

crimsontide

interim report

2015

mpro5

**C**rimson Tide is a leading service provider of mobile data solutions and software for business. The company is listed on the AIM market of The London Stock Exchange with offices in the UK and Ireland

Our values are Partnership, Dynamism and Teamwork.

Crimson Tide's mpro solutions are used in a wide range of environments, from blue chip organisations to high street stores to landmark buildings. Our healthcare solutions are used for nurse, patient and drug management and our vehicle based solutions monitor the delivery of newspapers and vegetable oils.

Crimson Tide supplies all of the software and hardware required for its mpro solutions on a subscription basis, there is no need for the customer to commit up front capital and our services show immediate Return On Investment. Contracts are typically of 36 month duration and the Company's subscriber book continues to grow.

[www.crimsontide.co.uk](http://www.crimsontide.co.uk)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

- **Profit Before Tax more than doubled to £60k (1H 2014: £25k) in line with expectations**
- **More significant contract wins**
- **Cash from operations of £361k, 38% up on same period last year (1H 2014: £261k)**

**Barrie Whipp, Executive Chairman,**  
commented;

"A very pleasing period for the Company and we are well placed to take advantage of recent significant contract wins"

## CHAIRMAN'S STATEMENT

I am very pleased to report on the Company's progress for the first half of 2015. We exceeded all of our key indicators and Profit after Tax increased by 140% to £60k on slightly increased turnover. Once again we achieved record subscriber numbers.

Significant contract wins included a pilot for a leading supermarket as well as the contract for mpro5 to distribute The Evening Standard. We completed the roll out of around 200 users for Brennan's in Ireland, sold through our partner Vodafone. We also continued with our roll out worldwide with a global food and beverage company. Initial roll out took place in Australia, with Germany and Brazil following shortly afterwards.

We have completed significant technical work on mpro5 with the core product achieving ever higher levels of functionality. Recently we have upgraded all of our web systems to Model View Controller functionality which has been universally praised by our customers.

In healthcare the mpro5 system has been developed further in the fields of haemophilia, autism and Ebola and we have a level of optimism in respect of opportunities in the wider healthcare field. We have also developed a version of mpro5 that deals with food health and safety, another area with tremendous upside. We have been working with a major University Health Science Center in the United States to develop the Ebola solution and hope to roll out pilots in West Africa shortly, whilst the autism version of mpro5 is now being used in the NHS for the first time.

Our landmark contract with a UK retailer announced recently, will see mpro5 rolled out across a wide spectrum of UK retail space and we are optimistic that this iteration of mpro5 will quickly produce publicity to fight fraudulent insurance claims and to make retail outlets safer for customers.

During the period we wished Rowley Ager farewell as a Non- Executive Director and welcomed Robert Todd, a shareholder and friend of the Company for many years, in his place. Sam Roberts joined the board as Sales & Marketing Director and has been working hard on building a channel sales strategy including distributors, VARS and operators. We are starting to see the benefits of this strategy.

The Board and I feel that we are now seeing the benefits of the substantial gearing that we have generated. We are confident that the new channel strategy will result in greater opportunities and look forward to the future with ever increasing optimism.

**Barrie Whipp**  
Executive Chairman  
30 September 2015

## OPERATING AND FINANCIAL REVIEW

I am once again pleased to report significant progress and comment on our results for the six months to 30 June 2015.

Turnover for the six months to 30 June 2015 was £673k (2014: £614k) comprised mostly of longer-term subscription income (75 per cent) arising from contracts that typically cover an initial three year term. During the period we announced that we had begun to roll out mpro5 to the global food and beverage company's operations in Australia and new geographic locations are following. We also announced that revenues from a number of other long term contract wins for our mpro5 product are expected to build during 2015 as the solution is increasingly used in logistics, field audit, facilities maintenance and healthcare activities.

Hosting our services with Microsoft's Azure in the cloud has continued to benefit gross margins which are now over 90%. Operating profit before depreciation, amortisation and interest totalled £198k (2014: £172k) with margins remaining high at just under 30%. Our high operational gearing means that operating margins are likely to continue to improve as revenues increase with the addition of more subscribers without the same proportional increase in overheads.

In line with our strategy to continue to invest for future growth, certain areas of overhead spending have been targeted to increase over the course of the year, in particular, a higher level of investment in marketing, including the creation of a new channel sales initiative.

