Crimson Tide plc

Preliminary Announcement of Results to 31 December 2012

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 2012.

Financial Highlights

- EBITDA increased 21% to £196k (2011: £162k)
- Turnover (£1.2m) and positive PBT as anticipated
- Cash resources available to fund subscriber growth

Operational Highlights

- Growth in contracted subscribers of 20%
- mpro5 fully developed to work on iOS, Android, Blackberry, and Windows 8 smartphone and tablet operating systems
- Significant trials in progress

Barrie Whipp, Executive Chairman of Crimson Tide, commented:
"Our business plan and model proved robust despite a challenging start to the year evidenced by a subsequent 20% growth in contracted subscribers. A great deal of work on mpro5 has resulted in a service which is leading edge, validated by our new contract with Associated News for Metro. The trials under way continue to go well and we are hopeful for a successful conclusion in the second half of 2013."

Enquiries:

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Chairman's Statement

After a challenging start to the year, Crimson Tide continued to grow in 2012. Profit at the EBITDA level reached £196k and the turnover and profitability were, once again, in line with our expectations.

The Company has generated increased interest in its mobility solutions at the enterprise level, meaning that smaller, regular transactions decreased, whilst we focused on larger, higher value subscription contracts. By their nature, these contracts take longer to secure.

We announced that two significant trials were under way in 2012. These trials continue at the time of writing, due largely to the changing requirements of the end user prospect. Both of these trials, should they come to fruition, would make a significant impact on the business. Whilst they are unsigned, the Board remain cautiously optimistic, but we have confidence that these potential transactions reflect our position as one of the leading suppliers of mobility solutions in a growing market. A third, smaller trial with a major healthcare provider is also expected to yield results in the second quarter of 2013.

We announced recently a new contract with Associated Newspapers for Metro. The commitment to nearly 300 subscribers on a five year contract reflects our partnership with one of the most respected names in media. It is a reflection of our financial stability that, whilst negotiating further debt facilities with HSBC, we were able to commit to cash purchases of devices of in excess of £300,000.

Perhaps the most significant event during the period was the launch of mpro5. We now roll out our applications using this core cross platform software, particularly on iOS and Android devices, although we expect interest to increase on the Blackberry and Windows platforms. This means that system rollouts are much easier, with clients able to adopt mpro in weeks not months.

We have further centralised our operations into the UK headquarters, giving us a more agile operation in the Republic of Ireland where the economy is showing signs of recovery and where we are hoping to increase our growth in our healthcare and retail business.

Despite the loss of two significant contracts at the start to 2012 due to the clients' financial distress, we accumulated sufficient new subscribers to grow our contracted revenue book during the year. With the addition of the Associated Newspapers transaction, this book has again been strengthened. Stakeholders can be assured that long term secure contracts are the Board's prime focus. This gives us high operational gearing and with mpro5 allowing us to roll out significant subscriber numbers with little additional overhead, the Directors remain confident in the future performance of the Company.

As ever, I remain indebted to the Crimson Tide staff who remain loyal, committed and dedicated to the Company's success. I thank them for their efforts.

Barrie Whipp
Executive Chairman
26 April 2013

Operating and Financial Review

I am pleased to report on our results for the year to 31 December 2012 and how the business has developed over this period.

OPERATING REVIEW

Throughout 2012, the Group has continued to adopt the strategy of investing as much as possible in our mobility solutions and future growth, while ensuring our reported results remain positive. This spend included items that are reflected in our Net Assets, such as developing and enhancing mpro 5 and purchasing devices for subscription customers, as well as activities that at first adversely impact the Income Statement, such as expanding our channel partner network and marketing our solutions.

The focus throughout the year on developing mpro 5, which allows mobile workers to complete tasks and report on their activities irrespective of the operating system used by their chosen smartphone, tablet or other handheld device, has significantly increased our potential market. The functionality now available using mpro 5 has also further increased the pool of potential customers as well as the productivity gains and savings they are able to achieve.

Our customers now include those in facilities management, health and safety, and newspaper deliveries, along with companies involved in patient management, nursing and healthcare, where patients themselves use a Crimson Tide solution. Pilots continue in retail stores and in surveying/polling operations, both of which have the potential to add significant numbers of new subscribers.

We remain frustrated that implementation decisions continue to take much longer than we hoped or expected. Growth in 2012 has been held back for this reason but few opportunities have been lost and the pipeline of potential new deals remains encouraging.

FINANCIAL REVIEW

Turnover in 2012 at £1.2m was similar to 2011, excluding activities discontinued in 2011. Contracted subscriber numbers initially reduced at the start of the year with the loss of two significant customers previously reported, but then grew by 20% by the year end.

Gross margin for 2012 was broadly the same as in 2011, averaging 79% before operating expenses for the year. Operating margin before depreciation and amortisation improved from 13% to 16% as overheads were tightly controlled but this is significantly below the level expected once the operational gearing effect commences when subscriber numbers increase with only a negligible effect on overheads.

The Group generated cash of £98,000 from its operations and drew down £350,000 from a new capital expenditure facility made available under the EFG scheme by HSBC Bank. After debt repayments of £65,000 and capital expenditure investments of £246,000, the Group finished the year with a cash balance of £321,000. This has been further added to since the year end with receipts of some annual payments by customers.

Crimson Tide's accounting policies can either be found in the notes to the published 2011 Consolidated Financial Statements or the 2012 Financial Statements when released in the next few weeks. There have been no changes to these during 2012.

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.

The main operational risk concerns the relatively fixed nature of the Group's current low level of overheads. As explained previously, this level can sustain a greater subscriber base but should subscriber numbers not grow, there is little opportunity to reduce overheads further without having a detrimental effect on our expected rate of growth. Examples might include less marketing generating fewer leads, insufficient operational staff delaying the roll-out of new subscriber additions, and ultimately less time available to ensure our applications remain leading edge. The current economic conditions are still resulting in slower decision making by prospective customers despite the considerable productivity benefit our customers immediately gain on implementing a mpro solution or a need to incur capital expenditure.

