IFRS 9 from 1 January 2013 to 1 January 2015. The IASB has tentatively confirmed this in November 2011.

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's profit for the year or equity. Application of these standards may result in some changes to presentation of information within the Group's financial statements in future years.

F) Equipment, fixtures and fittings**i) Owned assets**

Items of equipment, fixtures and fittings are stated at historic cost less accumulated depreciation with different useful lives (see below).

ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired in terms of finance leases are capitalised at their fair value at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet.

iii) Depreciation

Depreciation is charged to the income statement over the estimated useful lives of each part of an item of equipment, fixtures and fittings. The depreciation rates are as follows:

- Office and computer equipment: 20% on cost on a straight-line basis
- PDA and smartphone equipment: cost spread over useful life of 3 to 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

- Fixtures and fittings: 25% on a reducing balance basis
- Motor Vehicles: 20% on cost on a straight-line basis

G) Intangible assets

i) Development Expenditure

The costs of developing software for commercial resale are capitalised and amortised on a straight line basis over the expected useful life of the product, conservatively estimated as 5 years. Amortisation commences when revenues from the product begin to be received. The carrying value of development costs is reassessed semi-annually.

ii) Goodwill

Goodwill represents the excess of the fair value of the consideration given for investments in subsidiary undertakings over the fair value of the underlying assets at the date of their acquisition. The carrying value of goodwill is reassessed semi-annually.

H) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use. For intangible assets that are not yet available for use, goodwill or intangible assets with an indefinite useful life, an impairment test is performed at each balance sheet date.

In assessing value in use, the expected future cash flows from the asset 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.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill, a recognised impairment loss is not reversed.

I) Inventories

Inventories consist entirely of mobile devices held not for

re-sale but as spares and trial equipment. All are individually stated at the lower of their cost or net realisable value.

J) Turnover and revenue recognition

The turnover shown in the profit and loss account represents amounts receivable for services provided to customers, exclusive of Value Added Tax. Subscription income and support and maintenance income is credited to turnover in equal monthly instalments over the period of the agreement. There is no recognition in the Consolidated Income Statement of the contracted values of future revenues.

K) Expenses

i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

ii) Finance lease payments

The capital element of finance lease repayments is treated as a reduction in the balance sheet liability and the interest element is charged to the profit and loss account on a "sum of digits" basis.

L) Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date.

M) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to capital expenditure are deducted in calculating the carrying amount of the asset. The grant is recognised in profit or loss over the life of the asset as a reduced amortisation expense. Revenue related grants are credited to the income statement when the related expenditure is expensed.

The Group has benefitted from small research and development grants in recent years that have contributed to meeting the costs of new software development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

N) Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are

presented as such in the Statement of Financial Position. Finance costs and gains or losses relating to financial liabilities are included in the Income Statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited to equity.

1. Segmental reporting

The Group has two main regional centres of operation; one in the UK, the other in Ireland but the Group's resources, including capital, human and non-current assets are utilised across the Group irrespective of where they are based or originate from. The Board via the management team, allocate these resources based on revenue generation, which due to its high margin nature and the Group's reasonably fixed overheads, in turn drives profitability and cashflow generation. The Board consider it most meaningful to monitor financial results and KPIs for the consolidated Group, and decisions are made by the Board accordingly.

In due consideration of the requirements of IFRS 8 Operating Segments, the Board consider segmental reporting by (i) region, including turnover, operating profit and non-current assets and (ii) business activity, by turnover, to be appropriate. Business activity is best split between (i) the strategic focus of the business, i.e. mobile data solutions and the resulting development services that emanate from that, and (ii) non-core software solutions, including reselling third party software and related development and support services.

The analysis of each follows:

	Turnover		Operating profit / (loss)		Non current assets	
	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2011	2010	2011	2010 (Restated)	2011	2010 (Restated)
By Region:	£000	£000	£000	£000	£000	£000
UK	1,237	1,122	33	19	1,308	1,028
Ireland	288	385	5	10	87	70
Total	1,525	1,507	38	29	1,395	1,098

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

Turnover can be analysed by business activity as follows:

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
By business activity:		
Mobile data solutions and related development services	976	890
Software solutions reselling, development and support	237	254
Discontinued activities	312	363
Total Turnover	1,525	1,507

Discontinued activities mostly consist of the UK mobile connections business assigned to Premier Telecom from September 2011.

