**Crimson Tide plc**

**Preliminary Announcement of Results to 31 December 2013**

Crimson Tide plc ("Crimson Tide" or "the Company"), a leading service provider of mobility solutions for business, is pleased to announce its unaudited preliminary results for the year ended 31 December 2013.

**Financial Highlights**

- EBITDA increased 48% to £291k (2012: £196k)
- Gross margin improved to over 80% (2012: 78.9%)
- Future contracted revenues more than doubled to over £2m

**Operational Highlights**

- Growth in contracted subscribers of 22%
- mpro5 enhanced and now available on Windows 8 in addition to iOS, Android, Windows Phone and Blackberry smartphone and tablet operating systems
- Exposure to larger pipeline in the UK and overseas

**Barrie Whipp, Executive Chairman of Crimson Tide, commented:**
"A significant year for Crimson Tide has seen positive increases in most key indicators. The foundation of the business in terms of contracted subscribers is very strong and contracted revenues represent a significant percentage of operating costs. We have leverage for future growth which will substantially flow through to the bottom line. mpro5 is now being seen as a platform for mobility for enterprise customers and we are optimistic that some of these opportunities will result in significant benefits"

"

Enquiries:

| | |
|---|---|
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## **Chairman's Statement**

2013 was a significant year for Crimson Tide as we saw positive results in almost all of our key indicators. The key to our growth is the percentage increases in contracted subscriber revenue compared to one off consultancy or sales revenue and I am delighted that we have achieved record growth in this area. The numbers of subscribers and total contracted revenue are also at an all-time high. This means that our future is underpinned by a book of high quality receivables.

Our mpro5 product continued to grow through the year and significant enhancements were made. Our cross platform nature meant that we could seamlessly roll out new devices on the iOS and Android platforms whilst adding Windows Phone 8 devices to our portfolio. We are particularly positive about the development of our platform and its relevance to an expanding range of devices. mpro5 was also released on the Windows 8 Platform, enabling users to complete jobs on an ultra-book or Windows tablet. I believe this will open our product up to even more field based users

In terms of extension of the functionality of the application, we made further strides during the year. The system was updated to deal with changes in operating systems including iOS7, Android Jelly Bean and Windows Phone 8. Optimization means that our core code runs faster and will run faster again in 2014 as we implement JSON Lite and pursue other efficiencies in data transmission. Our roadmap contains enhancements in navigation and mapping, business intelligence and visualisation and a number of usability features. Our platform strategy has proved robust and we believe our system is highly future proof. Flexibility in our html5/css3/javascript coding methodology means we can swiftly respond to new form factors, devices and communications infrastructure with great agility. We made an "all in" bet with The Cloud using Microsoft Azure, which provides the scalability, security and reliability and further validates mpro5 as a truly enterprise class system.

We were very pleased during the year to win the contract to take our Metro newspaper system nationwide. Associated Newspapers have used the system for 3 years in London and the South East and it is a validation of our service that they not only signed to take the system nationwide but extended the whole contract by five years.

The extension of contracts is something we take very seriously, and recent extensions with Frylite and St James' Hospital really do carry as much weight as new transactions. The support we receive from these clients is a tremendous boost to our company. The St James' application for people with haemophilia is being extended to incorporate lifestyle questions, and this area of healthcare has many opportunities for mpro5.

It is documented that we installed two significant pilots during the year. The robustness of our model meant that although these pilots have not come to fruition, we stand well placed with our organic growth. One of the pilots has continued for an extended period. It would be unwise to say that we expect a positive result, however the system we have installed has proved a success and we await the potential client's decision. The system is perfectly applicable to other major retailers, be they in the UK or other geographies.

We underwent some management changes during the year and the redistribution of responsibilities has left us leaner at the management level and has an effect on the level of overhead which we carry. Luke Jeffrey has stepped up to handle more management responsibilities and Laurence D'Arcy fulfils the senior sales role as well as covering his responsibilities as Managing Director of the business in Ireland, where we have seen a recovery in business confidence

We recently announced a new partnership with a mobile network operator in the Republic of Ireland and hope to be in a position to make a further announcement on this soon. Having a wider distribution channel is something we welcome in Ireland and we feel quite positive, especially with the pipeline already identified.

