ANNUAL REPORT & FINANCIAL STATEMENTS 2009

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CRIMSONWING PLC
better people : better business

QUALITY POLICY

Crimsonwing plc is committed to providing value-for-money software solutions and helping customers to derive business benefit from information technology, as evidenced by repeat business and increasing customer satisfaction, within an environment that values people.

CHAIRMAN'S STATEMENT

PHILIP CRAWFORD

I have prepared this, our second Chairman's statement, following a difficult year.

Little did we know last year that the turmoil in financial markets that we were seeing, would lead to the virtual meltdown of many global financial institutions and a crisis of confidence unprecedented since the great depression.

This crisis undermined the very fabric of business life creating a global recession and undermining business decision-making like never before.

Previously rational businesses and executives changed overnight and became overly cautious and totally risk and decision averse. This led to a huge curtailment of I.T. spending particularly that deemed to be 'discretional'.

If this was not bad enough, foreign exchange markets became turbulent with the dollar and sterling in freefall. The dollar has strengthened somewhat in recent times but sterling remained weak throughout our financial year but particularly at the end when intercompany balances are calculated.

Against this backdrop, Crimsonwing, like many I.T. companies, has had a tough year.

Despite increasing revenues (in itself a great result), a combination of foreign exchange and bad debt write-offs, together with a slower than expected move to profitability of one of our acquisitions in these uncertain times, has led to the company posting a loss for the year.

Action has been taken to mitigate these risks in the future and I look forward positively to the coming year.

Finally I would like to thank our stakeholders (customers, employees and shareholders) for their continuing support. It is fair to say, in this year in particular that we could not have achieved what we have without them.

PHILIP CRAWFORD
Chairman, Crimsonwing plc

DAVID WALSH

This has been a very tough year, not just for Crimsonwing but for many of our clients who have been negatively impacted from the fall-out of the credit crunch and subsequent credit and working capital issues. Businesses operating successfully have had lines of credit removed, putting them into chaotic states, impacting planned commitments and causing a halt to existing investments. In the fight for survival, suppliers, like Crimsonwing, have been put under pressure to extend payments terms, support rate cuts, and price even more competitively.

Crimsonwing's main markets in the UK and the Netherlands both saw severe declines in GDP, to around -4.5%, and the recovery from this biting recession is currently difficult to predict. So it is against these difficult and challenging times that we report on our financial year to March 2009.

PROGRESSION ON THE CRIMSONWING STRATEGY

This year we have continued to make good progress on our business strategy:

» *We have a key strategic advantage in operating a solutions centre in Malta, which we wish to exploit further in expanding through organic growth, new business lines, and acquisitions.*

Our organic growth was 17% on a like-for-like exchange rate, and our overall revenue growth was 26%.

In the year, over 65 clients used the services of Crimsonwing (Malta), and our acquisitions in previous years, Peracto and Promentum, used Malta based services significantly during the period.

» *We will enhance our solutions portfolio and intellectual property.*

In the year we built new software assets around the Microsoft 'Dynamics' platform, and acquired significant software assets through the acquisition of VDA (in Holland). As a result, this accelerated our movement into industry verticals so that we now offer not just software assets but business expertise to our clients.

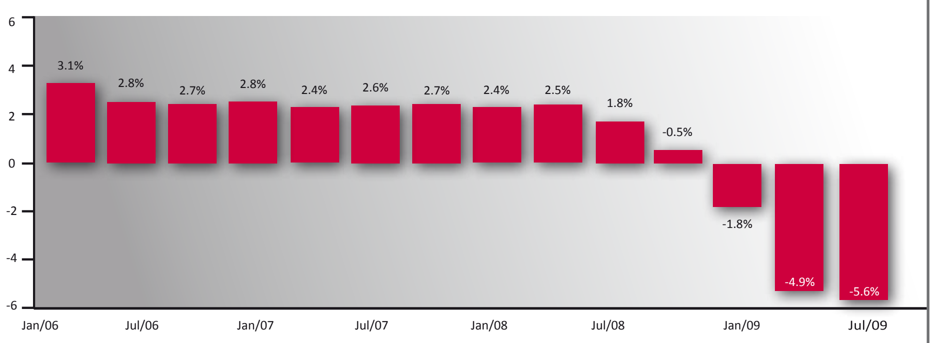
» *Crimsonwing will increase its sales in the Euro zone to reduce the impact of exchange rate fluctuations with Sterling.*

During the year, the Crimsonwing Promentum (Euro) revenues grew by 46%. We acquired VDA on 1st July 2008 which resulted in additional revenues of €1.5m during the year. Euro sales now count for about 46% of Group revenues.