2. Profit/(Loss) from operations

	Year ended 31 December 2011 £000	Year ended 31 December 2010 (Restated) £000
Amortisation of intangible assets	31	19
Depreciation on equipment, and fixtures and fittings	99	67
Operating lease costs	13	33
Auditors remuneration for:		
- Audit services	10	10
- Other services:		
- The auditing of accounts of associates of the Company pursuant to legislation	13	8
- Other services supplied pursuant to such legislation	8	12

3. Finance income and costs

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Bank interest payable	1	5
Loan interest	6	16
Finance lease interest	2	1
Other interest	2	-
Interest receivable	-	-
Net finance cost	11	22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**AT 31 DECEMBER 2011****4. Employees**

Staff costs (including Directors) were as follows:

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Wages and salaries	498	504
Non-Executive Directors' fees	36	15
Compulsory social security contributions	71	62
Other pension costs	-	-
Personnel costs	605	581

The following amounts are included above in relation to Directors:

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Wages and salaries	229	207
Non-Executive Directors' fees	36	15
Compulsory social security contributions	31	23
Directors' costs	296	245

A detailed breakdown of the remuneration of the Directors is shown on page 11.

Average monthly staff numbers in the period were as follows:

	Year ended 31 December 2011 No.	Year ended 31 December 2010 No.
Sales and marketing	4	4
Technical	6	6
Management, finance and administration	4	4
	14	14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

5. Taxation

The Group incurred a capital gains tax charge in Ireland of £12,292 arising on the disposal of its Irish Time and Attendance ("T&A") business in 2009. No corporation tax charge has been incorporated into the consolidated accounts for the periods ended 31 December 2011 or 31 December 2010 due to the availability of tax losses.

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Profit/(loss) on ordinary activities before tax	27	7
Profit/(loss) on ordinary activities by rate of tax (28%)	8	2
Expenses not deductible for taxation purposes	14	12
Carried forward taxable losses	-	-
Utilisation of brought forward tax losses	(22)	(14)
Tax on profit/(loss) on ordinary activities	-	-

Deferred tax asset

The Group has an unprovided deferred tax asset relating to carried forward taxable losses of approximately £690,000 (2010: £710,000). This asset has not been recognised in the accounts due to uncertainty of the timing of future taxable profits against which it can be utilised.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares that would be in issue, assuming conversion of all dilutive potential ordinary shares into ordinary shares.

The profit attributable to ordinary shareholders is presented for continuing and discontinued operations, and for continuing operations.

Reconciliation of the weighted average number of shares used in the calculations are set out below:

	Year ended 31 December 2011	Year ended 31 December 2010
Basic earnings per share		
Reported profit from continuing and discounted operations (£000)	15	7
Reported earnings per share from continuing and discounted operations (pence)	0.00	0.00
Reported Profit/(Loss) from continuing operations	9	(8)
Reported earnings per share from continuing operations	0.00	0.00
	Year ended 31 December 2011 No.	Year ended 31 December 2010 No.
Weighted average number of ordinary shares:		
Opening balance	387,986,234	332,986,234
Effect of share placing during the year	51,924,658	11,904,110
Weighted average number of ordinary shares	439,910,892	344,890,344

The diluted earnings per share is the same as the basic earnings per share for both continuing and discontinued operations, and for continuing operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

7. Intangible assets

Group	Goodwill £000	Group development expenditure £000	Total £000
Cost			
At 1 January 2010	988	126	1,114
Additions:			
Mobile data applications development cost	-	109	109
Less Research and Development Grant	-	(20)	(20)
At 31 December 2010	988	215	1,203
Additions:			
Mobile data applications development cost	-	171	171
Less Research and Development Grant	-	(20)	(20)
At 31 December 2011	988	366	1,354
Impairment and amortisation			
At 1 January 2010	(190)	(56)	(246)
Charge for year	-	(19)	(19)
At 31 December 2010	(190)	(75)	(265)
Charge for year	-	(31)	(31)
At 31 December 2011	(190)	(106)	(296)
Carrying amount			
At 31 December 2011	798	260	1,058
At 31 December 2010	798	140	938
At 1 January 2010	798	70	868

Goodwill can be further analysed by cash generating unit the recoverable amount of each has been assessed based on estimated value in use.

