crimsontide

interim report

2014

mpro

Crimson Tide is a leading service provider of mobile data solutions and software for business. The company is listed on the AIM market of The London Stock Exchange with offices in the UK and Ireland

Our values are Partnership, Dynamism and Teamwork.

Crimson Tide's mpro solutions are used in a wide range of environments, from blue chip organisations to high street stores to landmark buildings. Our healthcare solutions are used for nurse, patient and drug management and our vehicle based solutions monitor the delivery of newspapers and vegetable oils.

Crimson Tide supplies all of the software and hardware required for its mpro solutions on a subscription basis, there is no need for the customer to commit up front capital and our services show immediate Return On Investment. Contracts are typically of 36 month duration and the Company's subscriber book continues to grow.

www.crimsontide.co.uk

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

- **EBITDA increased by over 34% year on year**
- **Turnover and Profit Before Tax in line with expectations**
- **Very strong cash generation**
- **Landmark contracts won**
  - **Subscriber agreement signed with leading Irish company via Vodafone partnership**
  - **New deal with service provider for one of UK's best known transportation providers**
- **Subscribers reach record level**
- **Board is confident of further progress**

Since the period end the Company has won a transformational deal with an international food and beverage company which takes mpro global.

Barrie Whipp, Executive Chairman, commented;

"We are encouraged with the Company's performance in the first half and very confident about future prospects. Recent contract wins and record subscriber numbers mean that we have reached a landmark in the Company's history."

CHAIRMAN'S STATEMENT

I am pleased to report results for the six months to 30 June 2014, which show an encouraging trading performance by the Company and several key milestones. Since the period end we have concluded a transformational contract.

EBITDA increased significantly - over 34% year on year. Profit after tax was higher in the first half of 2014 than in the whole of the 2013 financial year. Our cash generation has been very strong, demonstrating the robustness of our model and the Company is cash positive.

We continued to add subscribers in the period, reaching a record level, and have agreed further contract extensions. We signed a significant subscriber agreement with one of Ireland's most eminent companies, as well as a new deal with a service provider for one of the UK's most well-known transportation providers; we have also extended our contract with a leading facilities management company.

During the period, we signed an exclusive agreement with Vodafone to distribute mpro5 in Ireland which gives us a strong partner and has validated our system at the mobile network level. We are working on further distribution agreements to allow us greater access to the growing market for mobile and cloud solutions.

We have been successfully piloting mpro5 in one of the UK and Ireland's major supermarkets, with very promising results for store management and insurable risks. We believe our solution is compelling and attractive to a large number of leading retailers.

Finally, we have recently announced a transformational contract with one of the world's largest food and beverage companies. The contract, which came about from a recommendation by Microsoft, will take Crimson Tide global, with mpro5 becoming available worldwide in most major languages. There are tremendous opportunities for mpro5, which we believe is a leading enterprise class platform for businesses worldwide.

Looking ahead, the Board is confident of further progress.

Barrie Whipp
Executive Chairman
23 September 2014

OPERATING AND FINANCIAL REVIEW

I am pleased to report results for the six months to 30 June 2014 and review the performance of the business during this period.

OPERATING REVIEW

Our mpro5 product has continued to be well received by both new customers and existing customers who have upgraded. Our strategy of continuing to invest in this mobility solution is proving increasingly successful. In ensuring the latest version of mpro5 is available across a range of operating systems, including iOS and Android, hosted in the cloud on Microsoft's Azure platform, customers have benefitted from productivity gains and increasing returns on their investment. Additionally, our business has benefitted by being able to function very effectively with lower operating costs.

During the period, a number of significant new subscription contracts have been announced as well as a new strategic partnership with one of the world's leading mobile network operators. More recently, we announced a major new deal with one of the world's largest food companies, which will significantly increase our global profile and generate additional business in the future.

Comparing our revenues now to the same period in 2013, it is clear that we have successfully moved away from lower margin, non-core activities, albeit with the resulting small reduction in revenues. Gross margin has risen to 83 per cent, up 2 per cent from the first half of 2013. More significantly, our operating margin after overheads but before interest, tax, depreciation and amortisation has increased from 19% to 28% reflecting the operational gearing gains we previously advised could be expected.

The Group's growing profitability and present operations are testament to the value of the decisions taken by the Board in 2013. It is encouraging to see that Crimson Tide's business has made more positive progress over the first half of 2014 and is well placed for this trend to continue.

