

COMPANY ANNOUNCEMENT

CRIMSONWING plc

PRELIMINARY STATEMENT OF RESULTS

Date: 29th July 2008

Reference: Crimsonwing 08/2008 **Listing Rules:** 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 29th July approved the financial statements for the financial year ended 31st March 2008 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.

The Board of Directors also approved the declaration and payment of an interim dividend on current year of €260,000 representing a net dividend per ordinary share of €0.01. The dividend will be paid to shareholders on the register of members at close of business on the 8th August 2008 and shall be paid out to shareholders on or around the 1st September 2008.

The Annual General Meeting will be held on 1st October 2008. Shareholders on the Company's Register at the Central Securities Depository of the Malta Stock Exchange as at close of business 1st September 2008 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 2008

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

The company was formed on 29th August 2007. Following a group reorganisation which took place in October 2007, Crimsonwing Plc became the holding company for the Group. These figures have been extracted from the audited consolidated financial statements of Crimsonwing plc for the year ending 31st March 2008, as approved by the directors on 29th July 2008. The following is a review of results and performance with respect to the Crimsonwing Group.

REVIEW OF RESULTS

Performance

These condensed consolidated financial statements cover all Crimsonwing subsidiaries including Crimsonwing (Malta) Limited, Crimsonwing Limited, and Crimsonwing BV. On 1st July 2007 Crimsonwing purchased the media and entertainment vertical of Peracto Solutions Limited, and on 3rd September 2007 Crimsonwing purchased a majority (51%) interest in Promentum Holdings BV.

Revenue growth this year was dramatic with Crimsonwing registering a 35% increase in revenues over last year of €9,552,567 to March 2008. This also included substantial organic growth in Crimsonwing BV which registered a 46% increase in revenues during the year. Crimsonwing is a Euro currency operation, and the consolidations of revenue and associated net profit were negatively impacted by the slide of UK Sterling against the Euro in the last four months of the financial year when the Euro to Sterling exchange rate fell from 1.45 to 1.25. This decline of around 14% in the value of UK sterling against the Euro reduced the consolidated revenues by €502,674. Despite this, overall the revenue achieved was very much in line with that forecasted in the Crimsonwing Prospectus (dated 30th November 2007).

Net profit before income tax (NPBT) for the year was €909,324 which represents a very robust performance when set against the impact of €375,513 due to the decline of UK Sterling against the Euro during the last quarter. If forecast figures in the Crimsonwing prospectus (which was based on the 1.45 Euro to Sterling rate) were based on the actual Euro to Sterling rate during the year, NPBT would have been 32% lower than originally anticipated, however the actual impact was limited to 23%.

Additionally, Crimsonwing continued to invest in new markets in the year, notably in the North American and in the DACH (Germany, Austria, Swiss) regions. As investment was required the North American business operated on a break-even basis during the period, and the DACH region made modest losses.

Since Malta is now in the Euro zone, the Boards' decision taken over three years ago to enter the Euro market in The Netherlands has positioned Crimsonwing very well for the future.

Furthermore, Crimsonwing has taken positive steps to significantly reduce the impact of the UK Sterling and Euro in future years. This included the acquisition of 100% of the share capital of VDA BV, a post balance sheet event which completed on 1st July 2008, and which brings €3,000,000 annualised revenues into Crimsonwing plc, and increases our overall Euro business from just under 25% to over 50% of revenues.

Revenues increased by 35% in the year, and direct costs increased ahead by 54%, this is due to the increased sales of product licences and associated consultancy support from vendors. But overall gross profit margins remained very healthy at 52% of revenue.

Administration expenses were also tightly controlled and remained at 43% of revenue.

Total assets increased a very healthy 96% to €6,231,090 by March 2008, including a very strong cash balance at year end at €1,031,623.

Shareholders' funds increased 62% to €3,972,009, with the year performance showing an overall return on shareholders' funds of 20.4%.

Earnings per share were 4.5 €cents.

The Board of Directors at its meeting of the 29th July 2008 declared a net interim dividend of 1 €cent (€0.01) per nominal 10 cent share (€10). This will be paid on 1st September 2008 to shareholders who are on the company register of members on the 8th August 2008.

The Board of Directors is very pleased with the overall performance of the Crimsonwing plc group of companies. In summary, the Board is very pleased to note:

- ✔ Record revenues of €9,552,567, a 35% increase on previous year.
- ✔ Robust net profit before tax of €909,324.
- ✔ Significant strengthening of the balance sheet assets (increase of 96%) and shareholders' funds (increase of 62%).
- ✔ A healthy return on shareholders' funds of 20.4%.
- ✔ Two successful acquisitions and integrations undertaken during the year.
- ✔ Strong organic growth and in particular with Crimsonwing BV at 46%.