	Crimson Tide (IE) Ltd (Healthcare) £000	Crimson Tide Mpro Ltd (Mobile sols.) £000	Callog Ltd (Telecoms) £000	Total £000
Cost	400	280	308	988
Less impairment	-	-	(190)	(190)
Carrying amount	400	280	118	798

Management prudently assess value in use by estimating the cashflows each unit is expected to generate in the next four years based on current levels of business activity, reducing over time if appropriate, discounted at 8% p.a. No growth is forecast for the purposes of these calculations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

8. Equipment, fixtures and fittings

Group	Office and computer equipment £000	PDA & smartphone equipment £000	Fixtures and fittings £000	Motor Vehicles £000	Total £000
Cost					
At 1 January 2010 (Restated)	39	191	14	10	254
Additions	8	94	-	2	104
At 31 December 2010 (Restated)	47	285	14	12	358
Additions	11	260	6	-	277
Disposals	-	(72)	-	(12)	(84)
At 31 December 2011	58	473	20	-	551
Depreciation					
At 1 January 2010 (Restated)	(29)	(84)	(9)	(8)	(130)
Charge for year	(3)	(59)	(2)	(4)	(68)
At 31 December 2010 (Restated)	(32)	(143)	(11)	(12)	(198)
Charge for year	(6)	(93)	(1)	-	(100)
Disposals	-	72	-	12	84
At 31 December 2011	(38)	(164)	(12)	-	(214)
Carrying amount					
At 31 December 2011	20	309	8	-	337
At 31 December 2010 (Restated)	15	142	3	-	160
At 1 January 2010 (Restated)	10	106	5	2	123

Included within the net book value of £337,000 is £17,000 (2010: £13,000) relating to computer equipment held under finance lease agreements. The depreciation charge to the financial statements in the year in respect of such computer equipment amounted to £4,000 (2010: £4,000). There is no material difference between the value of the minimum lease payments and their net present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

8. Equipment, fixtures and fittings (continued)

Company	Fixtures & Fittings Total £000
Cost	
At 1 January 2010	17
Additions	-
At 31 December 2010	17
Disposals	(17)
At 31 December 2011	-
Depreciation	
At 1 January 2010	(17)
Charge for year	-
At 31 December 2010	(17)
Charge for year	-
Disposals	17
At 31 December 2011	-
Carrying amount	
At 31 December 2011	-
At 31 December 2010	-
At 1 January 2010	-

9. Investments

Company

The Company is the holding company of the Group. The following table shows details of the Company's subsidiary undertakings at 31 December 2011. Each of these companies is wholly owned by Crimson Tide plc, the issued share capital of each is fully paid and each is included in the consolidated accounts of the Group:

Name of company	Activity	Country of incorporation or registration and operation
Owned directly by Crimson Tide plc		
Crimson Tide Mpro Limited	Mobile data solutions	England and Wales
Crimson Tide Services Limited	Mobile data solutions	England and Wales
A. Cohen & Co. (GB) Limited	Non-trading	England and Wales
Crimson Tide (IE) Limited	Mobile data solutions	Ireland
A.Cohen (Aust) Pty Limited	Non-trading	Victoria, Australia
Owned by Crimson Tide Mpro Limited		
Moneymotive Limited	Non-trading	England and Wales
Owned by Moneymotive Limited		
Callog Limited	Telecoms	England and Wales

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

9. Investments (continued)

Company	Shares in subsidiary undertakings £000	Trade investments £000	Total £000
Cost			
At 31 December 2010	5,297	386	5,683
Additions	-	-	-
At 31 December 2011	5,297	386	5,683
Provisions			
At 31 December 2010	1,929	386	2,315
Impairment	-	-	-
At 31 December 2011	1,929	386	2,315
Carrying amount			
At 31 December 2011	3,368	-	3,368
At 31 December 2010	3,368	-	3,368

10. Trade and other receivables

Group	As at 31 December 2011 £000	As at 31 December 2010 (Restated) £000	As at 1 January 2010 (Restated) £000
Trade receivables	177	341	164
Other receivables	68	45	22
Prepayments and accrued income	163	118	157
	408	504	343

As at 31 December 2011, trade receivables of £131,000 (2010: £53,000) were impaired and fully provided for. The ageing of trade receivables not impaired are as follows:

Aged analysis of trade receivables:	As at 31 December 2011 £000	As at 31 December 2010 £000
Age from invoice date		
< 30 days	108	230
30 - 60 days	32	49
60 - 90 days	12	35
> 90 days	25	27
	177	341

Movements of the Group provision for impairment of trade receivables are as follows:

	£000
At 1 January 2010	27
Receivables collected in year previously provided for	-
Receivables written off during the year as uncollectable	(6)
Provision for receivables impairment for the year	32
At 31 December 2010	53
Receivables collected in year previously provided for	-
Receivables written off during the year as uncollectable	(33)
Provision for receivables impairment for the year	111
At 31 December 2011	131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

	As at 31 December 2011 £000	As at 31 December 2010 £000
Company		
Amounts recoverable from Group undertakings	1,349	974
Other receivables	31	4
Prepayments and accrued income	5	7
	<u>1,385</u>	<u>985</u>

11. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits held by Group companies. The carrying amount of these assets approximates their fair value.

