

12 May 2011

Crimson Tide plc

Preliminary Announcement of Results to 31 December 2010

Crimson Tide plc ("Crimson Tide" or "the Company"), a leading service provider of mobile data and software solutions for business, is pleased to announce its unaudited preliminary results for the year ended 31 December 2010.

Financial Highlights

- Maiden full year profit before tax of £7k (2009: loss of £67k)
- Revenues from core mobile data solutions and software increased by 13% to £1.3 million (2009: £1.1 million) as the Company continues to move away from lower margin work
- Total revenues increased to £1.51 million (2009: £1.46 million)
- £516k raised (net of expenses) with a further £500k before expenses raised in January 2011 to fund expansion

Operational Highlights

- Significant contract wins including Associated Newspapers, Manchester City Council Hydrex and major US healthcare provider shows diversity of client base and relevance to different sectors
- Further development of own brand software product, mPro
- Landmark contract win in South Africa underlines potential outside UK and Irish markets

Barrie Whipp, Executive Chairman of Crimson Tide, commented:

"2010 has proved to be a milestone year for the Company. We achieved a maiden profit in the timeline that we set out at flotation, despite the incredible economic turbulence that has been experienced since then. Also, and more importantly, towards the end of the year and in the beginning of the new financial year we succeeded in raising the necessary equity to drive growth and take advantage of the enormous opportunities available.

"This strong performance has continued into 2011, where in the first quarter we added more subscribers than ever before and also expanded our pipeline significantly. Our income from contract wins is only recognised on a monthly basis, and our contracted revenue book has increased substantially. With a strong, profitable platform and the funding needed to cater to our new business leads, the Board views the future with confidence."

Chairman's Statement

The results for the year ended 31 December 2010 reflect the Company's first annual profit before tax since listing on AIM. The figures are entirely satisfactory and in line with our expectations. They do not, however, reflect some significant events which occurred in the second half and beyond which give the Directors a great deal of confidence for the future.

The Company's growth had been restricted by the lack of working capital available to fund its subscriber business. Debt was virtually impossible to secure and capital for smaller companies scarce. At the end of the year, however, we were able to secure equity with the help of WH Ireland which, along with a further tranche issued to the Helium fund early in 2011 enabled the Company to plan with more certainty and finance the subscribers we need to fulfil our business plan.

This growth is being seen in the first quarter of 2011, where we have added more subscribers than ever before and have also expanded our pipeline significantly. Average subscribers per transaction has increased and we continue to experience very high rates of renewal.

Significant contract wins included Associated Newspapers where, each night of the working week, the delivery of over one million Metro newspapers are recorded using our mpro system. At Manchester City Council, field instructors record membership details of people taking part in an Active Lifestyles scheme. At Hydrex, a major supplier of plant & machinery for hire, engineers use mpro's asset management capabilities to service heavy duty equipment. We also won our first contract in South Africa, proving our solutions are not limited to the UK and Irish markets.

During the year we also launched our own brand software product mpro3. A significant amount of development took place, learning from the requirements of our customers and the product has now evolved into mpro gemini, a system which adds asset and part management to its capabilities. Shareholders should note that only a small amount is capitalised in the Balance Sheet in respect of this development.

As we have moved into 2011, the emphasis of the company is focused on further growth in the subscriber book. We have, for the first time, been able to finance a comprehensive marketing campaign, which has rebranded our solutions under the mpro name. The challenge now is to deliver the solutions to the opportunities we have identified, using the capital that has put us in a position to deliver with confidence.

Crimson Tide has a team of skilled, committed people who are dedicated to the Company's success. As ever, I thank them sincerely for their efforts. I also thank the shareholders who have supported us, both in recent times and those who have remained steadfastly with us since we listed on AIM.

Barrie Whipp
Executive Chairman
12 May 2011

Operating and Financial Review

I am pleased to report our first full year profit before tax since coming to AIM and the positive progress Crimson Tide continues to make in growing our core mobile data solutions business.

OPERATING REVIEW

Over the year, Crimson Tide remained focused on growing the subscriber base of customers, supplying them with our mobility software applications, on handheld pda or smartphones, synchronised to a secure database, in return for typically a three year subscription agreement. The customer is able to rely on our technical I.T. skills to quickly implement a mobility solution that allows their mobile workforce to achieve often significant efficiency and productivity gains, avoiding the associated capital cost and achieving a visible return on investment in a short timescale. There has been no slackening in interest despite the economic conditions, as the solutions we provide become increasingly essential to maintain competitiveness.