We performed well in respect of cash and this reflects the success of our business model over time. We funded over £250k of capital equipment purchases from our own resources in 2013 and still have capacity to fund more. Debt financing conditions remain challenging , but we remain confident in our ability to service our equipment requirements. It is only very large transactions that would require further funding.

The first quarter of 2014 has given us reason to be positive for the future and we are operationally geared so that we can take advantage of the new subscriber transactions that are presenting themselves. Some of these are larger in nature and represent a significant opportunity to take the Company to a higher level. We have never limited ourselves geographically and whilst we have no plans to expand our physical footprint at this time, our applications are available on various app stores and have piqued interest internationally.

I would like to take this opportunity of thanking our loyal and committed team, who are convinced of our future success and put their heart and soul into our business

**Barrie Whipp**
**Executive Chairman**
**02 April 2014**

## Operating and Financial Review

I am pleased to report on our results for the year to 31 December 2013 and review the performance of the business during this period.

OPERATING REVIEW

Following many successful roll-outs of our mpro5 software over the course of 2012 and 2013, we have continued to invest in the product to add additional functionality and reporting capabilities, as well as Windows 8 as an operating platform. mpro5 has also proved attractive to existing customers, many of whom have opted to upgrade to mpro5 before the end of their existing subscriber agreements. In doing so their mobility solution is optimised and we benefit from contracted revenues over an increased term. The implementation of mpro5 across the iOS and Android operating systems, hosted in the cloud on Azure, have together also substantially reduced the amount of user support required. This re-affirms our belief that as the subscriber base continues to grow, our existing support team will be able to maintain their high levels of service and our operational gearing will continue to improve profit margins.

We announced during the course of 2013 a number of new contract wins. In particular, in April 2013, Associated Newspapers signed new subscriber agreements to add a further 155 subscribers on a five year term to their existing 144 and extended these to a co-terminus date which added significantly to our contracted revenue book. With these agreements and others, our future contracted revenues doubled over the course of the year to total over £2m at the year end. These future earnings are not reflected in our balance sheet.

We have continued to focus our sales effort through our channel partner community and recently added one of the world's largest mobile network operators to the list. During 2013, new leads have continued to come predominately from these partners and from recommendations. In 2014, we plan to increase our marketing spend from its current low level to further boost the pipeline of opportunities we are currently working on.

While not neglecting the smaller opportunities we have, the business is also fortunate to have a number of larger opportunities we are working on. As we look forward to the year ahead, we remain very excited that our mpro5 mobility solution may be used by an increasing number of businesses with higher numbers of users.

FINANCIAL REVIEW

Turnover in 2013 at £1.27m was broadly similar to last year's £1.23m, but hides another positive change in the mix. Revenues from mobile data solutions, including mpro5, increased by 30% to £1.08m more than offsetting the planned reduction in revenues from non-core activities which reduced from £0.40m in 2012 to £0.19m in 2013. Contracted subscribers grew by more than 20% over the year and future contracted revenues more than doubled to over £2m.

Gross margin for 2013 improved to over 80% (2012: 79%) . Most significantly, our strategic move away from non-core activities, which is now mostly complete, allowed us to make some key organisational changes which resulted in a significant reduction in our overheads in the second half 2013. Operating margin before depreciation and amortisation improved from 16% in 2012 to 23% as the impact of these changes was achieved, resulting in a 48% increase in EBITDA from 2012.

After higher depreciation charges and interest costs broadly similar to 2012, the Group achieved a profit before tax of £20,000 (2012: £5k).

The Group's operational gearing generated net cash from its operating activities of £376k, nearing four times the 2012 figure of £98k. These funds, together with the unused portion of our bank loan brought forward from 2012, were utilised purchasing mobile devices required for new subscriber agreements, investing in the further development of mpro5 and bank loan repayments. The Group finished the year with cash balances totalling £132k (2012: £321k) but has since added to this total in Q1 2014.