12. Share capital

	As at 31 December 2011 £000	As at 31 December 2010 £000
Authorised		
Ordinary shares: 711,950,842 shares of 1p each (2010: 711,950,842 shares of 1p each)	7,120	7,120
Deferred shares: 15,160,482 shares of 19p each	<u>2,880</u>	<u>2,880</u>
	<u>10,000</u>	<u>10,000</u>
Issued, called up		
Ordinary shares: 445,486,234 shares of 1p each (2010: 387,986,234 shares of 1p each)	4,455	3,880
Deferred shares: 15,160,482 shares of 19p each	<u>2,880</u>	<u>2,880</u>
	<u>7,335</u>	<u>6,760</u>

W. H. Ireland Ltd received a warrant to subscribe for up to 3,879,862 1p Ordinary Shares as part of their fee for the fund raising completed in October 2010.

<u>Date of Grant</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Number Issued</u>	<u>Exercised in 2011</u>	<u>Number outstanding 31 December 2011</u>
29 November 2010	1.0p	29 November 2013	3,879,862	-	3,879,862

Share options

The Company has granted equity-settled options to some of the Directors and employees under the Company's Enterprise Management Incentive Scheme (EMI Scheme) and under an unapproved scheme. The share options may not be exercised for two years and thereafter, only if the target share price is achieved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

At 31 December 2011 the following options were outstanding in respect of ordinary shares.

Date of Grant	Target share price	Exercise Price	Expiry Date	Number Issued	Exercised in 2011	Expired/ cancelled	Number outstanding at 31 December 2011	Number exercisable at 31 December 2011
Issued under EMI scheme								
5 February 2007	2.5p	1.5p	5 February 2017	11,000,000	—	1,000,000	10,000,000	—
5 November 2008	2.5p	1.0p	5 November 2018	7,000,000	—	2,000,000	5,000,000	—
5 May 2010	2.5p	1.25p	5 May 2020	17,500,000	—	1,000,000	16,500,000	—
Issued under an unapproved scheme								
5 May 2010	2.5p	1.25p	5 May 2020	2,500,000	—	—	2,500,000	—

An expense of £nil has been recognised in the year (2010: £13,804) in respect of a share based payment charge using the Black-Scholes option pricing model for the outstanding share options issued in 2010 having considered the Company's share price at the date of the grant of 1.12p and the market based performance criteria attached to the options. The charge reflects an expected option life of 5 years, a risk free rate of 2.3% and expected volatility of 33.9%.

13. Reserves

Group	Capital redemption reserve £000	Share premium £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000
Balance as at 1 January 2010	49	1,124	431	(5,244)	(1,917)
Profit for the year	-	-	-	-	7
Proceeds from new shares issued during the year	-	(34)	-	-	-
Employee Share Option reserve	-	-	14	-	-
Translation movement	-	-	(4)	-	-
Balance as at 31 December 2010	49	1,090	441	(5,244)	(1,910)
Profit for the year	-	-	-	-	15
Proceeds from new shares issued during the year	-	-	-	-	-
Translation movement	-	-	(5)	-	-
Balance as at 31 December 2011	49	1,090	436	(5,244)	(1,895)

Company	Capital redemption reserve £000	Share premium £000	Other reserves £000	Retained earnings £000
Balance as at 1 January 2010	49	1,124	323	(3,763)
Loss for the year	-	-	-	(61)
Proceeds from new shares issued during the year	-	(34)	-	-
Employee Share Option reserve	-	-	14	-
Balance as at 31 December 2010	49	1,090	337	(3,824)
Loss for the year	-	-	-	(64)
Proceeds from new shares issued during the year	-	-	-	-
Balance as at 31 December 2011	49	1,090	337	(3,888)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**AT 31 DECEMBER 2011****14. Creditors: Amounts falling due within one year**

	As at 31 December 2011 £000	As at 31 December 2010 £000
Group		
Bank loans	-	39
Other loan	-	269
Bank overdraft	17	-
Trade creditors	60	155
PAYE and social security	21	31
VAT	39	78
Finance lease agreements	6	6
Directors' current account	30	23
Other creditors	-	10
Accruals and deferred income	107	269
	280	880

Other loan comprises a convertible loan that was repaid in May 2011 using funds raised from the issue of new shares in January 2011.