» *Investing in Crimsonwing staff.*

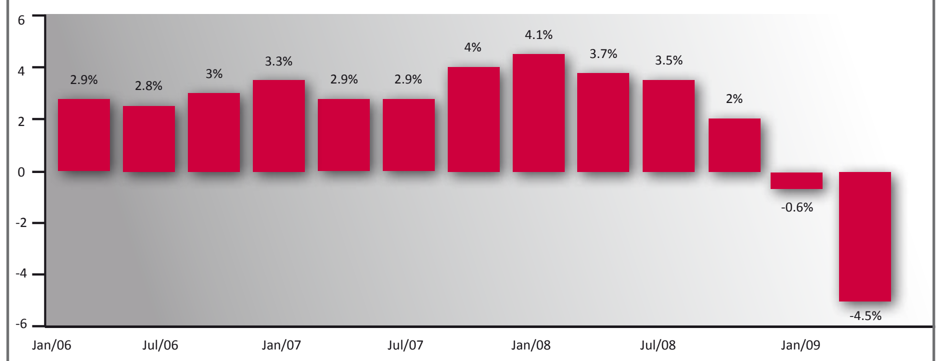
This year there have been significant investments in technical training to support our existing clients and exploit new initiatives. Particular priorities have been in the Oracle and Microsoft (Dynamics) platforms where there is a high level of investment required both in commitment (time) and funding to gain the necessary accreditations.

UNITED KINGDOM GDP GROWTH RATE
– Annual GDP Growth Adjusted by Inflation



source: Dutch Statistics Office

NETHERLANDS GDP GROWTH RATE
– Annual GDP Growth Adjusted by Inflation



source: Dutch Statistics Office

» *Focus and invest in key vendor relations*

We further strengthened our relationships with Microsoft, and upgraded our relationship with Oracle. We also became an Enterprise partner for Magento – a rapidly growing open source ebusiness platform which complements our Intershop Enterprise offering.

Microsoft GOLD CERTIFIED Partner

» *Continue our expansion of our Quality Management System (QMS)*

The external audit of our ISO accredited QMS in 2008/09 resulted in zero non-conformities. We improved our business processes, particularly around estimation and testing, and successfully raised our client and employee satisfaction.

As in previous years, we also supported many charity initiatives, with many personal and financial commitments to good causes, many of whom feel the impact of the recession as keenly as any business.

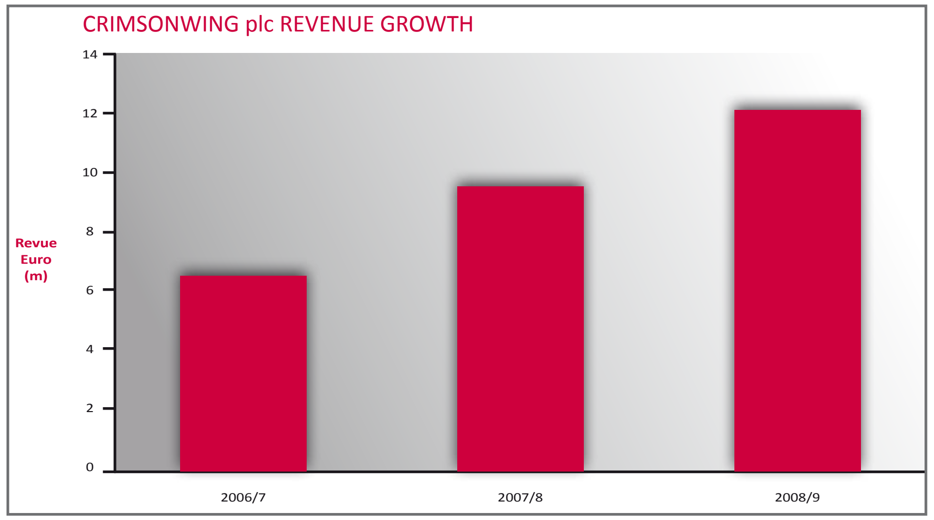
FINANCES AND PERFORMANCE

Crimsonwing revenues increased during the period to €12,077,921 (2008 - €9,552,567), an increase of 26% year-on-year. Over the last two years, Crimsonwing has now grown its revenues by over 70%, and substantially increased its client base. The revenue performance was particularly good when set against the decline of Sterling in the final four months of the year (Sterling de-valued from around €1.25 to €1.10 over the period). The proportion of revenues attributable to our top ten clients continued to decline from 78% (2008 to 59%).