The principle financial risk facing the business potentially emanates from attempts to accelerate growth, for example by increasing spending on marketing and the channel partner network. This would 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 may hold back growth although an immediately viable option is to supply software only to new customers.

In summary, the principle risk continues to be that growth could be slower than all stakeholders hope.

FUTURE PROSPECTS

Crimson Tide's mpro 5 solutions and excellent reputation in the mobility sector together ensure we are well placed to benefit from the increased focus on mobile solutions and in particular, on the potential productivity gains that result from our services. Despite the continuing tough economic conditions, the Board remain very encouraged by the current opportunities being progressed.

Stephen Goodwin
Chief Executive
26 April 2013

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Unaudited Consolidated Income Statement

	Notes	Group Year ended December 2012 £000	 Year ended December 2011 £000
Revenue from continuing operations	(d)	1,226	1,213
Cost of Sales		(259)	(230)
Gross Profit		967	983
Administration expenses		(771)	(821)
Earnings before interest, tax, depreciation & amortisation		**196**	**162**
Depreciation & amortisation		(173)	(130)
Profit from operations		23	32
Interest income		-	-
Finance costs		(18)	(11)
Profit before taxation		5	21
Tax		-	(12)
Profit for the year from continuing operations		**5**	**9**
Discontinued operations:			
Profit for the year from discontinued operations	(e)	-	6
Profit for the year attributable to equity holders of the parent		5	15
Earnings per share (Note C)			
Basic and diluted earnings per Ordinary share (pence) from continuing operations		0.00	0.00
Basic and diluted earnings per Ordinary share (pence) from continuing and discontinued operations		0.00	0.00

Unaudited Consolidated Statement of Comprehensive Income

	Group Year ended December 2012 £000	 Year ended December 2011 £000
Profit for the year	5	15
Other comprehensive income/(loss) for the year:		
Exchange differences on translating foreign operations	(4)	(5)
Total comprehensive profit for the year	1	10

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Unaudited Statement of Financial Position

	Group	
	As at 31 December 2012 £000	**As at 31 December 2011 £000**
Fixed Assets		
Intangible assets	1,179	1,058
Equipment, fixtures & fittings	290	337
	1,469	1,395
Current Assets		
Inventories	40	37
Trade and other receivables	513	408
Cash and cash equivalents	321	219
	874	664
Total Assets	2,343	2,059
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	432	436
Reverse acquisition reserve	(5,244)	(5,244)
Retained earnings	(1,890)	(1,895)
	1,772	1,771
Liabilities		
Amounts falling due within one year	394	280
Amounts falling due after more than one year	177	8
Total liabilities	571	288
Total equity and liabilities	2,343	2,059

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Unaudited Statement Of Changes In Equity

Group	Share capital £000	Capital redemption reserve £000	Share premium £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total £000
Balance as at 1 January 2011	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
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

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Unaudited Consolidated Cash Flow Statement

	Group	
	Year ended 31 December 2012	**Year ended 31 December 2011**
	£000	**£000**
Cash flows from operating activities		
Profit before taxation	5	27
Add back:		
Amortisation of intangible assets	55	31
Depreciation of equipment, fixtures and fittings	118	99
Interest expense	18	11
Operating cash flows before movements in working capital	196	168
Increase in inventories	(3)	(9)
(Increase)/decrease in trade and other receivables	(106)	96
Increase/(decrease) in trade and other payables	11	(313)
Cash generated from/(used in) operating activities	98	(58)
Taxes paid	-	(12)
Net cash generated from/(used in) operating activities	**98**	**(70)**
Cash flows used in investing activities		
Purchases of fixed assets	(246)	(427)
Interest received	-	-
Net cash used in investment activities	**(246)**	**(427)**
Cash flows from financing activities		
Net proceeds from issue of shares	-	575
Interest paid	(18)	(11)
Net increase/(decrease) in borrowings	285	(305)
Net cash from financing activities	**267**	**259**
Net increase/(decrease) in cash and cash equivalents	**119**	**(221)**
Net cash and cash equivalents at beginning of period	202	440
Net cash and cash equivalents at end of period	**321**	**202**

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	Group	
	Year ended 31 December 2012	**Year ended 31 December 2011**
	£000	**£000**
Analysis of net funds:		
Cash and cash equivalents	321	219
Bank overdraft	-	(17)
	321	**202**
Other borrowing due within one year	(117)	-
Borrowings due after one year	(175)	-
Finance leases	(8)	(14)
Net funds	**21**	**188**

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

A) Significant accounting policies

a. Basis of preparation

The preliminary results for the period to 31 December 2012 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.

e. Discontinued activities

Discontinued activities consists of the UK mobile connections business assigned from September 2011.

B) Taxation

No corporation tax charges have been included in the consolidated accounts for the periods ended 31 December 2012 and 31 December 2011 due to the availability of tax losses.

C) Earnings per share

	Group	
	Year ended 31 December 2012	**Year ended 31 December 2011**
Basic and Diluted Earnings per share		
Reported profit (£000)	5	15
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 2012 No.	**Year ended 31 December 2011 No.**
Weighted average number of ordinary shares:		
Opening balance	445,486,234	387,986,234
Effect of share placing during the year	-	51,924,658
Weighted average number of ordinary shares	445,486,234	439,910,892

The diluted earnings per share is the same as the basic earnings per share from continuing and discontinued operations and from continuing operations.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2012 or 31 December 2011. Statutory accounts for 2011, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors have reported on the 2011 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 2012 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 2013.