	As at 31 December 2011 £000	As at 31 December 2010 £000
Company		
Bank loans	-	39
Trade creditors	6	16
Amounts owed to Group undertakings	4	239
Other creditors and accruals	28	21
	38	315

Amounts owed to Group undertakings were mostly repaid following receipt of funds raised from the issue of new shares in January 2011, allowing the Group undertaking to repay this other loan referred to above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

15. Creditors: Amounts falling due after more than one year

	As at 31 December 2011 £000	As at 31 December 2010 £000
Group		
Finance lease agreements	8	4

Maturity of debt

	As at 31 December 2011 £000	As at 31 December 2010 £000
Group		
The loans and finance leases are repayable as follows:		
Within one year	6	318
Between one and two years	6	-
Between two and five years	2	-
	14	318

	As at 31 December 2011 £000	As at 31 December 2010 £000
Company		
The loans and finance leases are repayable as follows:		
Within one year	-	39
Between one and two years	-	-
Between two and five years	-	-
	-	39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

16. Operating lease commitments

At the period end, total future minimum rental commitments under non-cancellable operating leases were:

	As at 31 December 2011 £000	As at 31 December 2010 £000
Group		
Not later than 1 year	5	-
After 1 year but not more than 5 years	137	68
	142	68

17. Financial Instruments and Risk Management

The Group uses a limited number of financial instruments, comprising cash, short-term deposits, loans and bank overdrafts to fund the Group's operations. The Group has other financial instruments such as trade receivables and payables, that arise directly from operations. The Group does not trade in financial instruments.

Trade and other short-term debtors/creditors have been excluded from the following disclosures

	As at 31 December 2011 £000	As at 31 December 2010 £000
Group		
Financial Assets		
Cash at bank and in hand	219	440
Financial Liabilities		
Bank overdraft (maturing on demand)	17	-
Bank loans	-	39
Other loans	-	269

An analysis of the maturity of the loans is given in note 15.

Financial risk factors

Exposure to currency, credit, liquidity and interest rate risk arise in the normal course of the Group's business.

The Directors review and agree policies for managing each of these risks to minimise potential adverse effects on the Group's financial performance.

a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. At the end of the year the Group held negligible net monetary assets in euros. Foreign exchange differences on retranslation of these assets and liabilities are taken to the income statement.

b) Credit risk

The Group has no significant concentrations of credit risk and has policies in place to ensure that sales are made to customers with an appropriate credit history. Receivables balances are monitored on an ongoing basis and no one customer represents more than 5% of total revenue, as a result that the Group's exposure to bad debts is not significant. The Group is exposed to the loss of future subscription revenues if subscriber customers go into liquidation. At 31 December, 2011, no one customer accounted for more than £180,000 of future contracted revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

AT 31 DECEMBER 2011

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Group ensures it has adequate cover through the availability of bank overdraft and loan facilities to satisfy forecast requirements taking into account all known and forecast factors.

In May 2012, the Company received confirmation from HSBC that a loan facility granted under the Enterprise Finance Guarantee scheme of £350,000 had been made available to the Group that management believe is adequate to fund the Group's foreseeable requirements. It should be noted that PDA and smartphone devices are only purchased once a term contract has been signed by the customer.

d) Interest rate risk

The Group's policy is to minimise interest rate risk by regularly reviewing and agreeing actions to limit the Group's exposure to adverse movements in interest rates.

Fair value risk factors

The net fair values of intangible assets approximate to their carrying value as disclosed in Note H and 7 are regularly assessed. The aggregate net fair values and carrying amounts of all other assets and liabilities, including financial assets and financial liabilities, are disclosed in the Statement of Financial Position and Notes.

Operational risk factors

Following receipt of additional capital in October 2010 and January 2011, the Board considers the key operating risk to be the Group's ability to manage the expected increase in subscriber numbers resulting from increased marketing spend and new channel partners. Management plan to recruit appropriately qualified staff to match these demands.

