

crimson tide plc
interim report

2010



INTERIM HIGHLIGHTS 2010

- * Maiden profit achieved
- * Lower turnover as continued focus on recurring revenue
- * First sale in South Africa
- * Continued development of mpro software
- * Pipeline of subscription deals at all time high, with larger deal sizes

Barrie Whipp, Executive Chairman, commented;

“I am delighted to announce our maiden profit and the continuing progress of our mobile data solutions, driven by increased focus on our own proprietary software.

Despite the ongoing uncertainty in the economy our products are gaining further traction, particularly in the healthcare and facilities management industries. Our new sales pipeline is stronger than at any other time previously and the only constraint to more rapid growth remains the limited debt and equity finance available to smaller companies.”

ABOUT CRIMSON TIDE

Crimson Tide is a leading service provider of mobile data solutions on smartphone, on subscription. We provide an end-to-end service that allows organisations to mobilise their staff who work away from the office.

Based in Royal Tunbridge Wells and Dublin, the Company is listed on the AIM market of the London Stock Exchange.

Through our own *mpro* software, **Crimson Tide** enables organisations to get jobs done efficiently in the field, with real time wireless synchronisation to a hosted database.

Some example applications include:-

Aging individuals are surveyed about their health and living conditions on a **Crimson Tide** device.

Nurses complete clinical studies in hospital and onsite on a **Crimson Tide** smartphone - details are emailed to consultants.

Odeon cinemas are audited daily using a **Crimson Tide** quality auditing system.

Payments are taken by drivers and accounted for using a **Crimson Tide** delivery system.

The London Eye is audited and measured to a Service Level Agreement on our system.

Our first sale has taken place in South Africa and we have more opportunities undergoing development at present, some of which are groundbreaking.

For more information please see www.crimsontide.co.uk

CHAIRMAN'S STATEMENT

I am pleased to report the results for Crimson Tide plc for the 6 months ended 30 June 2010 which have seen the company report a small profit before tax for the first time since listing on AIM.

We continue to make progress with our range of mobile data solutions and remain convinced that there is a significant market for our subscription based solutions. We have continued to offer consultative software work to provide working capital for those solutions. Turnover is lower in this half year due to our continued focus on recurring revenue.

Of particular importance is the Company's continuing investment in its proprietary software. We have spent a significant amount of time on proprietary solutions in facilities management and healthcare which enables us to roll out solutions faster. Our mpro3qx product is, in the Directors' opinion, now a world class solution, capable of being supplied in many geographic markets without additional customisation. This has been evidenced recently by our first sale in South Africa and we have now contracted with a second South African organisation.

Our healthcare solutions are now in use within the NHS environment as well as in patients' homes. We have made significant progress in our nursing applications and the market for these solutions is considerable.

The economy is still challenging, both in the UK and Ireland, but there is no doubt that the market for our solutions is large, that awareness of Crimson Tide is increasing, and that our proprietary products are ready for market.

Our new partner channel is still in its early stages. Initially, the complexity of some of our solutions meant that it took more time to educate our dealers. We have dealt with this by standardising our products and the dealer pipeline is very promising.

The lack of debt funding to smaller companies

continues to limit our ability to grow as fast as our market would allow. Shareholders will be aware that the availability of bank debt and/or equity finance to smaller companies is very limited and this has held back some of our growth plans. In this environment management has responded by controlling costs very tightly and ensuring that we retain the correct mix of business to ensure cash retention. This has been slightly at the expense of pushing forward with our mobile data solutions. However, the Directors believe that their decisions have been prudent in an uncertain economic environment.

The biggest asset of Crimson Tide is its staff, who continue to demonstrate great loyalty, commitment and enthusiasm and, in an environment where we ask even more of them they continue to respond. I thank them all for their efforts.

Barrie Whipp
Executive Chairman
28 September 2010

OPERATING AND FINANCIAL REVIEW

I am pleased to report our positive progress continues with a profit before tax for the first time since coming to AIM, in the face of continuing difficult economic conditions and limited working capital, discussed in more detail below.