After depreciation, amortisation and interest costs, the Group achieved a profit before tax of £60k in the first half 2015 (2014: £25k).

Net cash generated from operating activities continues to increase year on year. During the period, cash generated from our operating activities totalled £361k (2014: £261k). We continue to invest the majority of this for future growth in assets for new subscribers. Net cash balances increased from £239k at the end of 2014 to £499k at 30 June 2015 partly assisted by asset finance from Lombard for new hand-held devices purchased for new contracts.

There have been no changes to Crimson Tide's accounting policies which can be found in the notes to the published 2014 Consolidated Financial Statements available on our website, [www.crimsontide.co.uk](http://www.crimsontide.co.uk).

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## OPERATING AND FINANCIAL REVIEW continued

The number of subscribers using Crimson Tide's mpro5 solution continues to build year on year. Furthermore, the current opportunity pipeline is extremely encouraging with companies of increasing size seriously looking to implement mpro5 in their businesses. Our business model, targeting long term contracted revenues gives the Board more reasons to remain very positive for the prospects for the Company.

**Stephen Goodwin**  
Finance Director  
30 September 2015

## UNAUDITED CONSOLIDATED INCOME STATEMENT for the 6 months to 30 June 2015

	Unaudited 6 Months ended 30 June 2015 £000	Unaudited 6 Months ended 30 June 2014 £000	Audited 12 Months ended 31 December 2014 £000
Revenue	673	614	1,210
Cost of Sales	(62)	(106)	(166)
Gross Profit	611	508	1,044
Overhead expenses	(413)	(336)	(715)
<b>Earnings before interest, tax, depreciation &amp; amortisation</b>	<b>198</b>	<b>172</b>	<b>329</b>
Depreciation & Amortisation	(132)	(141)	(237)
Profit from operations	66	31	92
Interest income	-	-	-
Interest payable and similar charges	(6)	(6)	(8)
<b>Profit before taxation</b>	<b>60</b>	<b>25</b>	<b>84</b>
Taxation	-	-	-
Profit for the year attributable to equity holders of the parent	60	25	84
<b>Earnings per share</b>			
	Unaudited 6 Months ended 30 June 2015	Unaudited 6 Months ended 30 June 2014	Audited 12 Months ended 31 December 2014
Basic and diluted earnings per Ordinary Share (see Note 2)	0.01p	0.01p	0.02p

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 6 months to 30 June 2015

	Unaudited 6 Months ended 30 June 2015 £000	Unaudited 6 Months ended 30 June 2014 £000	Audited 12 Months ended 31 December 2014 £000
Profit for the period	60	25	84
Other comprehensive income/(loss) for period:			
Exchange differences on translating foreign operations	(5)	(7)	(9)
<b>Total comprehensive profit recognised in the period and attributable to equity holders of parent</b>	<b>55</b>	<b>18</b>	<b>75</b>

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 30 June 2015

	Unaudited As at 30 June 2015 £000	Unaudited As at 30 June 2014 £000	Audited As at 31 December 2014 £000
<b>Fixed Assets</b>			
Intangible assets	1,308	1,213	1,260
Equipment, fixtures & fittings	390	367	339
	<b>1,698</b>	<b>1,580</b>	<b>1,599</b>
<b>Current Assets</b>			
Inventories	11	31	30
Trade and other receivables	346	415	563
Cash and cash equivalents	499	247	239
<b>Total current assets</b>	<b>856</b>	<b>693</b>	<b>832</b>
<b>Total assets</b>	<b>2,554</b>	<b>2,273</b>	<b>2,431</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	7,335	7,335	7,335
Capital redemption reserve	49	49	49
Share premium	1,090	1,090	1,090
Other reserves	421	428	426
Reverse acquisition reserve	(5,244)	(5,244)	(5,244)
Retained earnings	(1,726)	(1,845)	(1,786)
<b>Total Equity</b>	<b>1,925</b>	<b>1,813</b>	<b>1,870</b>
<b>Creditors</b>			
Amounts falling due within one year	513	460	561
<b>Creditors</b>			
Amounts falling due after more than one year	116	-	-
<b>Total liabilities</b>	<b>629</b>	<b>460</b>	<b>561</b>
<b>Total equity and liabilities</b>	<b>2,554</b>	<b>2,273</b>	<b>2,431</b>