18. Related party transactions

On 12 May 2011, the Company announced that the Goodwin Accumulation and Maintenance Trust had decided to exercise part of its option and purchase 7,500,000 million new Ordinary Shares of 1 pence per share. At the same time, the Company repaid the remaining balance of the loan of £212,492 and cancelled the balance of the option facility.

The interests of the Directors in share options are shown on page 11.

Other than the above and the Director's current account (monies owed to Mr. B R J Whipp), no transactions with related parties were undertaken such as are required to be disclosed under International Accounting Standard 24.

19. Profit of the Parent Company

As permitted by Section 408 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounted to £64,514 (2010 loss: £61,202).

20. Post-balance sheet events

In May 2012, HSBC Bank plc granted the Company a new loan facility of £350,000 under the Enterprise Finance Guarantee scheme to fund PDA and smartphone devices purchased to satisfy subscription contracts currently forecast to be signed by customers.

**COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011**

		As at 31 December	
	Notes	2011 £000	2010 £000
Assets			
Tangible assets	8	-	-
Investments	9	3,368	3,368
Total non-current assets		3,368	3,368
Trade and other receivables	10	1,385	985
Cash and cash equivalents	11	208	374
Total current assets		1,593	1,359
Total Assets		4,961	4,727
Equity and liabilities			
Share capital	12	7,335	6,760
Capital redemption reserve	13	49	49
Share premium	13	1,090	1,090
Other Reserves	13	337	337
Retained earnings	13	(3,888)	(3,824)
Total equity		4,923	4,412
Trade and other payables			
Amounts falling due within one year	14	38	315
Amounts falling after more than one year		-	-
Total liabilities		38	315
Total equity and liabilities		4,961	4,727

The financial statements were approved by the Board of Directors on 31 May 2012 and are subject to the approval of the shareholders at the Annual General Meeting on 28th June 2012 and signed on its behalf by:

B R J Whipp
Director

S K Goodwin
Director

Company registration number: 0113845

COMPANY STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2011

	Year ended 31 December 2011 £000	Year ended 31 December 2010 £000
Loss after tax for the year being total recognised income and expense for the year	(64)	(61)
Issue of share capital	575	516
Employee share option reserve	-	14
Total changes in equity	511	469
Total equity as at 1 January	4,412	3,943
Total equity as at 31 December	4,923	4,412

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	Year ended 31 December	
	2011 £000	2010 £000
Cash flows from operating activities		
Operating loss before taxation	(64)	(59)
Add back:		
Increase in trade and other receivables	(400)	(127)
Decrease / increase in trade and other payables	(238)	23
Income tax paid	-	-
Net cash used in operating activities	(702)	(163)
Cash flows used in investing activities		
Acquisition of subsidiaries	-	-
Purchases of fixed assets	-	-
Interest received	-	-
Net cash used in investing activities	-	-
Cashflows from financing activities		
Net proceeds from issue of shares	575	516
Interest paid	-	(2)
Net decrease in borrowings	(39)	(38)
Net cash from financing activities	536	476
Net (decrease)/increase in cash and cash equivalents	(166)	313
Net cash and cash equivalents at beginning of period	374	61
Net cash and cash equivalents at end of period	208	374
Analysis of Net Funds		
Cash and cash equivalents	208	374
Bank overdraft	-	-
	208	374
Other borrowing due within one year	-	(39)
Borrowings due after one year	-	-
Net funds	208	335

OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors	B R J Whipp (Executive Chairman) R S Ager G B Ashley S K Goodwin J W F Roth
Secretary	S K Goodwin
Registered office	10 Orange Street Haymarket London WC2H 7DQ
Registered Number	0113845
Bankers	HSBC Bank plc 9 Wellesley Road Croydon Surrey CR9 2AA
Auditors	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DQ
Nominated Adviser and Broker	W H Ireland Ltd 24 Martin Lane London EC4R ODR
Solicitors	Gordons Partnership LLP 22 Great James Street London WC1N 3ES
Website	www.crimsontide.co.uk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2012 Annual General Meeting of Crimson Tide plc will be convened at 10 Orange Street, Haymarket, London WC2H 7DQ on 28 June 2012 at 2:30 pm to transact the following business and consider and, if thought fit, pass the following resolutions, each such resolution to be considered as an ordinary resolution.