The acquisition of VDA brought revenues of around €1.5m over the nine month period from July 2008 to March 2009. But VDA 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.

Amortisation and depreciation of assets also increased during the year at €304,417 (2008 - €115,199) as Crimsonwing began the depreciation of the VDA software assets.

Crimsonwing had also to write-off some work-in-progress that would not materialise in revenues as projects were cancelled due to the market pressures; all the Crimsonwing target markets in the USA, the UK and the Netherlands went into recession over the autumn. Consequently 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. 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 – the full amount 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. The Sterling balance revaluation at year-end resulted in a further €280,000 write down in the income statement.

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: these savings being in the region of around €1.75m per annum.

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 changes and challenges the net profit/(loss) for the year, after tax, interest, amortisation and depreciation was (€499,932).

New Acquisition

On 1st July 2008, Crimsonwing acquired VDA for a consideration of around €1.5m. Despite its losses, VDA has valuable software assets and associated revenue streams which support profitable future earnings. After re-structuring the business into better shape, it was recognised, that the value of VDA's identifiable assets are justifiable in excess of the purchase price paid, and that the fair value benefit would be recognised on the consolidated income statement - €459,465.

Consolidation

During the year, Crimsonwing consolidated its offices and this helped enormously in creating new opportunities across the combined operations. In the Netherlands, Crimsonwing BV, and Crimsonwing Promentum moved and now operate in the same location as VDA (now rebranded as 'Crimsonwing'). The offices in Hilversum, are of very high quality, and have a range of training and presentation facilities, giving Crimsonwing prospects and clients a very favourable impression.

In the UK, the Leatherhead and London Centrepoint (both managed) offices were both closed and Crimsonwing now leases and manages its own offices in central London (on the edges of the City by London Bridge). This office also has good presentation facilities, and as a result of the move the overall office costs have reduced.

Crimsonwing Branding

Having made three acquisitions over the last two years, the branding of the Crimsonwing propositions is very important to ensure a clear identity and to avoid confusion. After some debate it was decided to keep a 'Promentum' brand for partner services – that is, for those relationships where Crimsonwing does not 'own' a direct contractual relationship with the client. This became very important in the Netherlands, where partners would be nervous of working with Crimsonwing. But for all other business, and directly with clients, Crimsonwing is the only brand – the VDA and Peracto vertical brands being redundant. As a result, the VDA offices in Hilversum have been totally re-branded as Crimsonwing offices.

Additionally, the Crimsonwing corporate website has been updated to make it less 'Malta centric'. By this we mean that a client is not necessarily interested or concerned by where particular elements of the solution are provided from. It is true that in some solutions the relationship

with Malta is more direct, and the location becomes more a part of due diligence. But in many instances it is the quality and value of the overall solution, and its associated business case that is paramount. Working with Crimsonwing (Malta) does not introduce any additional project risks, and it is a *Crimsonwing* solution that a client is buying into. This change is also reflected in our business development and marketing which is developing into some strong vertical industries. The marketing leads on an understanding of the business challenges and opportunities that are relevant in the vertical, and how Crimsonwing solutions can help with these.

BUSINESS HIGHLIGHTS

UK

Crimsonwing's Dynamics business in the UK doubled during the past year, from £550,000 to £1.1m. Five new clients were added, and Crimsonwing further strengthened its position as a specialist supplier in the print & publishing industry as well as good progress in the Enterprise Dynamics sphere.

Even better progress though was limited by the toughening trading conditions. This resulted in some prospects merging their businesses, and in some cases going into administration. Projects which Crimsonwing had been successfully sold, were never were initiated.

In the Dynamics practice, Crimsonwing was one of the few companies to sign a 'Software as a Service' (SAAS) agreement with Microsoft. This provides a lower cost of entry for businesses by pricing a full solution, including infrastructure, application software and support, as a single 'per user' charge. As budgets are still tightening, this can be an attractive way for a business to take on a new solution and realise the benefits without initial capital outlay.

Indications are that the market is now stabilising, and new prospects are coming through the business development pipeline.

The UK e-business and custom unit, which also manages e-business opportunities in Italy, had a solid performance in 2008/2009.

