

## **Crimson Tide plc**

### **Preliminary Announcement of Results to 31 December 2014**

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 2014.

#### **Financial Highlights**

- Profit Before Tax ahead of expectations at £84k (2013: £20k)
- Strong cash generation
- Net funds at year end of £180k (2013: Net debt £46k)

#### **Operational Highlights**

- Contracted subscribers at record levels
- Landmark global agreement signed with major food & beverage company
- Further significant advances in our mpro5 software

#### **Barrie Whipp, Executive Chairman of Crimson Tide, commented:**

"Undoubtedly 2014 was our most significant year. With record subscriber numbers and excellent cash generation we are investing in an ever improving pipeline. We believe that mpro5 has evolved to be a true leader as a mobility platform in a wide range of markets."

#### Enquiries:

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## **Chairman's Statement**

I am pleased to report on Crimson Tide's performance for the year to 31 December 2014. Undoubtedly this was the most significant year in our history. In terms of contracted subscribers we reached record levels and this translated into profitability, real cash generation and visible forward revenues. mpro5 has reached new levels of power, sophistication and scalability.

We were delighted with the landmark agreement with the major food and beverage company signed in September last year. This contract is truly global in its scope and rollout has already taken place in Australia, with Germany and North America next on our schedule. mpro5 is being used as the default Estimated Time of Arrival and Proof of Delivery system worldwide for this household name company.

mpro5 underwent several new releases in the year, and the efficiency of our platform gives us the ability to deliver scalable solutions on the Microsoft Azure platform. Our system is now available in a number of languages with more on the way. The Azure platform gives us the availability to deliver globally and we aim to capitalize on the opportunity we have, including looking at geographic expansion, through partner channels. We have added a wide range of new functionality on the mobile devices and it is testament to the robustness of the platform that new smartphone, tablet and phablet devices work seamlessly with the software. A major upgrade to our operating websites is planned in 2015, where we will be using the latest MVC web technology to give our clients true cutting edge scheduling, reporting and alerting functionality with new graphic representations.

We signed an exclusive distribution partnership in Ireland with Vodafone and the first transaction completed was for one of Ireland's best known companies, Joseph Brennan (Bread) Ltd. Brennan's is one of Ireland's most recognisable brands, and we are delighted that the delivery of their products is managed with mpro5. The system enables delivery drivers to eliminate paper and enhance the customer experience. We are hopeful that the Vodafone partnership will bear more fruit this year.

Continuing in Ireland, we have further enhanced our system for people with haemophilia for St James' hospital. The system was converted to the cross platform mpro5 system, and working with St James' we were able to add useful questionnaires including some specifically designed for children.

We have also continued to develop our system for people with autism. The system is currently being rolled out to its second geographic location in Cheshire, and we have interest in the system from a number of police constabularies.

Healthcare continues to give us a range of exciting opportunities, including asset scanning in hospitals as well as designing question flow based systems that can be used on a wider scale. The global conversation with the food and beverage client has given us confidence that the Company can play a part on the world stage. The Microsoft Azure platform gives us the infrastructure, scalability and internationalisation possibilities that allow us into markets that were not available to us a few years ago.

Financially, we produced creditable results. Our turnover was similar to that in the previous year, with a small effect due to the Euro Sterling exchange rate, but Profit before Tax increased fourfold. We still have tax losses brought forward and have cash facilities to expand.

As a company that finances equipment and development in advance, a strong indicator of our performance is cash in hand and net cash. I was very pleased that while repaying £120k of our HSBC loan we still generated net cash into the business. Early in 2015 we also secured financing facilities with Lombard Technical Services which allowed us to repay the HSBC loan in full. Available cash and facilities stands at c £750k with only £240k due to Lombard.

We have been working with an insurable risks version of mpro5 in supermarkets for some time and whilst these transactions are, by their nature, subject to pilot agreements we remain confident that once the mpro system has been successfully rolled out there is a possibility that we become the de facto standard in respect of insurance claim defence systems within the retail environment. This is but one example - opportunities in our mobility space are almost unlimited. We continue to become involved in ever larger projects and believe this trend will continue.

During the second half of 2014 we worked on tailoring mpro5 for the collection of data from patients and clinicians in respect of the outbreaks of pandemics, we are hopeful of further progress in this area in 2015.

We continue to work on larger opportunities and we are finding that mpro5 resonates at the large enterprise level as well as with SMEs.

I am very pleased that we are well placed in terms of our banking and finance relationship with NatWest and Lombard. Whilst we have cash available to fund the subscriber growth planned, our strategy is to match fund subscriber agreements and Lombard have done a sterling job in structuring facilities to meet our requirements.

We have been fortunate to have the commitment of our loyal and talented staff. I am very appreciative of their efforts and offer my thanks to them.