Ordinary Resolutions:

- 1 To receive the report and accounts of the Company for the year ended 31 December 2011
- 2 To re-appoint Messrs Shipleys LLP as Auditor and authorise the Directors to fix their remuneration
- 3 To re-appoint Barrie Reginald John Whipp as a Director of the Company
- 4 To re-appoint Rowley Stuart Ager as a Director of the Company
- 5 To authorise the Directors, pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot ordinary shares in the capital of the Company and grant rights to subscribe for or convert any security into ordinary shares up to a maximum aggregate nominal value of £2,000,000 provided that such authority shall expire on the fifth anniversary of the date of this resolution, except that the Directors may, before such an expiry, make offers or agreements which would or might require ordinary shares to be allotted or rights to be granted after such expiry and allot ordinary shares or grants in pursuance of such offers or agreements.

Special Resolutions:

- 6 To authorise the Directors, pursuant to an in accordance with section 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash as if sub-section 561 of the Act did not apply to the allotment of equity securities pursuant to the authority conferred on them under section 551 of the Act up to the aggregate nominal value of £2,000,000, such power to expire on the fifth anniversary of the date of this resolution (but so as to enable the Company, before the expiry of such power, to make offers or agreements which would or might require equity securities to be allotted after such expiry and to enable them to allot equity securities for cash pursuant to such offers or agreements as if the power conferred thereby had not expired).

- 7 Subject to the confirmation of the High Court, to reduce the share capital of the Company by the cancellation and extinguishment for no consideration of all the issued and unissued deferred shares of 19 pence

- 8 To adopt Articles of Association in the form produced to the meeting and signed for the purposes of identification by the chairman.

By order of the Board
Stephen Goodwin
Company Secretary
Registered Office
10 Orange Street, London WC2H 7DQ
31 May 2012

Notes

1 Proxies

Any member of the Company entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member.

2 Contracts of Service

All Directors' contracts of service having more than one year's unexpired term are available for inspection by members at the Company's registered office during business hours and will be available for inspection at the location of the meeting for the period commencing 15 minutes prior to the commencement of the meeting and ending at the conclusion of the meeting.

- 3 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, hereby specifies that only those shareholders registered on the Register of Members of the Company at 2.30 pm on 26 June 2012 shall be entitled to attend or vote at the meeting in respect of shares registered in their name at the time. Changes to entries on the relevant Register of Members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the articles of association of the Company or other instrument to the contrary.

- 4 The Company, pursuant to Regulation 41(3) of the Uncertificated Securities Regulations 2001, hereby gives notice of its determination that only those shareholders registered on the Register of Members of the Company at the close of business on the date of this notice shall be entitled to receive notice of this meeting.

FORM OF PROXY

Crimson Tide plc
("Crimson Tide" or "the Company")
Annual General Meeting on 28 June 2012 at 2.30 pm

I/We (name in full)

of

hereby appoint the Chairman of the Meeting or (delete as appropriate) as my/our proxy to attend, to speak and to vote in respect of the shares registered in my/our name(s) at the Annual General Meeting of Crimson Tide plc to be held on 28 June 2012 and at any adjournment thereof. I/We direct my/our proxy to vote on the following resolution as I/we have indicated by marking the appropriate box with an 'X'.

RESOLUTION	FOR	AGAINST	ABSTENTION
1 To approve accounts			
2 To re-appoint Shipleys LLP as auditors			
3 To re-appoint B R J Whipp as director			
4 To re-appoint R S Ager as director			
5 To give authority to allot shares			
6 To permit non rights issues of shares			
7 To cancel Deferred shares			
8 To adopt new Articles of Association			

Signature Date

Notes on completion:

- As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
- Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space provided. If you sign and return this proxy form with no name inserted in the space, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
- To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
 To appoint a proxy using this form, the form must be:
 - completed and signed;
 - sent or delivered to Company Secretary; and
 - received no later than 26 June 2012 at 2.30 pm.
- If your shares are held through CREST, you may use the CREST electronic proxy appointment service.
- In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
- In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, a proxy may vote or abstain from voting at his or her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Second fold

Please
Affix
Stamp
Here

The Company Secretary
Crimson Tide plc
Heathervale House
Vale Avenue
Tunbridge Wells
TN1 1DJ

First fold

Third fold

mpro
simply smart

Crimson Tide plc

Registered in England No. 0113845

Our registered office:

10 Orange Street, London, WC2H 7DQ

UK office:

Heathervale House, Vale Road,
Royal Tunbridge Wells,
Kent, TN1 1JD

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