In partnership with an Italian e-marketing specialist, Crimsonwing delivered web-shop solutions for luxury goods retailers. Additionally there was a major e-procurement upgrade during the year, which was a critical project, successfully delivered. Crimsonwing also enhanced its solution portfolio in the e-business space with the adoption of 'Magento', an open source e-business platform from Varian, and became an Enterprise partner. Crimsonwing can now offer a range of price points and functionality for e-business requirements, ranging from the enterprise level Intershop and Hybris platforms to the entry-level and mid-enterprise Magento.

Custom and integration work continued to be very active in the established client base, with a commensurate higher demand for 24 hour support services. Crimsonwing has long term client relationships which continued to strengthen despite the challenging trading conditions.

Holland

Crimsonwing Promentum had an excellent year with top line turnover growing to €2.8m (2008 - €1.9m) and a net profit of €255K.

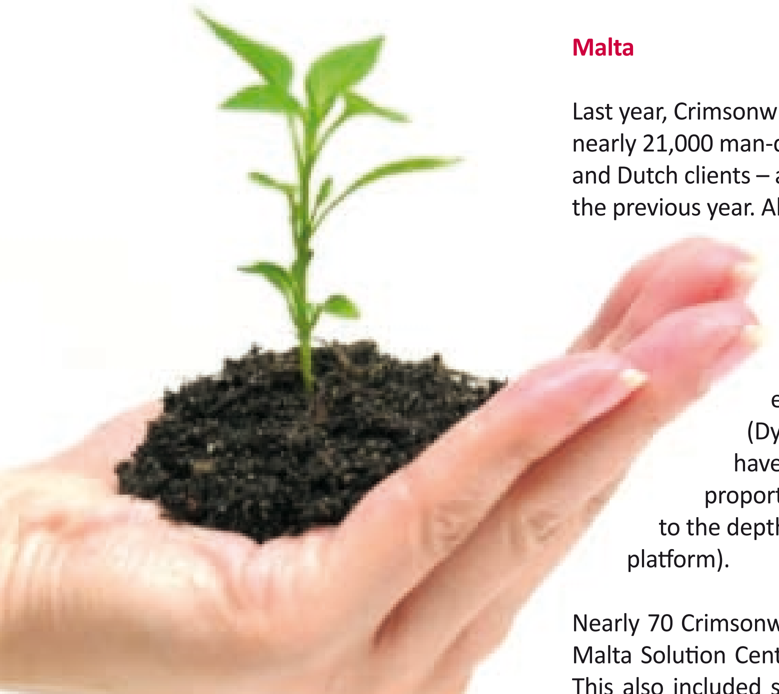
Crimsonwing Promentum was successful in delivering projects in the area of customer care and billing and professional services. Three large clients/projects were sold in the high-end Dynamics ERP and CRM market, and business in the channel partner market with delivering services on Microsoft Dynamics on different partner projects was sustained.

With the end-client projects the margin on services has gone up as well as the revenue from license sales and products. The growth in revenues from this market has also diminished our dependence on other channel partners.

During the year two major products for Dynamics were developed: Business Rule Engine and "ViamijnBank", a workflow/business rule product and an electronic invoice solution for the Dutch market.

The business operations in Crimsonwing LLC have been very profitable in the year with good revenues and profit from a client in the Oil & Gas exploration sector. The activities however suffered from the drop of oil price and the credit crisis which stalled the planned investments. The operations have been suspended as of the new year as a result of this development, with the director of Crimsonwing LLC, Stefan van den Brink, returning to The Netherlands to develop new business within the Dutch market.

The acquisition of VDA (now Crimsonwing), brought software assets and know-how in the following vertical markets: Broadcasting, Media and Publishing. By supplying ERP solutions on various platforms, VDA provides application development and support services, on a 50-50 ratio. Most of the VDA-services are delivered from the Dutch staff. However the Malta 'nearshore' model has been introduced and this will take effect in the forward profitability. When Crimsonwing acquired VDA the business was loss-making and losing clients. In consultation with the employee council and the staff, overheads were reduced by over 30 percent, and the company is now trading profitably.



Cross-selling e-business and Microsoft Dynamics solutions in the Media market has started. For example, a client who had long been with VDA is now being converted to a Microsoft Dynamics AX solution, thus securing and strengthening the long-term relationship.

There were good results in the e-business unit, with new enterprise-level clients, and in the Netherlands Crimsonwing also initiated a business intelligence unit, where there is good potential for consultancy and services in the client base.