In late 2014, we agreed to add Sam Roberts to our management team as Sales & Marketing Director. Sam joined us in late February 2015 and we are already seeing an enhanced pipeline from his efforts. Rowley Ager decided he had reached his retirement age at our last Board Meeting and has been replaced as a Non-Executive Director by Robert Todd. I thank Rowley sincerely for his service since becoming a Director when we floated on AIM. Robert is a shareholder and has been a friend of the Company for many years. I welcome Robert and Sam to the Board.

**Barrie R. J. Whipp**  
**Executive Chairman**  
**2nd April 2015**

## **Operating and Financial Review**

I welcome the opportunity to report on our results for the year to 31 December 2014 and review the performance of the business during this period.

### **OPERATING REVIEW**

Over recent years, we have progressively reduced non-core activities to focus on providing our own software to a range of businesses. In 2014, Crimson Tide's mpro5 solution really came of age and we are now trading at a new level, with the opportunity to not only close more deals, but also the potential to win bigger contracts with large organisations. The contract wins we have announced throughout the year, exemplified by our global agreement with one of the world's largest food companies, have benefitted profitability to some extent in 2014, but the terms of our subscription model mean that these deals will generate greater returns in 2015 and beyond.

2014 also marks a transformation in our customers' recognition of the financial returns they benefit from by using mpro5. Previously our initial sales effort required us to explain in detail the productivity gains and efficiencies that could be realised by using mpro5 on a hand-held smartphone or tablet device. Nowadays, the wide-spread use of these powerful devices means customers immediately understand where and how they will generate a significant return from an mpro5 solution.

During 2014, we have continued with our strategy of investing significant time and effort throughout the year to regularly upgrade and enhance mpro5's functionality for both the mobile client and back-end websites. This has proved successful as we have continued to see subscription contracts with existing customers renewed or extended throughout the year, supporting our belief that once mpro5 becomes an integral part of a customer's day to day processes, an alternative solution is rarely considered. Currently valued at less than £0.5m in our balance sheet, our mpro5 intangible asset, has enabled us to accumulate future contracted revenues of over £2m; a multiple expected to continue to increase.

Finally a brief tribute to all Crimson Tide's employees. The challenges referred to above placed greater pressure and responsibility on every member of staff. They responded accordingly and over the year have ensured that our customers' requirements are fully understood and catered for wherever possible. Their teamwork has permitted us to maintain a lower level of monthly operating expenditure with improved operational efficiency, while building on our reputation for first rate support. We have created a solid platform on which we continue to build a very successful business.

### **FINANCIAL REVIEW**

Turnover in 2014 at £1.21m was broadly similar to last year's £1.27m but with overall gross margin increasing to 86% in 2014 from 80% in 2013 due to proportionately more subscription business, gross profit for the year totalled £1.04m (2013: 1.02m).

After deducting overheads of £714k (2013: £727k), depreciation/amortisation of £238k (2013: £253k) and lower interest costs, we are able to report a Profit Before Tax of £84k, four times higher than the £20k achieved in 2013.

The Group generated strong net cashflows of £439k (2013: £376k) from its operating activities. After funding new devices for subscribers, investing in mpro5, and reducing debt by £119k, we increased our net cash by £107k. Crimson Tide finished the year with Net Funds of £180k versus Net Debt of £46k in 2013. Our cash balance at the year-end of £239k has since increased as a result of significant receipts from trade debtors and the new facilities negotiated with Lombard Technical Services.

There have been no changes to Crimson Tide's accounting policies during 2014. These can either be found in the notes to the published 2013 Consolidated Financial Statements or the 2014 Financial Statements when published in a few weeks' time. .

#### 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 principal risks and uncertainties facing the business remain unchanged as they potentially stem from attempts to accelerate growth, for example by increasing spending on marketing, if this utilises cash resources that are then not available to fund devices for new subscribers. The level of risk however, is now significantly reduced. Operating cashflows generated by our growing contracted subscriber book provide increasing amounts of cash to re-invest in the business. Furthermore, the new facilities offered by NatWest and Lombard mentioned in the Executive Chairman's statement, provide additional means to finance new devices and accelerate growth.

#### FUTURE PROSPECTS

The outlook for Crimson Tide has never been more positive. The achievements in 2014, together with the resources available to us, mean we are very well placed to invest in growth. The operational gearing in our business model means that a significant proportion of increased contracted revenues will continue to improve our long-term profitability. The Board remain very encouraged by the prospects for the business.