As previously reported, the greatest risk Crimson Tide faced was insufficient financial resources to fund the growth of our subscription book and satisfy customer demand. In the future, we expect that our range of maturing subscribers will generate more than sufficient cashflows to fund the devices required by new subscribers but until that point is reached, our subscription model requires working capital resources. Various avenues of finance were explored over the year without success until in October 2010, we were able to announce a placing through W.H. Ireland that raised £516,000 net of expenses, closely followed by another in January 2011, when we announced a placing with the Helium Special Situation Fund which raised a further £500,000 before expenses.

The Board of Directors and management team regularly monitor key performance indicators and trends to help manage the business and ensure we are on course to achieve our strategic and financial objectives. These include statistics concerning our subscribers and future contracted revenues, cashflows and the lag between selling our services and delivering the solutions. Our performance for most of 2010 has been frustratingly held back as a result of our funding issues as we juggled resources between day rate software development work to generate immediate cash, and our strategic push for more subscribers. With the funding requirement resolved, we have been able to immediately accelerate subscriber additions, signing agreements for a significant number of new subscribers since November 2010, and renewing agreements for a further three year term for over 150 existing subscribers. Our contracted book of future subscription revenues now totals over £1m.

With the financial risk dealt with, Crimson Tide is in a strong position to grow the subscriber book much faster whilst remaining cognisant to balance the rate of growth with shareholder demands to now see increasing profitability. The business is taking the opportunity to greatly expand its sales reach through new channel partners, experts in mobile telecoms but not software, each with customer bases potentially requiring our solutions. In addition, we have commenced new marketing initiatives (marketing spend in 2010 was negligible) to generate leads both via the channel and directly. We are recruiting additional staff to improve our productivity, and we continue to invest in our core applications to further improve functionality and reporting and add additional operating platforms. The nature of the subscription model means that as we progress through the year, a greater proportion of the value achieved from securing new subscribers as a result of this investment will actually benefit future periods, so current year overheads will continue to be closely monitored and controlled to maintain the balance required. Going forward the business will benefit from significant economies of scale as subscriber growth can be achieved with a proportionately much lower increase in headcount and other operating costs.

FINANCIAL REVIEW

Crimson Tide is now mostly focused on providing mobile data solutions as the move away from lower margin reselling activities continued during 2010. Despite the financial constraints, turnover from providing mobile data solutions and software development services increased in 2010 to £1.3 million, up 13% from 2009 whereas turnover from reselling and supporting software solutions fell to £210k down

from £315k in 2009. We were able to achieve a further 5% reduction in administrative overheads in 2010 giving a total profit from operations of £29k versus a loss in 2009 of £21k. After interest costs, we achieved a profit before tax in 2010 of £7k against a loss in 2009 of £67k.

Shareholders should note that the carrying value of capitalised software development at the end of 2010 was only £140k reflecting only a small proportion of the intellectual property value of our mPro software applications. Consequently, in future periods Crimson Tide's profitability, unlike many other software businesses, will not be significantly adversely affected by material amounts of amortisation.

Shareholders should also be aware that following receipt of the placing proceeds in January 2011, the Board of Directors has decided to repay the outstanding loan from the Goodwin Accumulation and Maintenance Trust to eliminate unnecessary interest costs. Cash balances following the repayment and after taking into account expenditure of £135k on handheld devices for subscribers in 2011 to date, will still be above that shown at 31 December 2010.

There have been no changes to Crimson Tide's accounting policies which can either be found in the notes to the published 2009 Consolidated Financial Statements or the 2010 Financial Statements when released in the next few weeks.

FUTURE PROSPECTS

Crimson Tide's employees have performed superbly in 2010 in sometimes difficult circumstances. With appropriate working capital funding in place, the business is able to at last focus on growing the number of subscribers at a much faster pace. We are all excited about the future and very much looking forward to delivering the returns both our shareholders and employees have patiently waited for.

