

Company Announcement

Crimsonwing plc

Correction of Company Announcement CW 17

Date of Announcement	29/07/2009
Reference	19/2009
Listing Rule	

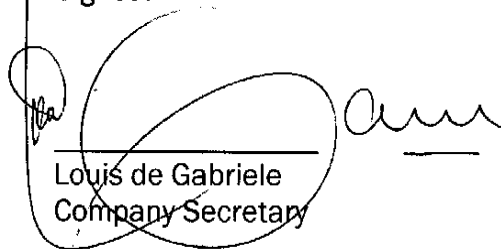
Quote:

The Company has today published the Preliminary profit statement for the financial year ended 31 March 2009. The published statement inadvertently missed a number of pages and is accordingly being published once more in full.

Any inconvenience is regretted.

Unquote

Signed:



Louis de Gabriele
Company Secretary

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

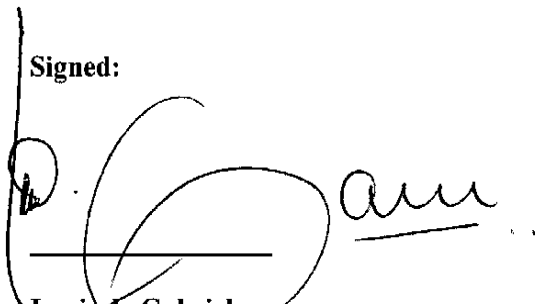
The Board of Directors of Crimsonwing p.l.c. has today, Tuesday 28th July approved the financial statements for the financial year ended 31st March 2009 and resolved that they be submitted to shareholders at the forthcoming Annual General Meeting. A Preliminary Profit Statement of results is attached.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

Crimsonwing plc

Consolidated income statement

For the year ended 31 March 2009

	Notes	2009 Eur	2008 Eur
Revenue	5	12,077,921	9,552,567
Direct costs		(6,279,387)	(4,563,680)
Gross profit		5,798,534	4,988,887
Administrative expenses – amortisation & depreciation		(304,417)	(115,199)
Administrative expenses - other		(6,448,399)	(3,994,058)
Administrative expenses		(6,752,816)	(4,109,257)
Excess of acquirer's interest in the fair value of net assets of the acquiree's identifiable assets over cost	24	459,465	-
Results from operating activities		(494,817)	879,630
Finance income	6	15,357	35,294
Finance expenses	7	(91,240)	(5,600)
Net finance income		(75,883)	29,694
(Loss)/profit before income tax		(570,700)	909,324
Income tax credit/(expense)	11	70,768	(85,572)
(Loss)/profit for the year		(499,932)	823,752
Attributable to:			
Minority interest		97,891	15,324
Equity holders of the parent		(597,823)	808,428
		(499,932)	823,752
Earnings per share		(0.02)	0.04

Crimsonwing plc**Consolidated balance sheet**

As at 31 March 2009

	2009 Eur	2008 Eur
ASSETS		
Non-current assets		
Intangibles	3,567,502	1,280,503
Plant and equipment	322,098	209,177
Deferred tax assets	508,738	99,920
	<u>4,398,338</u>	<u>1,589,600</u>
Current assets		
Trade and other receivables	3,137,432	3,609,867
Cash and cash equivalents	266,530	1,031,623
	<u>3,403,962</u>	<u>4,641,490</u>
Total assets	<u><u>7,802,300</u></u>	<u><u>6,231,090</u></u>
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	2,600,000	2,600,000
Share premium	722,572	722,572
Other reserves	168,891	117,407
(Accumulated losses)/retained earnings	(325,793)	532,030
	<u>3,165,670</u>	<u>3,972,009</u>
Minority interest	237,655	139,764
Total equity	<u><u>3,403,325</u></u>	<u><u>4,111,773</u></u>
LIABILITIES		
Current liabilities		
Trade and other payables	2,751,984	1,967,979
Income tax payable	1,935	151,338
Bank borrowings	646,699	-
	<u>3,400,618</u>	<u>2,119,317</u>
Non-current liabilities		
Bank borrowings	998,357	-
Total liabilities	<u><u>4,398,975</u></u>	<u><u>2,119,317</u></u>
Total equity and liabilities	<u><u>7,802,300</u></u>	<u><u>6,231,090</u></u>