**Stephen Goodwin**  
**Finance Director**  
**2nd April 2015**

## Crimson Tide plc

### Unaudited Consolidated Income Statement

	<b>Group</b>	
	<b>Year ended December 2014 £000</b>	<b>Year ended December 2013 £000</b>
Revenue	1,210	1,268
Cost of Sales	(166)	(250)
Gross Profit	1,044	1,018
Administration expenses	(714)	(727)
<b>Earnings before interest, tax, depreciation &amp; amortisation</b>	<b>330</b>	<b>291</b>
Depreciation & amortisation	(238)	(253)
Profit from operations	92	38
Interest income	-	-
Finance costs	(8)	(18)
<b>Profit before taxation</b>	<b>84</b>	<b>20</b>
Tax	-	-
Profit for the year attributable to equity holders of the parent	84	20
<b>Earnings per share (Note C)</b>		
Basic and diluted earnings per Ordinary share (pence)	0.02	0.00

### Unaudited Consolidated Statement of Comprehensive Income

	<b>Group</b>	
	<b>Year ended December 2014 £000</b>	<b>Year ended December 2013 £000</b>
Profit for the year	84	20
Other comprehensive income/(loss) for the year:		
Exchange differences on translating foreign operations	(9)	3
Total comprehensive profit for the year	75	23

## Crimson Tide plc

### Unaudited Statement of Financial Position

	<b>Group</b>	
	<b>As at 31 December 2014 £000</b>	<b>As at 31 December 2013 £000</b>
<b>Fixed Assets</b>		
Intangible assets	1,260	1,224
Equipment, fixtures & fittings	339	417
	<u>1,599</u>	<u>1,641</u>
<b>Current Assets</b>		
Inventories	30	48
Trade and other receivables	563	496
Cash and cash equivalents	239	132
	<u>832</u>	<u>676</u>
<b>Total Assets</b>	<u>2,431</u>	<u>2,317</u>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	7,335	7,335
Capital redemption reserve	49	49
Share premium	1,090	1,090
Other reserves	426	435
Reverse acquisition reserve	(5,244)	(5,244)
Retained earnings	(1,786)	(1,870)
	<u>1,870</u>	<u>1,795</u>
<b>Liabilities</b>		
Amounts falling due within one year	561	463
Amounts falling due after more than one year	-	59
<b>Total liabilities</b>	<u>561</u>	<u>522</u>
<b>Total equity and liabilities</b>	<u>2,431</u>	<u>2,317</u>

## Crimson Tide plc

### Unaudited Statement Of Changes In Equity

<b>Group</b>	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Reverse acquisition reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1 January 2013	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
Profit for the year						84	84
Translation movement				(9)			(9)
Balance as at 31 December 2014	7,335	49	1,090	426	(5,244)	(1,786)	1,870



## Crimson Tide plc

### Unaudited Consolidated Cash Flow Statement

	<b>Group</b>	
	<b>Year ended 31 December 2014 £000</b>	<b>Year ended 31 December 2013 £000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	84	20
Add back:		
Amortisation of intangible assets	83	102
Depreciation of equipment, fixtures and fittings	154	151
Interest expense	8	18
Operating cash flows before movements in working capital	329	291
Decrease/(Increase) in inventories	18	(7)
(Increase)/Decrease in trade and other receivables	(67)	16
Increase in trade and other payables	159	76
Cash generated from operating activities	439	376
Taxes paid	-	-
<b>Net cash generated from operating activities</b>	<b>439</b>	<b>376</b>
<b>Cash flows used in investing activities</b>		
Purchases of fixed assets	(205)	(425)
Interest received	-	-
<b>Net cash used in investment activities</b>	<b>(205)</b>	<b>(425)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(8)	(18)
Net decrease in borrowings	(119)	(122)
<b>Net cash from financing activities</b>	<b>(127)</b>	<b>(140)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>107</b>	<b>(189)</b>
Net cash and cash equivalents at beginning of period	132	321
<b>Net cash and cash equivalents at end of period</b>	<b>239</b>	<b>132</b>

## Crimson Tide plc

	<b>Group</b>	
	<b>Year ended 31 December 2014 £000</b>	<b>Year ended 31 December 2013 £000</b>
<b>Analysis of net funds:</b>		
Cash and cash equivalents	239	132
Bank overdraft	-	-
	<hr/>	<hr/>
	<b>239</b>	<b>132</b>
Other borrowing due within one year	(58)	(117)
Borrowings due after one year	-	(58)
Finance leases	(1)	(3)
	<hr/>	<hr/>
<b>Net funds/(debt)</b>	<b>180</b>	<b>(46)</b>
	<hr/>	<hr/>

## Notes to the Consolidated Financial Statements for the year ended 31 December 2014

### A) Significant accounting policies

#### a. Basis of preparation

The preliminary results for the period to 31 December 2014 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 2014 and 31 December 2013 due to the availability of tax losses.

## C) Earnings per share

	<b>Group</b>	
	<b>Year ended 31 December 2014</b>	<b>Year ended 31 December 2013</b>
<b>Basic and Diluted Earnings per share</b>		
Reported profit (£000)	84	20
Reported earnings per share (pence)	0.02	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:

	<b>Year ended 31 December 2014 No.</b>	<b>Year ended 31 December 2013 No.</b>
<b>Weighted average number of ordinary shares:</b>		
Opening balance	445,486,234	445,486,234
Effect of share placing during the year	-	-
Weighted average number of ordinary shares	<u>445,486,234</u>	<u>445,486,234</u>

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2014 or 31 December 2013. Statutory accounts for 2013, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors have reported on the 2013 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 2014 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](http://www.crimsonside.co.uk) by the end of May 2015.