The markets remain tough in the Netherlands, and Crimsonwing (VDA) is introducing a SAAS model for its solutions to make it more attractive to smaller to medium Media businesses.

Malta

Last year, Crimsonwing (Malta) delivered nearly 21,000 man-days of services to UK and Dutch clients – a similar amount to the previous year. All sectors were active, but with a higher proportion of efforts applied in the custom/integration and e-business solutions (Dynamics tends to have an overall lower proportion of efforts due to the depth of the package platform).

Nearly 70 Crimsonwing clients utilised the Malta Solution Centre – a record number. This also included six new local (Maltese) clients as well as some as far flung as Greece and Lebanon.

Employee numbers in Malta peaked at 157 in the year, with nearly 30 staff celebrating their 10th anniversary with Crimsonwing in Malta during the year.

Crimsonwing also made good progress reducing overheads in Malta, with a substantial re-engineering of the business processes around the delivery of 7 day by 24 hour support services. The Malta based business development unit was closed, with all activities taking place in the markets.

The Crimsonwing Quality Management System comfortably passed the annual external ISO audit in January 2009. Client satisfaction with Crimsonwing, a survey measured across ten key performance criteria, surpassed the QMS target average of 85% across 20 clients surveyed last year.

Crimsonwing (Malta) continued to invest in training in key vendor platforms during the year – and initiated new practices to include Microsoft's 'Biztalk', Sharepoint, and Magento.

DAVID WALSH
CEO, Crimsonwing plc

PEOPLE WHO CARE FUND

The past year has been a busy one for the Crimsonwing staff charity fund. Since the amount of money available for distribution is necessarily limited, decisions had to be taken as to which needy causes to support.

The main beneficiary in the past year has been the Arka Foundation. This voluntary, non-profit making organisation promotes the welfare of people with special needs and of their families, irrespective of their creed or nationality. It runs a respite centre in Gozo for disabled persons and their families. The People Who Care Fund was able to sponsor the purchase of specialized gymnasium equipment costing €3,725.

We were also able to make significant donations of €1,000 to the following charities:

» Puttinu Cares Children's Cancer Support Group - the name is self-explanatory.

» Sacred Heart Home (ex-Adelaide Cini Institute), Sta Venera can accommodate nine mothers and their children, even teenagers, in nine independent flats. They also offer protection for young families who have experienced domestic violence. These residents still need to go to work so that eventually they acquire the potential ability to reintegrate into the wider community.

» St. Patrick's Salesian School, Sliema – the project here is focused on meeting the needs of children who need an alternative home for some time.

Smaller donations were made to:

» Dar Il-Wens, Paola – a home that caters for persons with intellectual disability.

» Angel Tree Club (part of Prison Fellowship) – an organisation which caters for children of prisoners, ex-prisoners and victims of crime.

» Dar Nazareth, Zejtun – a community centre catering for people with disability who do not have their own family or cannot be taken care of by their own family.

The fund also took a special interest in two cases:

» A single mother whose parents have passed away leaving her to look after both her son and her young brother.

» A fund run by St. Augustine's Parish in Valletta for needy families.

It was good to see that staff members participated in voluntary initiatives. The team working on the Williams Lea e-commerce project organised a candy campaign. This was followed by an Apple Crumble Day. Other staff members participated in a rowing event to raise funds for the Malta Muscular Dystrophy Society and Id-Dar tal-Providenza.

At Easter, homemade *figolli* and sweets were sold with the proceeds being donated to NAPOLI 2009, a voluntary experience organized during summer to help children in Naples. A similar Christmastime initiative generated €800 to sponsor scholarships at a Boys' Shelter home called Don Bosco Snehalaya, A Home of Love in Gujarat, India. The age of the kids living there varies from 8 to 12 years. Most of them had been living in train stations or on the streets and come from a very difficult background.

In May, one Friday was reserved for a Dress Up Day. €650 were collected in aid of the Bay kids charity campaign which aimed to assist The Richmond Foundation to buy a van. Popular Bay Radio DJs Abel and Elinor visited our offices to be presented with the funds.

