

Crimson Tide plc
("Crimson Tide" or "the Company")

Interim Results for the six months ended 30 June 2012

Crimson Tide, a leading service provider of mobile data solutions for business, (AIM: TIDE.L) is pleased to announce its unaudited interim results for the six months ended 30 June 2012.

Highlights

- Turnover and Profit Before Tax in line with expectations
- Growth in subscriber numbers
- mpro 5 launched on iOS and Android platforms for smartphone and tablet devices and Windows 8 ready.
- Potentially significant trials underway

Barrie Whipp, Executive Chairman, commented;

"Subscriber numbers have continued to grow and with mpro5 we have a very exciting new product. This has substantially increased our addressable market on iPhone, iPad, Android and Windows 8 smartphones and tablets. The trials which have commenced recently are showing encouraging signs. Whilst these trials are by no means certain to convert into orders, if they do we believe they will have a significant impact on the Company"

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Chairman's Statement

I am pleased to report the Company's interim results for the period to 30 June 2012, which show Turnover of £640k and a Profit Before Tax of £10k, in line with our expectations. The figures are comparable with last year's interim results after adjustment for the transfer of the mobile connection book to Premier Telecom.

We suffered an initial setback at the very beginning of the period when one significant customer went into administration and another, in South Africa, failed to roll out our solution despite being contracted to do so. Whilst our subscription based model insulated us from significant bad debt, the loss of subscriber revenue was still quite painful. It has taken the Company some time to add sufficient subscribers to replace those lost and this explains why our first half figures are similar to last year.

Our recent announcement of the launch of mpro5, which now brings Apple iOS and Android devices into our portfolio, is the most significant software launch in our history. mpro 5 is written in html5 and css, the very latest web standards, and is as future proof as any platform can be in this ever changing field. Bringing early new contract wins with organisations such as Knight Frank and The Erith Group, mpro 5 has expanded our addressable market significantly. Hosted on the Microsoft Azure platform, we hope to migrate existing customers to mpro 5 as soon as we can, evidenced by new contracts extending our current agreements with Initial Building Services, part of Rentokil Initial and Hampshire County Council.

mpro 5 also increases our reach and allows us to deliver solutions on iPhone (including the new iPhone5), iPad and smartphones and tablets from manufactures such as Samsung and HTC running the Android and Windows 8 operating systems.

We are adding subscribers consistently in a wide range of markets, from electricians, to logistics companies, waste management companies and healthcare organisations. I firmly believe that we are well placed in the mobilisation of enterprises and that our subscription offering is compelling.

We have also alluded to a number of trials of mpro currently taking place in the field. Two trials specifically offer exciting scope for mpro. Whilst it would be imprudent to speculate on the success of such trials, we are confident that the markets they address (store checks, insurance claims and field surveys) offer the potential of significantly expanded user numbers in exciting markets.

We have been supported by HSBC in the period with facilities to handle our short to medium term equipment needs, ensuring that we currently have sufficient headroom to take advantage of the opportunities presenting themselves to us.

We have recently promoted Luke Jeffrey to the Plc Board as Technical Director in recognition of the excellent job he has done in the development and roll-out of our mpro software and in anticipation of him taking an increasingly important role in steering the strategic direction of the Company. Luke has been a member of the team since leaving university and he reflects our commitment to promotion from within and a young, dynamic team. All Crimson Tide's staff are committed, enthusiastic and loyal and I thank them for their support.

Barrie Whipp

Executive Chairman

27 September 2012

Operating and Financial Review

I am pleased to review our interim results for the six months to 30 June 2012 and our year to date performance.

OPERATING REVIEW

Early in 2012, the Board took the decision to accelerate the development of our mpro software. We have substantially increased the number and types of devices on which mpro is able to operate (including iPad, iPhone, Android smartphones and Android tablets, with the ability to fulfil demand on Windows 8 devices when released) while at the same time, providing regular software releases, including new feature requests, to existing customers. Using HTML5 and CSS3, the latest web standards, the team has improved the "look and feel" experienced by the users and they continue to work on adding to the suite of reports available to all customers.

In consciously focusing our development team resources on these projects, the Board recognised that more immediate sales opportunities may be rolled out more slowly, or even sacrificed, in favour of enhancing the business's mpro solutions and as a result, its longer term growth prospects.

This decision, together with the setback suffered early in the year when the two subscription agreements mentioned in the Chairman's Statement were unexpectedly terminated early, has slowed first half growth in our revenue line and profitability, but is expected to be rewarded with higher future returns. Contracted subscribers have increased by 18% in the first half of 2012 from 1,043 (excluding the two terminated agreements) to 1,236.

In the same spirit, we have invested more in our partner community, in recognition that by incurring this expenditure now to provide marketing materials, webinars on request, product training and day to day support, we are creating an effective channel to increase our future sales. We now have an "inner circle" of the top performing partners who are increasingly finding bigger opportunities for our mpro solutions.

