

COMPANY ANNOUNCEMENT

CRIMSONWING plc

PRELIMINARY STATEMENT OF RESULTS

Date: 28th July 2009

Reference: 17/2009 **Listing Rules:** LR 8.7.3

This is a Company Announcement being made by the Company in compliance with Chapter 8 of the Listing Rules:

Quote

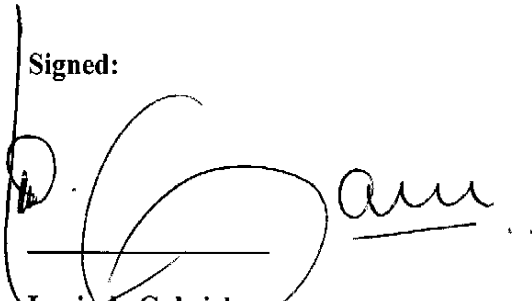
The Board of Directors of Crimsonwing p.l.c. has today, Tuesday 28th July approved the financial statements for the financial year ended 31st March 2009 and resolved that they be submitted to shareholders at the forthcoming Annual General Meeting. A Preliminary Profit Statement of results is attached. The Annual Report shall be available for inspection at the Company's registered office.

A net interim dividend of (€0.01) per nominal 10 cent share (€1.10) was paid on 1st September 2008. The Board does not recommend the payment of a final dividend.

The Annual General Meeting will be held on 1st October 2009. Shareholders on the Company's Register at the Central Securities Depository of the Malta Stock Exchange as at close of business 1st September 2009 will be entitled to receive notice of the Annual General Meeting together with a copy of the Annual Report and Financial Statements.

Unquote

Signed:



Louis de Gabriele
Company Secretary



PRELIMINARY STATEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

This Statement is being published pursuant to the requirements of Listing Rule 9.35 and the requirements of the Prevention of Financial Markets Abuses Act and regulations made thereunder.

INTRODUCTION

These figures have been extracted from the audited consolidated financial statements of Crimsonwing plc for the year ending 31st March 2009, as approved by the directors on 28th July 2009. The following is a review of results and performance with respect to the Crimsonwing Group.

REVIEW OF RESULTS

Performance

The consolidated financial statements cover all Crimsonwing subsidiaries including Crimsonwing (Malta) Limited, Crimsonwing Limited, Crimsonwing BV, Crimsonwing Promentum Holdings BV and Crimsonwing VDA (acquired 100% on 1st July 2008).

Despite the very demanding economic conditions that first manifested itself as a global credit crunch in mid 2008, Crimsonwing revenues increased during the period to €12,077,921 (2008 - €9,552,567), an increase of 26% year-on-year. Organic growth was around 11% for the full year, set against a decline in the value of Sterling against the Euro (on a like-for-like exchange rate comparison, organic growth would have been 17% during the year). Other revenue growth in the year was due to the acquisition of VDA contributing approximately €1.5m of revenues during the 9 months from July 2008 to March 2009.

Over the last two years, Crimsonwing has now grown its revenues by over 70%, and substantially increased its client base. This growth is extremely important (and has not been without its challenges, not least on this year's profitability), because Crimsonwing needs to gain critical mass in its markets, increase its Euro revenue base, and reduce its top client dependencies. Crimsonwing is achieving these objectives and now has a substantial client base in the UK and the Netherlands. In the last two years:

- ✓ Top client revenue dependency has reduced from 39% to 23% of total revenues.
- ✓ Top 5 client revenues have reduced from 80% to 42%.
- ✓ Top 10 client revenues have reduced from 93% to 59%.

However, during the second half of the year, a number of internal and external factors impacted Crimsonwing's profitability. Internally, Crimsonwing acquired VDA which was a loss making business that had been allowed to drift despite an excellent client base and software portfolio. Crimsonwing VDA subsequently made losses of (€270,258) during the year whilst the Directors worked at re-structuring the overhead base, and which itself was an expensive exercise. Crimsonwing VDA is now profitable.

Externally, all the Crimsonwing target markets: in the USA, in the UK and the Netherlands went into recession over the autumn, and all these economies are still shrinking a year on. As a result Crimsonwing experienced project delays and cancellations as well as payment delays from existing clients who were suffering from reduced lines of credit and in some cases, a cash-flow crisis. This meant that Crimsonwing had to cancel work in progress, had resource capability without matching project revenues and debtor days increased against work it had already completed to client satisfaction.



Also, the high profile failure of the Fraser Eagle business, late in Crimsonwing's financial year, resulted in a bad debt to Crimsonwing of approximately €140,000. Crimsonwing were subsequently informed by the Fraser Eagle administrators that there was no possibility of recovering these outstanding monies and therefore the full amount of the debt has been written off in the March 2009 accounts.

As the UK economy entered recession before the Euro-zone, this contributed to the effect of a declining Sterling against the Euro. Crimsonwing holds inter-company currency balances which are re-valued on an annual basis. Despite an increase in Euro revenues during the year, the Sterling balance revaluation at year-end resulted in a further €280,000 write down against the profit & loss.

With the impacts above, Crimsonwing acted as promptly as possible in re-aligning its cost base across the business. The CEO and Chairman both declined any salary from December 2008 onwards, and other Directors and employees made valuable cost saving contributions. The Crimsonwing cost base has been substantially re-aligned, which will bear most benefit in the new financial year. The USA operation (Crimsonwing LLC) was closed, as the clients were predominantly in the oil industry and new project work was expected to be difficult to achieve. The central business development group in Crimsonwing (Malta) was closed with responsibility delegated to local market business units.

As a result of the above challenges the net loss for the year, after tax, interest, amortisation & depreciation and including all provisions, was (€499,932).

Other pertinent performance data is as follows:

- ✓ Gross Profit margins remained healthy at 48% of revenues (2008 – 52%).
- ✓ Administration expenses jumped from 43% (2008) to 56% (2009) of revenues. This was due to an amortisation/depreciation (€304,417) charge, the acquisition of VDA which had high overheads, and also the lower utilisation of Crimsonwing consultants against projects in the second half of the year as the market economies went into quick stop and then reverse.
- ✓ Total assets increased from €6,231,090 to €7,802,300.
- ✓ Shareholders' funds declined from €3,972,009 to €3,165,670.

On 1st September 2008 a net interim dividend of (€0.01) per nominal 10 cent share (€.10) was paid. The Board does not recommend the payment of a final dividend.

Despite the continuing challenging economic conditions in the markets, Crimsonwing has made positive steps to ensure future profitable performance.

Further integration of its business units proceeded at a pace during the year: Crimsonwing's two UK operations moved into a single office in central London in late summer 2008. These offices have demonstration facilities for new products and service offerings and have been well received. Crimsonwing's three Dutch operations also moved into a single office in Hilversum also in 2008. As well as reducing overheads, very good opportunities have emerged for selling all Crimsonwing solutions across the combined client base.

The Board would like to thank the clients, staff and shareholders for their support during the year, and look forward with confidence to the year ahead.