REINHARD LENICKER (UK / MALTA) – Off-Road Driver

Reinhard is fanatical about visiting remote areas in his four wheel drive SUV. In addition to off-road driving and recovery skills, such trips require a lot of detailed planning and preparation. A recent expedition was to the remote areas of the Atlas Mountains and the fringes of the Sahara desert in Morocco, where the local facilities are basic to non-existent and the environment hostile. The planning and preparation for such trips involve having the vehicle suitably prepared, planning the route, knowing where fuel and water are available and preparing the equipment, tools and provisions to deal with unexpected events and to operate independently for several days. Once the trip starts, the plan must be flexible enough to allow for emergencies and unexpected events.
As a Programme Manager, Reinhard puts his management skills to use, to meet the requirements of multiple I.T. projects, sometimes with competing demands.

DAVID WALSH (UK) – Mountain Biker

David is a keen mountain biker and runner, always packing his trainers on business trips home and abroad. David has run the London Marathon and rode from Mount Kilimanjaro to the Ngorogoro crater in Tanzania for the UK charity Scope. Over the years he has become more attracted to endurance trips and having completed a trans-Rockies trip in Colorado is now planning a trans-Alps in Europe as his next mountain bike challenge. David finds both sports an outlet for de-stressing, and the cycling is especially good as a social and team activity.
Endurance mountain biking is a good test of mental strength, and is a great way to become immersed into a more natural world. Keeping calm and focused is a daily necessity of work, as various challenges come along – some expected, but most none so, and David relies on personal and team strengths to tackle them.

GAVIN TYE (UK) – White Water Canoeist

Gavin started kayaking when 12 years old, with the Scouts organisation. This initial stint gave him a good grounding in the basics of kayaking but as he states "I always knew I needed to run White Water Rivers."
The next step was to join a club and that is what he did – Gavin joined up with a team of like minded people and together with whom he conquered many of Europe's most extreme rivers and waterfalls. It has always been for the challenge and the feeling of triumph when you have completed a particularly technical section of a river, which has kept him paddling all these years, and now as a coach Gavin is able to pass this feeling on to others.
Currently he is in training for one of the world's toughest kayak races, the Devices to Westminster. 126 miles nonstop, the entire length of the river Thames in 24 hours. It is using these trials which are faced in sports and in everyday life, which help Gavin to push boundaries and keep motivated within the work place.

ADDISON BONNICI (MALTA) – Basketball Player

At the age of 15 Addison started practicing basketball with Maltese club - Footwork. As time passed and competitiveness increased, basketball became more than just a hobby and he strived hard to continuously improve and help his team win honours. On his curriculum are 3 important triumphs, namely: U/16 and twice U/20 local championships.
Having played for the best teams in Malta, earned him a good number of caps with the Maltese National team, with which he participated in international tournaments such as Promotion Cups and Games of the Small States of Europe.
Time management is an essential factor in Addison's life as he has 4 training sessions per week (both with his club and the national team). Finding a balance between his sports life and I.T. career is challenging but as he admits "it helps in dealing with different people characters and situations and always learn from experience…" Addison is a programmer at Crimsonwing, currently working with the client Sun Microsystems.

THERESIA AZZOPARDI (MALTA) – TV Presenter

Theresia has media and drama at heart - she has been involved in drama for the past 9 years where she was involved in various theatrical representations ranging in style from classical Shakespeare to Greek theatre, musical theatre and more contemporary Creative Drama. Theresia affirms that "acting is just one aspect of drama…", in addition she has a passion for scripting plays.
The next natural step after theatre works was TV. Recently she has been enrolled in a new TV show project - a European Union Science popularization TV programme, targeting youths at large. Theresia is one of the main presenters of this programme, which is broadcast in Malta and Cyprus.
This experience got her to interview high-profile scientists from around Europe. Through this hobby Theresia attained a good level of self-confidence and enhanced her team-work skills, which she finds useful in her daily duties of software analysis, development and testing.

JOHANN BORGERS (HOLLAND) – Big Motor-cycles Rider

Johann started riding a motorbike at the tender age of 18, it was none other than a 250cc Harley-Davidson. After an absence of 17 years, he took up riding again 4 years ago. When asked "Why a Harley?" Johann claimed "Because I like the looks and the great sound!" Johann states that in contrast to I.T., where things change fast, the construction of the "beating V-twin" did not change in 100 years.
All parts of the bike are well designed, and working together they make the bike more than just a bike - It has a soul! As a Java developer this inspires him to design applications whose parts work together to make more than just a piece of software.