Crimson Tide's accounting policies can either be found in the notes to the published 2012 Consolidated Financial Statements or the 2013 Financial Statements when released in the next few weeks. There have been no changes to these during 2013.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

As previously communicated, the principal risks facing the business potentially stem from attempts to accelerate growth, for example by increasing spending on marketing and the channel partner network. This may gradually consume cash resources if there was no resulting uplift in subscribers thereby reducing the Group's ability to fund devices supplied as part of our mobility solutions. This in turn highlights the risk that if significant growth is achieved, the Group may lack sufficient funding to purchase a significant number of mobile devices for new subscribers. If not managed, one or both may hold back growth, however, an immediately viable solution is to supply software only to new customers.

## FUTURE PROSPECTS

Crimson Tide remains well placed in the market with an excellent reputation in providing mobility solutions to businesses big and small. As more companies adopt new mobile technology, Crimson Tide will continue to grow its subscriber book and secure the benefits for its stakeholders of being highly operationally geared. The Board remain very encouraged by the prospects for the business.

**Stephen Goodwin**
**Finance Director**
**02 April 2014**

**Crimson Tide plc**

## Unaudited Consolidated Income Statement

| | Group | |
|---|---|---|
| | **Year ended December 2013 £000** | **Year ended December 2012 £000** |
| Revenue from continuing operations | 1,268 | 1,226 |
| Cost of Sales | (250) | (259) |
| Gross Profit | 1,018 | 967 |
| Administration expenses | (727) | (771) |
| **Earnings before interest, tax, depreciation & amortisation** | **291** | **196** |
| Depreciation & amortisation | (253) | (173) |
| Profit from operations | 38 | 23 |
| Interest income | - | - |
| Finance costs | (18) | (18) |
| **Profit before taxation** | **20** | **5** |
| Tax | - | - |
| Profit for the year attributable to equity holders of the parent | 20 | 5 |
| | | |
| **Earnings per share (Note C)** | | |
| Basic and diluted earnings per Ordinary share (pence) | 0.00 | 0.00 |

## Unaudited Consolidated Statement of Comprehensive Income

| | Group | |
|---|---|---|
| | **Year ended December 2013 £000** | **Year ended December 2012 £000** |
| Profit for the year | 20 | 5 |
| Other comprehensive income/(loss) for the year: | | |
| Exchange differences on translating foreign operations | 3 | (4) |
| Total comprehensive profit for the year | 23 | 1 |

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**Unaudited Statement of Financial Position**

| | Group | |
|---|---|---|
| | **As at 31 December 2013 £000** | **As at 31 December 2012 £000** |
| **Fixed Assets** | | |
| Intangible assets | 1,224 | 1,179 |
| Equipment, fixtures & fittings | 417 | 290 |
| | 1,641 | 1,469 |
| **Current Assets** | | |
| Inventories | 48 | 40 |
| Trade and other receivables | 496 | 513 |
| Cash and cash equivalents | 132 | 321 |
| | 676 | 874 |
| **Total Assets** | 2,317 | 2,343 |
| **Equity and liabilities** | | |
| **Equity attributable to equity holders of the parent** | | |
| Share capital | 7,335 | 7,335 |
| Capital redemption reserve | 49 | 49 |
| Share premium | 1,090 | 1,090 |
| Other reserves | 435 | 432 |
| Reverse acquisition reserve | (5,244) | (5,244) |
| Retained earnings | (1,870) | (1,890) |
| | 1,795 | 1,772 |
| **Liabilities** | | |
| Amounts falling due within one year | 463 | 394 |
| Amounts falling due after more than one year | 59 | 177 |
| **Total liabilities** | 522 | 571 |
| **Total equity and liabilities** | 2,317 | 2,343 |

**Crimson Tide plc**

**Unaudited Statement Of Changes In Equity**

| **Group** | **Share capital** | **Capital redemption reserve** | **Share premium** | **Other reserves** | **Reverse acquisition reserve** | **Retained earnings** | **Total** |
|---|---|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Balance as at 1 January 2012 | 7,335 | 49 | 1,090 | 436 | (5,244) | (1,895) | 1,771 |
| Profit for the year | | | | | | 5 | 5 |
| Translation movement | | | | (4) | | | (4) |
| Balance as at 31 December 2012 | 7,335 | 49 | 1,090 | 432 | (5,244) | (1,890) | 1,772 |
| Profit for the year | | | | | | 20 | 20 |
| Translation movement | | | | 3 | | | 3 |
| Balance as at 31 December 2013 | 7,335 | 49 | 1,090 | 435 | (5,244) | (1,870) | 1,795 |