CONTINUED >>

OPERATING AND FINANCIAL REVIEW CONTINUED

FINANCIAL REVIEW

Turnover for the six months to 30 June 2014 is £614k (2013: £660k) comprised mostly of longer-term subscription income (75 per cent) arising from contracts that typically cover a three year period. The resulting gross margin of 83 per cent is calculated after deducting direct costs. At the operating margin level, before depreciation and amortisation, the first half 2014 margin of 28 per cent is calculated after deducting administration costs of £336k, mostly consisting of salaries and other staff costs (63 per cent).

After depreciation, amortisation and interest costs, the Group achieved a profit before tax of £25k (2013: £10k).

Net cash generated from operating activities was £261k, partly used to finance purchases of new smartphone, tablets and other mobile devices supplied to new contracting subscribers, as well as funding the continuing development of mpro5 to ensure that our product remains market-leading. After scheduled debt repayments totalling £66k, net cash balances increased from £132k at the end of 2013 to £247k at 30 June 2014.

There have been no changes to Crimson Tide's accounting policies which can be found in the notes to the published 2013 Consolidated Financial Statements available on our website, www.crimsontide.co.uk.

FUTURE PROSPECTS

Crimson Tide's mpro5 solution and the services provided by the Group continue to be of interest to a broad spectrum of businesses, including those of a significant size. The Company remains well placed to meet the demands of organisations looking to mobilise their business activities.

The availability of mpro5 globally is leading us to explore opportunities with potential partners in other geographies which the Board feels will add scale to our offering.

The Board remain very positive for the prospects for the business.

Stephen Goodwin
Finance Director
23 September 2014

UNAUDITED CONSOLIDATED INCOME STATEMENT

for the 6 months to 30 June 2014

	Unaudited 6 Months ended 30 June 2014 £000	Unaudited 6 Months ended 30 June 2013 £000	Audited 12 Months ended 31 December 2013 £000
Revenue	614	660	1,268
Cost of Sales	(106)	(125)	(250)
Gross Profit	508	535	1,018
Overhead expenses	(336)	(407)	(727)
Earnings before interest, tax, depreciation & amortisation	**172**	**128**	**291**
Depreciation & Amortisation	(141)	(108)	(253)
Profit from operations	31	20	38
Interest income	-	-	-
Interest payable and similar charges	(6)	(10)	(18)
Profit before taxation	**25**	**10**	**20**
Taxation	-	-	-
Profit for the year attributable to equity holders of the parent	25	10	20

Earnings per share

	Unaudited 6 Months ended 30 June 2014	Unaudited 6 Months ended 30 June 2013	Audited 12 Months ended 31 December 2013
Basic and diluted earnings per Ordinary Share (see Note 2)	0.01p	0.00p	0.00p

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 6 months to 30 June 2014

	Unaudited 6 Months ended 30 June 2014 £000	Unaudited 6 Months ended 30 June 2013 £000	Audited 12 Months ended 31 December 2013 £000
Profit for the period	25	10	20
Other comprehensive income/(loss) for period:			
Exchange differences on translating foreign operations	(7)	6	3
Total comprehensive profit recognised in the period and attributable to equity holders of parent	18	16	23

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2014

	Unaudited As at 30 June 2014 £000	Unaudited As at 30 June 2013 £000	Audited As at 31 December 2013 £000
Fixed Assets			
Intangible assets	1,213	1,192	1,224
Equipment, fixtures & fittings	367	444	417
	1,580	1,636	1,641
Current Assets			
Inventories	31	54	48
Trade and other receivables	415	438	496
Cash and cash equivalents	247	275	132
Total current assets	693	767	676
Total assets	2,273	2,403	2,317
Equity and liabilities			
Equity			
Share capital	7,335	7,335	7,335
Capital redemption reserve	49	49	49
Share premium	1,090	1,090	1,090
Other reserves	428	438	435
Reverse acquisition reserve	(5,244)	(5,244)	(5,244)
Retained earnings	(1,845)	(1,880)	(1,870)
Total Equity	1,813	1,788	1,795
Creditors			
Amounts falling due within one year	460	496	463
Creditors			
Amounts falling due after more than one year	-	119	59
Total liabilities	460	615	522
Total equity and liabilities	**2,273**	**2,403**	**2,317**