OPERATING REVIEW

The main focus of Crimson Tide continues to be growing the subscriber base of customers using our now standardised mobility solutions, particularly in the facilities management and healthcare sectors. As we have continued to develop and improve our intellectual property, the sales process has become shorter with the benefits of our software applications more easily understood by both potential customers and our growing sales channel of dealers.

It is worth reminding shareholders that our subscription customers typically sign three year agreements. The customer immediately profits from the efficiency and productivity gains achieved by using our solution on a pda, smartphone or ruggedised device also supplied by us, without incurring the normal up-front capital costs associated with IT solutions. Crimson Tide must finance this initial expense, so it remains essential that until our mature subscriber base is sufficiently material to fund growth with operating cashflows, the business must have adequate financial resources available if it is to satisfy current demand. We have an immediate pipeline of 1,000 additional subscribers capable of adding £250k to our bottom line on an annualised basis but insufficient finance to be able to roll these out in a short time frame. In my last operating review for shareholders, I advised finding suitable finance was our greatest challenge; it remains so.

Beyond the immediate impending subscribers, the pipeline of prospective customers continues to grow. We are extremely encouraged that our solutions are in such demand and until the finance question is resolved, and we are convinced it will be, the management team will continue to divert some of our developer resource to consultancy work to generate cash

to help fund new subscribers.

FINANCIAL REVIEW

The business has maintained its strategy, adopted last year, to move away from high revenue but low margin reselling activities. Accordingly, first half revenues of £733k are slightly down on the same period last year but up on the second half 2009 total £708k. Gross margins have improved as a result to 68% in the first six months of 2010, up from 64% in 2009.

Operating and financing costs are down on the same period last year, leaving the business with a small profit of £1k verses a first half 2009 loss before tax of £35k.

Shareholders should note that the total value of Intangible Fixed Assets in the Balance Sheet is mostly goodwill and only a small proportion represents the intellectual property value of our mobility solutions as we have prudently expensed each year the majority of the costs incurred to build our current software portfolio. This will benefit the business going forward as unlike many software suppliers, future amortisation will not materially affect our results. All our accounting policies can be found in the notes to the 2009 Consolidated Financial Statements.

FUTURE PROSPECTS

Our mobile solutions are more in demand today by potential customers than at any time previously. The extent to which we can capitalise in the short term on the position we have achieved is wholly dependent on the level of bank, other debt or capital facilities we can secure. The Board remain totally focused on the opportunities we now have with the single aim of accelerating the growth of our business as soon as feasible.

Stephen Goodwin
Chief Executive
28 September 2010

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS TO 30TH JUNE 2010

	Unaudited 6 months ended 30 June 2010 £000	Unaudited 6 months ended 30 June 2009 £000	Audited year ended 31 December 2009 £000
Revenue	733	753	1,461
Cost of Sales	(236)	(221)	(526)
Gross Profit	497	532	935
Total operating expenses	(479)	(519)	(910)
Earnings before interest, tax, depreciation & amortisation	18	13	25
Depreciation of tangible fixed assets	(5)	(6)	(12)
Depreciation of intangible fixed assets	(5)	(22)	(34)
Profit / (loss) from operations	8	(15)	(21)
Interest income	-	-	-
Interest payable and similar charges	(7)	(20)	(46)
Profit / (loss) before taxation	1	(35)	(67)
Tax on profit / (loss) on ordinary activities	-	-	-
Profit / (loss) for the period attributable to equity holders of parent	1	(35)	(67)

Profit / (loss) per share

Basic and diluted profit / (loss) per Ordinary Share 0.00p (0.01)p (0.02p)

All amounts relate to continuing activities

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS TO 30TH JUNE 2010

Currency translation difference on overseas operation	(8)	32	1
Comprehensive income recognised directly in equity	(8)	32	1
Profit/(loss) for the period	1	(35)	(67)
Total comprehensive loss recognised in the period and attributable to equity holders of parent	(7)	(3)	(66)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2010