**Crimson Tide plc**

**Unaudited Consolidated Cash Flow Statement**

| | Group | |
|---|---|---|
| | **Year ended 31 December 2013** | **Year ended 31 December 2012** |
| | **£000** | **£000** |
| **Cash flows from operating activities** | | |
| Profit before taxation | 20 | 5 |
| Add back: | | |
| Amortisation of intangible assets | 102 | 55 |
| Depreciation of equipment, fixtures and fittings | 151 | 118 |
| Interest expense | 18 | 18 |
| Operating cash flows before movements in working capital | 291 | 196 |
| Increase in inventories | (7) | (3) |
| Decrease/(increase) in trade and other receivables | 16 | (106) |
| Increase in trade and other payables | 76 | 11 |
| Cash generated from operating activities | 376 | 98 |
| Taxes paid | - | - |
| **Net cash generated from operating activities** | **376** | **98** |
| **Cash flows used in investing activities** | | |
| Purchases of fixed assets | (425) | (246) |
| Interest received | - | - |
| **Net cash used in investment activities** | **(425)** | **(246)** |
| **Cash flows from financing activities** | | |
| Interest paid | (18) | (18) |
| Net (decrease)/increase in borrowings | (122) | 285 |
| **Net cash from financing activities** | **(140)** | **267** |
| **Net (decrease)/increase in cash and cash equivalents** | **(189)** | **119** |
| Net cash and cash equivalents at beginning of period | 321 | 202 |
| **Net cash and cash equivalents at end of period** | **132** | **321** |

| | Group | |
|---|---|---|
| | Year ended 31 December 2013 £000 | Year ended 31 December 2012 £000 |
| **Analysis of net funds:** | | |
| Cash and cash equivalents | 132 | 321 |
| Bank overdraft | - | - |
| | **132** | **321** |
| Other borrowing due within one year | (117) | (117) |
| Borrowings due after one year | (58) | (175) |
| Finance leases | (3) | (8) |
| **Net (debt)/funds** | **(46)** | **21** |

**Notes to the Consolidated Financial Statements for the year ended 31 December 2013**

## A) Significant accounting policies

a. Basis of preparation

The preliminary results for the period to 31 December 2013 are unaudited. The consolidated financial statements of Crimson Tide plc will be prepared and approved by the Directors in accordance with applicable law and International Financial Reporting Standards, incorporating International Accounting Standards (IAS) and Interpretations (collectively IFRSs) as endorsed by the European Union.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiaries.

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. Changes in accounting policy

No changes in accounting policies, including new or amended IFRSs, are expected to have an impact on the Company's financial results.

d. Revenue recognition

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 value of future revenues.

**B) Taxation**

No corporation tax charges have been included in the consolidated accounts for the periods ended 31 December 2013 and 31 December 2012 due to the availability of tax losses.

**C) Earnings per share**

| | Group | |
|---|---|---|
| | **Year ended 31 December 2013** | **Year ended 31 December 2012** |
| **Basic and Diluted Earnings per share** | | |
| Reported profit (£000) | 20 | 5 |
| Reported earnings per share (pence) | 0.00 | 0.00 |

The earnings per share has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares in issue calculated as follows:

| | **Year ended 31 December 2013 No.** | **Year ended 31 December 2012 No.** |
|---|---|---|
| **Weighted average number of ordinary shares:** | | |
| Opening balance | 445,486,234 | 445,486,234 |
| Effect of share placing during the year | - | - |
| Weighted average number of ordinary shares | 445,486,234 | 445,486,234 |

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2013 or 31 December 2012. Statutory accounts for 2012, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors have reported on the 2012 accounts; their report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The statutory accounts for 2013 which are prepared under accounting standards adopted by the EU will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting. The statutory accounts will be published on the Company's website www.crimsontide.co.uk by the end of May 2014.