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY at 30 June 2015

	Share Capital	Capital redemption reserve	Share premium	Other reserves	Reverse acquisition reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 December 2013	7,335	49	1,090	435	(5,244)	(1,870)	1,795
Profit for the period	-	-	-	-	-	25	25
Translation movement	-	-	-	(7)	-	-	(7)
<b>Balance at 30 June 2014</b>	<b>7,335</b>	<b>49</b>	<b>1,090</b>	<b>428</b>	<b>(5,244)</b>	<b>(1,845)</b>	<b>1,813</b>
Balance at 31 December 2014	7,335	49	1,090	426	(5,244)	(1,786)	1,870
Profit for the period	-	-	-	-	-	60	60
Translation movement	-	-	-	(5)	-	-	(5)
<b>Balance at 30 June 2015</b>	<b>7,335</b>	<b>49</b>	<b>1,090</b>	<b>421</b>	<b>(5,244)</b>	<b>(1,726)</b>	<b>1,925</b>

## UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOWS for the 6 months to 30 June 2015

	Unaudited 6 Months ended 30 June 2015 £000	Unaudited 6 Months ended 30 June 2014 £000	Audited 12 Months ended 31 December 2014 £000
<b>Cash flows from operating activities</b>			
Profit before tax	60	25	84
Adjustments for:			
Amortisation of Intangible Assets	52	66	83
Depreciation of equipment, fixtures and fittings	80	75	154
Profit on sale of assets	-	-	(6)
Net Interest	6	6	8
Operating cash flows before movement in working capital and provisions	198	172	323
Decrease in inventories	19	17	18
Decrease in trade and other receivables	217	81	(67)
(Decrease)/increase in trade and other payables	(73)	(9)	159
Cash generated from operations	361	261	433
Taxes paid	-	-	-
<b>Net cash generated in operating activities</b>	<b>361</b>	<b>261</b>	<b>433</b>
<b>Cash flows used in investing activities</b>			
Purchase of fixed assets	(230)	(80)	(218)
Sale of fixed assets	-	-	19
Interest received	-	-	-
<b>Net cash used in investing activities</b>	<b>(230)</b>	<b>(80)</b>	<b>(199)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(6)	(6)	(8)
Net increase/(decrease) in borrowings	135	(60)	(119)
<b>Net cash from/(used in) financing activities</b>	<b>129</b>	<b>(66)</b>	<b>(127)</b>
<b>Net increase in cash and cash equivalents</b>	<b>260</b>	<b>115</b>	<b>107</b>
Net cash and cash equivalents at beginning of period	239	132	132
<b>Net cash and cash equivalents at end of period</b>	<b>499</b>	<b>247</b>	<b>239</b>

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**UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOWS**  
for the 6 months to 30 June 2015 *continued*

	Unaudited 6 Months ended 30 June 2015 £000	Unaudited 6 Months ended 30 June 2014 £000	Audited 12 Months ended 31 December 2014 £000
Analysis of net funds:			
Cash and cash equivalents	499	247	239
Bank overdraft	-	-	-
	499	247	239
Other borrowing due within one year	(19)	(117)	(58)
Borrowings due after one year	(33)	-	-
Finance leases	(142)	(2)	(1)
<b>Net funds</b>	<b>305</b>	<b>128</b>	<b>180</b>

**NOTES TO THE UNAUDITED INTERIM RESULTS**  
for the 6 months to 30 June 2015

**1) Basis of preparation of interim report**

The information for the period ended 30 June 2015 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 2014. 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 2015	Unaudited 6 Months ended 30 June 2014	Audited 12 Months ended 31 December 2014
<b>Basic and diluted earnings per share</b>			
Reported profit (£000)	60	25	84
Reported profit per share (pence)	0.01	0.01	0.02
	Unaudited 6 Months ended 30 June 2015 No.000	Unaudited 6 Months ended 30 June 2014 No.000	Audited 12 Months ended 31 December 2014 No.000
<b>Weighted average number of ordinary shares:</b>			
Shares in issue at start of period	445,486	445,486	445,486
Effect of shares issued during the period	-	-	-
Weighted average number of ordinary shares	445,486	445,486	445,486

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