In summary, in 2012 to date, we fully established the key elements necessary to be able to pursue our strategy of subscriber growth and increasing committed long term revenues, these being:

- Our latest mpro software, including functionality which is able to satisfy our customers' requirements without additional development work, allowing faster implementation and with mpro 5, capable of being utilised on Apple, Android and Windows 8 devices;
- A network of channel partners, whose sales teams promote our solutions and generate a growing opportunity pipeline of new deals; and
- A debt facility allowing us to fund smartphone and tablet devices, which we provide with our software to our customers, who sign term subscription agreements of typically three years.

Despite the economic situation and the setbacks mentioned, we have not wavered from our original plan to continue to invest in our mpro software and cultivate knowledgeable sales channels, as we are convinced that these current investments will result in more and faster growth in future year revenues. This confidence stems from the size of our attainable market, which continues to grow as devices and technical developments improve, and the attraction of our business model, which provides our customers with mobility solutions for a fixed monthly cost.

FINANCIAL REVIEW

Turnover from continuing operations in the first six months of 2012 was slightly up on the same period in 2011 at £640,000 and earnings before interest, tax and depreciation were 17% higher at £97,000 with small improvements to both gross and operating margins. Discontinued operations mostly consist of the UK mobile connections business assigned to Premier Telecom in September 2011.

There have been no changes in 2012 to Crimson Tide's accounting policies which can be found in the notes to the published 2011 Consolidated Financial Statements. As noted therein, in 2011 we changed the way we accounted for the cost of the smartphone and pda handheld devices purchased for our subscribers. Previously the cost of this equipment was treated as a current asset prepayment and spread over the term of the subscription contracts to which the purchases related. In 2011, our expenditure on this equipment significantly increased and by the end of the year it became more appropriate to show these as tangible fixed assets, to be depreciated over their estimated useful life, i.e. typically the subscription term. First half 2011 reported results shown below have been re-stated to reflect this change which has had no impact on the reported profit before tax.

At 30 June 2012, the Group had a cash balance of £471,000, including funds from the new loan facility of £350,000 with HSBC plc, which is adjudged sufficient headroom to fund the Company's current forecast requirements to purchase devices for new subscribers.

FUTURE PROSPECTS

The Board of Crimson Tide has made a conscious decision to invest available resources now to generate higher returns for the business in future years, while still maintaining a degree of profitability. The outlook remains a positive one for the Company with a number of opportunities, including the current trials referred to in the Chairman's Statement, to achieve our vision of being a world class provider of mobility as a service and able to reward stakeholders accordingly.

Stephen Goodwin

Chief Executive

27 September 2012

Crimson Tide Plc
Unaudited Consolidated Income Statement for the 6 months to 30 June 2012

	Unaudited 6 Months ended 30 June 2012 £000	Unaudited 6 Months ended 30 June 2011 (restated) £000	Audited 12 Months ended 31 December 2011 £000
<u>Revenue</u>			
Continuing operations	640	619	1,213
Discontinued operations	-	133	312
	<u>640</u>	<u>752</u>	<u>1,525</u>
<u>Cost of Sales</u>			
Continuing operations	(132)	(133)	(230)
Discontinued operations	-	(49)	(69)
	<u>(132)</u>	<u>(182)</u>	<u>(299)</u>
<u>Gross Profit</u>			
Continuing operations	508	486	983
Discontinued operations	-	84	243
	<u>508</u>	<u>570</u>	<u>1,226</u>
<u>Overhead expenses</u>			
Continuing operations	(411)	(413)	(821)
Discontinued operations	-	(87)	(237)
	<u>(411)</u>	<u>(500)</u>	<u>(1,058)</u>
<u>Earnings before interest, tax, depreciation & amortisation</u>			
Continuing operations	97	73	162
Discontinued operations	-	(3)	6
	<u>97</u>	<u>70</u>	<u>168</u>
Depreciation & Amortisation	(82)	(57)	(130)
Profit from operations	15	13	38
Interest income	-	-	-
Interest payable and similar charges	(5)	(7)	(11)
Profit before taxation	10	6	27
Taxation	-	-	(12)
Profit for the year attributable to equity holders of the parent	<u>10</u>	<u>6</u>	<u>15</u>

Earnings per share	Unaudited 6 Months ended 30 June 2012	Unaudited 6 Months ended 30 June 2011 (restated)	Audited 12 Months ended 31 December 2011
Basic and diluted earnings per Ordinary Share from continuing and discontinued operations	0.00p	0.00p	0.00p
Basic and diluted earnings per Ordinary Share from continuing operations	0.00p	0.00p	0.00p

**Unaudited Consolidated Statement of Comprehensive Income
for the 6 months to 30 June 2012**

	Unaudited 6 Months ended 30 June 2012 £000	Unaudited 6 Months ended 30 June 2011 (restated) £000	Audited 12 Months ended 31 December 2011 £000
Profit for the period	10	6	15
Other comprehensive income/(loss) for period:			
Exchange differences on translating foreign operations	(6)	1	(5)
Total comprehensive profit recognised in the period and attributable to equity holders of parent	<u>4</u>	<u>7</u>	<u>10</u>