KRISTEL REMME (HOLLAND) – Rock Climber

For more than 10 years Kristel has challenged the vertical limit: climbs up man-made rock-walls and concurs natural rock formations across the world: from the Alps, the Dolomites to the Sugarloaf Mountain in Brazil. Even rocky Malta proved to be a climbers' heaven.
As a Marketing Communications Consultant at Crimsonwing she brings endurance, commitment, focus and ambition, reaching for best results in her hectic work role.

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2009

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors:	James Bonello Philip Crawford Louis de Gabriele Albert Muscat David Walsh
Secretary:	Louis de Gabriele
Registered office:	Lignum House, Aldo Moro Road, Marsa, Malta.
Country of incorporation:	Malta
Company registration number:	C 42234
Auditors:	Deloitte, Deloitte Place, Mriehel By pass, Malta.


DAVID WALSH
Chief Executive Officer


PHILIP CRAWFORD
Chairman


JAMES BONELLO
Managing Director
Crimsonwing (Malta) Ltd.


PIERRE ZAMMIT
Operations Director
Crimsonwing (Malta) Ltd.


DEREK LINNEY
Solutions Director


CLAIRE NICHOLSON
Finance Director


KEES BRUSSEN
Managing Director
Crimsonwing Promentum BV


ROB PHILIPPART
Managing Director
Crimsonwing BV & VDA


ALBERT MUSCAT
Non-Executive Director


LOUIS DE GABRIELE
Company Secretary &
Non-Executive Director


JAAP SCHRAM DE JONG
Dynamics Solutions Director
Crimsonwing Ltd.


TOM MEEHAN
E-Business &
Custom Solutions Director
Crimsonwing Ltd.

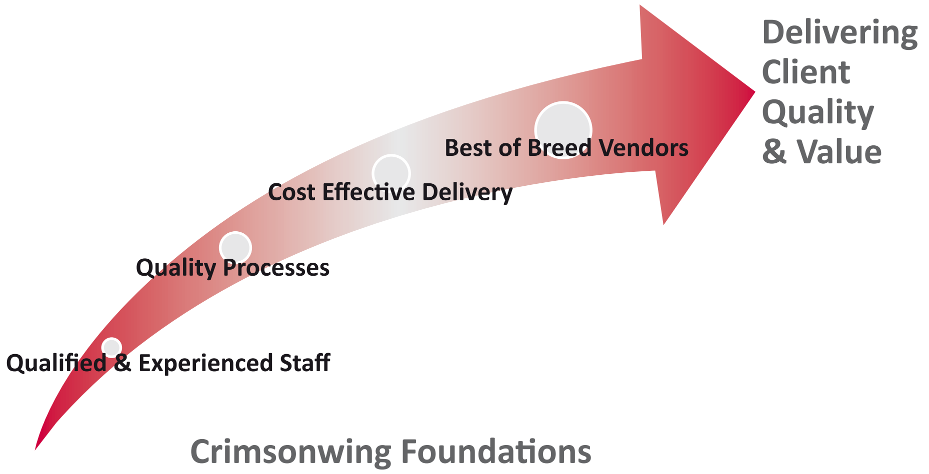
The directors have the pleasure in submitting their annual report, together with the audited financial statements and auditor's report of Crimsonwing plc for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

Crimsonwing plc is the Holding Company of Crimsonwing Limited, Crimsonwing (Malta) Limited, Crimsonwing BV, Crimsonwing VDA BV (acquired in July 2008), and is majority shareholder (51%) in Crimsonwing Promentum Holdings BV. It is incorporated in Malta under the company registration number C42234.

The principal Company activities are the provision of computer software and professional services, mainly to clients based in Western Europe, and in particular the UK and The Netherlands.

Crimsonwing provides technology based business solutions for clients with an intrinsic high return on investment. The value proposition is based on quality and affordability. This is achieved by having appropriately qualified consultants, accredited with business and technical knowhow, deployed effectively across the client engagements, and within a consistent and externally accredited Crimsonwing Quality Framework:



Crimsonwing client value has been further enhanced over the last period by the acquisition of and development of Crimsonwing software assets (products). By acquiring VDA on 1st July 2008, Crimsonwing gained software products, developed in the market over the last 17 years, which are market leaders for the Dutch Media and Broadcasting industries. In the UK and The Netherlands, Crimsonwing has also been building, implementing and gaining reference clients in supply chain collaboration solutions and enhancements for the Microsoft Dynamics ERP family of products.