	Unaudited As at 30 June 2010 £000	Unaudited As at 30 June 2009 £000	Audited As at 31 December 2009 £000
Assets			
Intangible assets	915	903	868
Equipment, fixtures & fittings	12	22	17
Total non-current assets	927	925	885
Inventories	34	34	33
Trade and other receivables	416	454	449
Cash and cash equivalents	28	18	96
Total current assets	478	506	578
Total Assets	1,405	1,431	1,463
Equity and liabilities			
Share capital	6,210	6,070	6,210
Capital redemption reserve	49	49	49
Share premium	1,124	1,058	1,124
Other Reserves	423	462	431
Reverse acquisition reserve	(5,244)	(5,244)	(5,244)
Retained earnings	(1,916)	(1,885)	(1,917)
Total equity	646	510	653
Creditors			
Amounts falling due within one year	465	870	528
Amounts falling after more than one year	294	51	282
Total liabilities	759	921	810
Total equity and liabilities	1,405	1,431	1,463

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2010

	Share Capital £000	Capital redemp- tion reserve £000	Share Premium £000	Other Reserves £000	Reverse acqui- sition reserve £000	Retained Earnings £000	Total £000
Balance as at 31 December 2008	6,070	49	1,058	430	(5,244)	(1,850)	513
Loss for the period	-	-	-	-	-	(35)	(35)
Translation movement	-	-	-	32	-	-	32
Balance as at 30 June 2009	6,070	49	1,058	462	(5,244)	(1,885)	510
Balance as at 31 December 2009	6,210	49	1,124	431	(5,244)	(1,917)	653
Profit for the period	-	-	-	-	-	1	1
Translation movement	-	-	-	(8)	-	-	(8)
Balance as at 30 June 2010	6,210	49	1,124	423	(5,244)	(1,916)	646

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS TO 30 JUNE 2010

	Unaudited 6 months ended 30 June 2010 £000	Unaudited 6 months ended 30 June 2009 £000	Audited Year ended 31 December 2009 £000
Profit / (Loss) from operations	8	(15)	(21)
Adjustment for:			
Amortisation of intangibles	5	22	33
Depreciation of equipment, fixtures and fittings	5	6	12
Operating cash flows before movement in working capital and provisions	18	13	24
(Increase) / Decrease in inventories	(1)	5	6
Decrease in trade and other receivables	33	143	148
Decrease in trade and other payables	(67)	(171)	(176)
Cash (used)/ generated in operations	(17)	(10)	2
Income tax paid	-	-	-
Net cash (used) / generated in operating activities	(17)	(10)	2
Cash flows used in investing activities			
Purchase of fixed assets	(52)	(5)	(75)
Interest received	-	-	-
Net cash used in investing activities	(52)	(5)	(75)
Cash flows from financing activities			
Net proceeds from issue of shares	-	-	206
Interest paid	(7)	(20)	(8)
Net increase / (decrease) in borrowings	4	(31)	(59)
Net cash (used in) / from financing activities	(3)	(51)	139
Net (decrease) / increase in cash and cash equivalents	(72)	(66)	66
Net cash and cash equivalents at beginning of period	77	11	11
Net cash and cash equivalents at end of period	5	(55)	77

NOTES TO THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS TO 30TH JUNE 2010

1. Basis of preparation of interim report

The information for the period ended 30 June 2010 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 2009. 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 basic profit 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 profit per share is based on 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. Due to the Company's average share price during the period of 1.10p being less than the exercise price of outstanding share options, none of the outstanding options are considered to be dilutive.

Reconciliations of the profit / (loss) and weighted average number of shares used in the calculations are set out below:

	Unaudited 6 months ended 30 June 2010	Unaudited 6 months ended 30 June 2009	Audited Year ended 31 December 2009
Basic profit / (loss) per share			
Reported profit / (loss) (£000)	1	(35)	(67)
Reported profit / (loss) per share (pence)	0.00	(0.01)	(0.02)
Weighted average number of ordinary shares:	No '000	No '000	No '000
Opening balance	332,986	318,991	318,991
Effect of shares issued during the period	-	-	4,984
Weighted average number of ordinary shares	332,986	318,991	323,975

Crimson Tide Plc

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