Unaudited Consolidated Statement Of Financial Position at 30 June 2012

	Unaudited As at 30 June 2012 £000	Unaudited As at 30 June 2011 (restated) £000	Audited As at 31 December 2011 £000
Fixed Assets			
Intangible assets	1,106	982	1,058
Equipment, fixtures & fittings	298	315	337
	<hr/> 1,404	<hr/> 1,297	<hr/> 1,395
Current Assets			
Inventories	35	39	37
Trade and other receivables	513	403	408
Cash and cash equivalents	471	422	219
Total current assets	<hr/> 1,019	<hr/> 864	<hr/> 664
Total assets	<hr/> <hr/> 2,423	<hr/> <hr/> 2,161	<hr/> <hr/> 2,059
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	430	442	436
Reverse acquisition reserve	(5,244)	(5,244)	(5,244)
Retained earnings	(1,885)	(1,904)	(1,895)
Total Equity	<hr/> 1,775	<hr/> 1,768	<hr/> 1,771
Creditors			
Amounts falling due within one year	407	385	280
Creditors			
Amounts falling due after more than one year	241	8	8
Total liabilities	<hr/> 648	<hr/> 393	<hr/> 288
Total equity and liabilities	<hr/> <hr/> 2,423	<hr/> <hr/> 2,161	<hr/> <hr/> 2,059

Unaudited Consolidated Statement Of Changes In Equity at 30 June 2012

	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 at 31 December 2010 (restated)	6,760	49	1,090	441	(5,244)	(1,910)	1,186
Proceeds from new shares issued in the period	575	-	-	-	-	-	575
Profit for the period	-	-	-	-	-	6	6
Translation movement	-	-	-	1	-	-	1
Balance at 30 June 2011 (restated)	7,335	49	1,090	442	(5,244)	(1,904)	1,768
Balance at 31 December 2011	7,335	49	1,090	436	(5,244)	(1,895)	1,771
Profit for the period	-	-	-	-	-	10	10
Translation movement	-	-	-	(6)	-	-	(6)
Balance at 30 June 2012	7,335	49	1,090	430	(5,244)	(1,885)	1,775

Unaudited Consolidated Statement Of Cashflows for the 6 months to 30 June 2012

	Unaudited 6 Months ended 30 June 2012 £000	Unaudited 6 Months ended 30 June 2011 (restated) £000	Audited 12 Months ended 31 December 2011 £000
Cash flows from operating activities			
Profit before tax	10	6	27
Adjustments for:			
Amortisation of Intangible Assets	23	13	31
Depreciation of equipment, fixtures and fittings	59	44	99
Interest expense	5	7	11
Operating cash flows before movement in working capital and provisions	97	70	168
Decrease/(Increase) in inventories	2	(11)	(9)
(Increase)/Decrease in trade and other receivables	(106)	97	96
Increase/(Decrease) in trade and other payables	14	(230)	(296)
Cash generated/(used) in operations	7	(74)	(41)
Taxes paid	-	-	(12)
Net cash (used)/generated in operating activities	7	(74)	(53)
Cash flows used in investing activities			
Purchase of fixed assets	(97)	(225)	(427)
Interest received	-	-	-
Net cash used in investing activities	(97)	(225)	(427)
Cash flows from financing activities			
Net proceeds on issues of shares	-	575	575
Interest paid	(5)	(7)	(11)
Net increase/(decrease) in borrowings	347	(287)	(305)
Net cash (used in)/from financing activities	342	281	259

Net increase/(decrease) in cash and cash equivalents	252	(18)	(221)
Net cash and cash equivalents at beginning of period	219	440	440
Net cash and cash equivalents at end of period	471	422	219
Analysis of net funds:			
Cash and cash equivalents	471	422	219
Bank overdraft	-	-	(17)
	471	422	202
Other borrowing due within one year	(117)	(19)	-
Borrowings due after one year	(233)	-	-
Finance leases	(11)	(13)	(14)
Net funds	110	390	188

Crimson Tide Plc

Notes to the Unaudited Interim Results for the 6 months ended 30 June 2012

1. Basis of preparation of interim report

The information for the period ended 30 June 2012 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 2011. 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 2012	Unaudited 6 Months ended 30 June (restated) 2011	Audited 12 Months ended 31 December 2011
Basic and diluted earnings per share			
Reported profit from continuing and discontinued operations (£000)	10	6	15
Reported earnings per share (pence)	0.00	0.00	0.00
Reported profit from continuing operations (£000)	10	9	9
Reported profit per share (pence)	0.00	0.00	0.00
	Unaudited 6 Months ended 30 June 2012 No. 000	Unaudited 6 Months ended 30 June (restated) 2011 No. 000	Audited 12 Months ended 31 December 2011 No. 000
Weighted average number of ordinary shares:			
Shares in issue at start of period	445,486	387,986	387,986
Effect of shares issued during the period	-	46,257	51,925
Weighted average number of ordinary shares	445,486	434,243	439,911

3. Availability of this announcement

Copies of the interim report will be despatched shortly to shareholders who have requested a printed copy. Copies of this announcement are available from the Company's office, Heathervale House, Vale Avenue, Royal Tunbridge Wells, Kent TN1 1DJ, and from the Company's website, www.crimson-tide.co.uk.