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Crimsonwing plc

Consolidated statement of changes in equity

For the year ended 31 March 2009

Attributable to equity holders of the parent

	Attributable to equity holders of the parent							Total equity Eur
	Share capital Eur	Share premium Eur	Retained earnings Eur	Capital redemption reserve Eur	Reorganisation Reserve Eur	Translation reserve Eur	Total Eur	
Balance at 31 March 2007	247,153	-	2,087,937	105,921	-	11,630	2,452,641	2,452,641
Minority's share of net assets on acquisition of subsidiary	-	-	-	-	-	-	-	124,440
Translation adjustment	-	-	-	-	-	(80,442)	(80,442)	(80,442)
Net income/(expense) recognised directly in equity	-	-	-	-	-	(80,442)	(80,442)	124,440
Profit for the year	-	-	808,428	-	-	-	808,428	15,324
Total recognised income and expense for the year	-	-	808,428	-	-	(80,442)	727,986	139,764
Issue of share capital	465,665	722,572	-	-	-	-	1,188,237	1,188,237
Dividends	-	-	(230,000)	-	-	-	(230,000)	-
Bonus issue of shares	2,134,335	-	(2,134,335)	-	-	-	-	-
Reorganisation adjustment	(247,153)	-	-	(105,921)	186,219	-	(166,855)	-
Balance at 31 March 2008	2,600,000	722,572	532,030	-	186,219	(68,812)	3,972,009	139,764
								4,111,773



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Crimsonwing plc

Consolidated statement of changes in equity (continued)

For the year ended 31 March 2009

	Attributable to equity holders of the parent							
	Share capital Eur	Share premium Eur	Retained earnings Eur	Reorganisation Reserve Eur	Translation reserve Eur	Total Eur	Minority interest Eur	Total equity Eur
Balance at 31 March 2008	2,600,000	722,572	532,030	186,219	(68,812)	3,972,009	139,764	4,111,773
Translation adjustment	-	-	-	-	51,484	51,484	-	51,484
Net income/(expense) recognised directly in equity	-	-	-	-	51,584	51,484	-	51,484
(Loss)/profit for the year	-	-	(597,823)	-	-	(597,823)	97,891	(499,932)
Total recognised income and expense for the year	-	-	(597,823)	-	51,484	(546,339)	97,891	(448,448)
Dividends	-	-	(260,000)	-	-	(260,000)	-	(260,000)
Balance at 31 March 2009	2,600,000	722,572	(325,793)	186,219	(17,328)	3,165,670	237,655	3,403,325

Crimsonwing plc**Consolidated cash flow statement**

For the year ended 31 March 2009

	2009 Eur	2008 Eur
Cash flows from operating activities		
Cash generated from operations	128,892	548,860
Interest paid	(91,240)	(5,600)
Income taxes paid	(116,287)	(1,947)
<i>Net cash flows from operating activities</i>	<u>(78,635)</u>	<u>541,313</u>
Cash flows from investing activities		
Purchase of plant and equipment	(215,699)	(277,712)
Purchase of intangibles	(4,376)	-
Movement in amounts advanced to directors	(276,724)	42,886
Interest received	15,357	35,294
<i>Net cash flows from investing activities</i>	<u>(481,442)</u>	<u>(199,532)</u>
Cash flows from financing activities		
Acquisition of subsidiaries	(1,561,322)	(1,014,185)
Proceeds from bank borrowings	1,358,357	-
Proceeds from issue of share capital	-	988,538
Dividends paid	(260,000)	(230,000)
<i>Net cash flows from financing activities</i>	<u>(462,965)</u>	<u>(255,647)</u>
Effect of exchange rate fluctuations on translation of cash flows of foreign operations	(28,750)	(15,940)
Net movement in cash and cash equivalents	<u>(1,051,792)</u>	<u>70,194</u>
Cash and cash equivalents at the beginning of the year	1,031,623	1,049,488
Effect of foreign exchange rate fluctuations on cash held	-	(88,059)
Cash and cash equivalents at the end of the year	<u><u>(20,169)</u></u>	<u><u>1,031,623</u></u>