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

at 30 June 2014

	Share Capital	Capital redemp-tion reserve	Share premium	Other reserves	Reverse acquis-ition reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 December 2012	7,335	49	1,090	432	(5,244)	(1,890)	1,772
Profit for the period	-	-	-	-	-	10	10
Translation movement	-	-	-	6	-	-	6
Balance at 30 June 2013	**7,335**	**49**	**1,090**	**438**	**(5,244)**	**(1,880)**	**1,788**
Balance at 31 December 2013	7,335	49	1,090	435	(5,244)	(1,870)	1,795
Profit for the period	-	-	-	-	-	25	25
Translation movement	-	-	-	(7)	-	-	(7)
Balance at 30 June 2014	**7,335**	**49**	**1,090**	**428**	**(5,244)**	**(1,845)**	**1,813**

UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOWS

for the 6 months to 30 June 2014

	Unaudited 6 Months ended 30 June 2014	Unaudited 6 Months ended 30 June 2013	Audited 12 Months ended 31 December 2013
	£000	£000	£000
Cash flows from operating activities			
Profit from operations	31	20	38
Adjustments for:			
Amortisation of Intangible Assets	66	41	102
Depreciation of equipment, fixtures and fittings	75	67	151
Operating cash flows before movement in working			
Capital and provisions	172	128	291
Decrease in inventories	17	(14)	(7)
Decrease in trade and other receivables	81	75	16
(Decrease)/increase in trade and other payables	(9)	110	76
Cash generated from operations	261	299	376
Taxes paid	-	-	-
Net cash generated in operating activities	**261**	**299**	**376**
Cash flows used in investing activities			
Purchase of fixed assets	(80)	(275)	(425)
Interest received	-	-	-
Net cash used in investing activities	**(80)**	**(275)**	**(425)**
Cash flows from financing activities			
Interest paid	(6)	(10)	(18)
Net decrease in borrowings	(60)	(60)	(122)
Net cash used in financing activities	**(66)**	**(70)**	**(140)**
Net increase/(decrease) in cash and cash equivalents	**115**	**(46)**	**(189)**
Net cash and cash equivalents at beginning of period	132	321	321
Net cash and cash equivalents at end of period	**247**	**275**	**132**

Analysis of net funds:			
Cash and cash equivalents	247	275	132
Bank overdraft	-	-	-
	247	275	132
Other borrowing due within one year	(117)	(117)	(117)
Borrowings due after one year	-	(116)	(58)
Finance leases	(2)	(6)	(3)
Net funds	**128**	**36**	**(46)**

NOTES TO THE UNAUDITED INTERIM RESULTS
for the 6 months to 30 June 2014

1) Basis of preparation of interim report

The information for the period ended 30 June 2014 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. It has been prepared in accordance with the accounting policies set out in, and is consistent with, the audited financial statements for the twelve months ended 31 December 2013. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

2) Earnings per share

The calculation of the 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 the diluted earnings per share is based on the profit per share 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.

Reconciliations of the profit and weighted average number of ordinary shares used in the calculation are set out below:

	Unaudited 6 Months ended 30 June 2014	Unaudited 6 Months ended 30 June 2013	Audited 12 Months ended 31 December 2013
Basic and diluted earnings per share			
Reported profit (£000)	25	10	20
Reported profit per share (pence)	0.01	0.00	0.00

	Unaudited 6 Months ended 30 June 2014 No.000	Unaudited 6 Months ended 30 June 2013 No.000	Audited 12 Months ended 31 December 2013 No.000
Weighted average number of ordinary shares:			
Shares in issue at start of period	445,486	445,486	445,486
Effect of shares issued during the period	-	-	-
Weighted average number of ordinary shares	445,486	445,486	445,486

Crimson Tide Plc	Registered in England No. 0113845
Registered Office:	10 Orange Street, London, WC2H 7DQ
UK Office:	Heathervale House, Vale Avenue, Tunbridge Wells, Kent TN1 1DJ
Telephone:	01892 542444
Fax:	01892 510441
General email address:	info@crimsontide.co.uk
Ireland Office:	3013 Lake Drive Citywest Campus Dublin 24
Telephone:	+353 (0) 1 469 3728
General email address:	info@crimsontide.ie
Web:	www.crimsontide.co.uk

www.crimsontide.co.uk

mpro