Stephen Goodwin
Chief Executive
12 May 2011

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Crimson Tide plc**Unaudited Consolidated Income Statement**

	Group	
	Year ended December 2010 £000	Year ended December 2009 £000
Revenue	1,507	1,461
Cost of Sales	(538)	(526)
Gross Profit	969	935
Total operating expenses	(940)	(956)
Profit/(loss) from operations	29	(21)
Interest income	-	-
Interest payable and similar charges	(22)	(46)
Profit / (loss) before taxation	7	(67)
Tax on loss on ordinary activities	-	-
Profit/(Loss) for the year attributable to equity holders of the parent	7	(67)
Profit / (loss) per share		
Basic and diluted profit/(loss) per Ordinary share (pence)	0.00p	(0.02p)

Crimson Tide plc**Unaudited Statement of Financial Position**

	Group	
	As at 31 December 2010 £000	As at 31 December 2009 £000
Fixed Assets		
Intangible assets	938	868
Equipment, fixtures & fittings	18	17
	<u>956</u>	<u>885</u>
Current Assets		
Inventories	28	33
Trade and other receivables	646	449
Cash and cash equivalents	440	96
	<u>1,114</u>	<u>578</u>
Total Assets	<u><u>2,070</u></u>	<u><u>1,463</u></u>
Equity and liabilities		
Equity attributable to equity holders of the parent		
Share capital	6,760	6,210
Capital redemption reserve	49	49
Share premium	1,090	1,124
Other reserves	441	431
Reverse acquisition reserve	(5,244)	(5,244)
Retained earnings	(1,910)	(1,917)
	<u>1,186</u>	<u>653</u>
Creditors		
Amounts falling due within one year	884	528
Creditors		
Amounts falling due after more than one year	-	282
Total liabilities	<u>884</u>	<u>810</u>
Total equity and liabilities	<u><u>2,070</u></u>	<u><u>1,463</u></u>

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 2009	6,070	49	1,058	430	(5,244)	(1,850)	513
Loss for the year						(67)	(67)
Proceeds from new shares issued during the year	140		66				206
Translation movement				1			1
Balance as at 31 December 2009	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	6,760	49	1,090	441	(5,244)	(1,910)	1,186

Crimson Tide plc**Unaudited Consolidated Cash Flow Statement**

	Group	
	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Cash flows from operating activities		
Profit /(loss) before taxation	7	(67)
Amortisation of Intangible Assets	19	33
Depreciation of equipment, fixtures and fittings	8	12
Interest expense	22	46
	<hr/>	<hr/>
Operating cash flows before movements in working capital	56	24
Decrease in inventories	5	6
(Increase)/decrease in trade and other receivables	(197)	148
Increase/(decrease) in trade and other payables	122	(176)
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Cash (used)/generated in operating activities	(14)	2
Income taxes paid	-	-
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Net cash (used)/generated in operating activities	(14)	2
Cash flows used in investing activities		
Purchases of fixed assets	(99)	(75)
Interest received	-	-
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Net cash used in investment activities	(99)	(75)
Cash flows from financing activities		
Net proceeds on issues of shares	516	206
Interest paid	(22)	(8)
Net decrease in borrowings	(18)	(59)
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Net cash from financing activities	476	139
	<hr/>	<hr/>
Net increase in cash and cash equivalents	363	66
Net cash and cash equivalents at beginning of period	77	11
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Net cash and cash equivalents at end of period	440	77
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Crimson Tide plc

Notes to the Consolidated Financial Statements for the year ended 31 December 2010

A) Significant accounting policies

a. Basis of preparation

The preliminary results for the period to 31 December 2010 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. Revenue recognition

Subscription income and support and maintenance income is credited to turnover in equal monthly instalments over the period of the agreement.

B) Taxation

No tax charge has been incorporated into the consolidated accounts for the period ended 31 December 2010 due to the availability of tax losses.

C) Profit/(Loss) per share

	Group	
	Year ended 31 December 2010	Year ended 31 December 2009
Basic and Diluted Profit/(Loss) per share		
Reported profit/(loss) (£000)	7	(67)
Reported profit/(loss) per share (pence)	0.00p	(0.02)p

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

	Year ended 31 December 2010 No.	Year ended 31 December 2009 No.
Weighted average number of ordinary shares:		
Opening balance	332,986,234	318,990,642
Effect of share placing during the year	11,904,110	-
Effect of warrants exercised during year	-	4,984,731
Weighted average number of ordinary shares	<u>344,890,344</u>	<u>323,975,373</u>

The diluted profit/(loss) per share is the same as the basic profit/(loss) per share.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2010 or 31 December 2009. Statutory accounts for 2009, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors have reported on the 2009 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 2010 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.crimsonside.co.uk by the end of May 2011.