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 2008

	2008 Eur	2007 Eur
Revenue	9,552,567	7,093,145
Direct costs	(4,563,680)	(2,959,139)
Gross profit	4,988,887	4,134,006
Administrative expenses	(4,109,257)	(3,056,342)
Results from operating activities	879,630	1,077,664
Finance income	35,294	22,512
Finance expenses	(5,600)	(3,344)
Net finance income	29,694	19,168
Profit before income tax	909,324	1,096,832
Income tax expense	(85,572)	(45,737)
Profit for the year	823,752	1,051,095
Attributable to:		
Minority interest	15,324	-
Equity holders of the parent	808,428	1,051,095
	823,752	1,051,095
Earnings per share	0.045	0.056

Crimsonwing plc

Consolidated balance sheet

As at 31 March 2008

	2008 Eur	2007 Eur
ASSETS		
Intangibles	1,280,503	34,512
Plant and equipment	209,177	107,689
Deferred tax assets	99,920	13,986
Total non-current assets	1,589,600	156,187
Trade and other receivables	3,609,867	1,977,750
Cash at bank	1,031,623	1,049,488
Total current assets	4,641,490	3,027,238
Total assets	6,231,090	3,183,425
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	2,600,000	247,153
Share premium	722,572	-
Other reserves	117,407	117,551
Retained earnings	532,030	2,087,937
	3,972,009	2,452,641
Minority interest	139,764	-
Total equity	4,111,773	2,452,641
LIABILITIES		
Income tax payable	151,338	45,151
Trade and other payables	1,967,979	685,633
Total current liabilities	2,119,317	730,784
Total liabilities	2,119,317	730,784
Total equity and liabilities	6,231,090	3,183,425



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Crimsonwing plc

Consolidated statement of changes in equity

For the year ended 31 March 2008

Attributable to equity holders of the Parent

	Share capital Eur	Share premium Eur	Retained earnings Eur	Capital redemption reserve Eur	Translation reserve Eur	Total Eur	Minority interest Eur	Total equity Eur
Balance at 1 April 2006	247,153	-	1,269,218	105,921	13,113	1,529,484	-	1,529,484
Currency translation differences	-	-	-	-	(1,483)	(1,483)	-	(1,483)
Net income/(expense) recognised directly in equity	-	-	-	-	(1,483)	(1,483)	-	(1,483)
Profit for the year	-	-	1,051,095	-	-	1,051,095	-	1,051,095
Total recognised income and expense for the year	-	-	1,051,095	-	-	1,051,095	-	1,051,095
Dividend to equity holders	-	-	(232,376)	-	-	(232,376)	-	(232,376)
Balance at 31 March 2007	247,153	-	2,087,937	105,921	11,630	2,452,641	-	2,452,641



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Crimsonwing plc

Consolidated statement of changes in equity (continued)

For the year ended 31 March 2008

	Attributable to equity holders of the Parent						Total Eur	Minority interest Eur	Total equity Eur
	Share capital Eur	Share premium Eur	Retained earnings Eur	Capital redemption reserve Eur	Reorganisation Reserve Eur	Translation reserve 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	124,440
Translation adjustment	-	-	-	-	-	(80,442)	(80,442)	-	(80,442)
Net income/(expense) recognised directly in equity	-	-	-	-	-	(80,442)	(80,442)	124,440	43,998
Profit for the year	-	-	808,428	-	-	-	808,428	15,324	823,752
Total recognised income and expense for the year	-	-	808,428	-	-	(80,442)	727,986	139,764	867,750
Issue of share capital	465,665	722,572	-	-	-	-	1,188,237	-	1,188,237
Dividends to equity holders	-	-	(230,000)	-	-	-	(230,000)	-	(230,000)
Bonus issue of shares	2,134,335	-	(2,134,335)	-	-	-	-	-	-
Reorganisation adjustment	(247,153)	-	-	(105,921)	186,219	-	(166,855)	-	(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

Better people: better business

Crimsonwing plc

Consolidated cash flow statement

For the year ended 31 March 2008

	2008 Eur	2007 Eur
Cash flows from operating activities		
Profit before tax	909,324	1,096,832
<i>Adjustments for:</i>		
Depreciation	28,220	82,966
Loss on sale of plant and equipment	-	238
Net finance income	(29,694)	(19,168)
Amount paid on acquisition of minority interest written-off	-	9,076
Operating profit before working capital movements	<u>907,850</u>	1,169,944
Movement in trade and other receivables	(1,675,003)	(246,003)
Movement in trade and other payables	<u>1,229,034</u>	(184,273)
Cash flows from operations	461,881	739,668
Interest paid	(5,600)	(3,344)
Income taxes paid	<u>(1,947)</u>	(76,035)
<i>Net cash flows from operating activities</i>	<u>454,334</u>	660,289
Cash flows from investing activities		
Purchase of plant and equipment	(190,733)	(75,176)
Advances to directors	42,886	(42,886)
Interest received	<u>35,294</u>	22,512
<i>Net cash flows from investing activities</i>	<u>(112,553)</u>	(95,550)
Cash flows from financing activities		
Acquisition of subsidiaries	(1,014,185)	-
Proceeds from issue of share capital	988,538	-
Dividends paid	(230,000)	(232,376)
Cash paid by minority shareholders in a subsidiary undertaking	-	(9,076)
<i>Net cash flows from financing activities</i>	<u>(255,647)</u>	(241,452)
Effect of exchange rate fluctuations on translation of cash flows of foreign operations	<u>(15,940)</u>	589
Net movement in cash and cash equivalents	70,194	323,876
Cash and cash equivalents at the beginning of the year	1,049,488	728,404
Effect of foreign exchange rate fluctuations on cash held	<u>(88,059)</u>	(2,792)
Cash and cash equivalents at the end of the year	<u><u>1,031,623</u></u>	<u><u>1,049,488</u></u>