Crimsonwing offers a portfolio of solutions, to fit most client budgets, across the following key business areas: Enterprise Resource Planning (ERP), E-business, and Custom Built Operational solutions. The portfolio and verticals we operate in are shown below:

In all these areas Crimsonwing is able to offer the full range of professional services for the client, including solution selection, design, development, testing and post implementation support services.

PERFORMANCE REVIEW

These 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 Loss for the year, before tax, interest, amortisation & depreciation was (€190,400) (inclusive of a gain on acquisition of VDA of €459,465) and including all provisions, was (€499,932).

Other pertinent performance data is as follows:

- Gross Profit margins loosened from 52% (2008) to 48% (2009) of revenues.
- Administration expenses jumped from 43% (2008) to 56% (2009) of revenues. This was due to an amortisation/depreciation charge (€304,417), 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.

KEY RISKS AND RISK MITIGATION

Given that our markets are in recession, and that recovery is at best fragile, there are a number of risks to contain to ensure good profitable performance going forward:

- **Credit Control –** There is an increased risk of business failure in the Crimsonwing client base which manifests itself by increasing debtor days and delays in signing off completed work. Crimsonwing predominantly works on business projects with a good rate of return for the clients, and to mitigate the risk Crimsonwing is reviewing the credit limits with clients. Crimsonwing will monitor closely that the agreed payment milestones are met when delivering new solutions, and ensure that clients remain within the credit limits.
- **Competition –** This has intensified with the onset of the recession. However the vendors that Crimsonwing works with are all responding positively to the market, and in addition Crimsonwing has been investing in new technologies and its own software assets that offer even greater returns on investment for the clients. To a large extent, Crimsonwing is not as exposed as many software & services suppliers who can depend on as much as 40% of their revenues on licence sales. The Crimsonwing licence exposure is under 10% of revenues, and at this level, it can be expected to increase and not decline. But at the very least, any slowdown in licence revenues is not an exposure.
- **Foreign Exchange –** Crimsonwing recognises that it is affected by the prevailing Sterling/Euro exchange, which has a potentially large impact on the inter-company balances (ICB's). These balances have been twice devalued on an annual basis, and it is debatable whether any further negative valuations will apply. However, there is a monthly cash consideration, which Crimsonwing will address through a new foreign exchange policy. Working in conjunction with its Banks, Crimsonwing will protect its budget Sterling/Euro rate to ensure the prevailing rate of exchange is favourable against the internal budget rate. Thus, any future adjustments on the P&L (not including ICB which is re-valued at year-end), will always be positive compared with budget. This should reassure our investors and shareholders that the published income statements are protected.
- **Cost Base inflation –** Arguably the largest increase in cost base has not been as a result of salary inflation but rather due to the strengthening of the Euro over the last two years (a change from €1.45 to £1 two years ago, to around €1.15 to £1 today, is a cost base inflation of 26%). Crimsonwing has therefore been putting in place compensating arrangements, which have now been achieved for the new financial year. These include the obvious policies of reducing the overall cost base, increasing the Sterling prices where possible, and protecting price increases in future contract years. But also, and rather innovatively, salaries in Crimsonwing (Malta) have been exchange rate linked (to Sterling), such that if the rate weakens, salary savings can offset the negative effect. The response from the staff in adopting this approach has been extremely positive.

OUTLOOK

The Directors believe that the following key initiatives in the year ahead to March 2010 will help grow shareholder value:

Business Consolidation – After two years of rapid growth, and considering the recession, Crimsonwing is basing its budgets on broadly similar revenues to the past year. It has however reduced its overall overheads by over €1.75 million per annum over the last year. Providing the revenues remain at a consistent level, Crimsonwing will deliver good profitability. Crimsonwing will then only increase overheads if new revenues can be secured. Whilst this can give a lag behind opportunity, in the current business environment, this is prudent.

Further Focus on Solution Verticalisation – Crimsonwing has made good progress on verticalisation of solutions, and needs to continue this further to enhance its propositions and value to clients.

Consistent Market Approach – In line with the verticalisation, Crimsonwing needs to localise its solution offerings to give a consistent approach in the UK and Holland. This means that both English and Dutch versions of products need to be made available.

RESULT AND DIVIDENDS

The Group net (loss) for the year after tax, interest, amortisation & depreciation, and minority interest amounted to (€597,823), which is (€0.023) per share.

On 29 July 2008, the Board of Directors declared a net interim dividend of 1 cent (€0.01) per nominal 10 cent €0.10) share.

The Board of Directors are not recommending the payment of a final dividend.

DIRECTORS

The Directors who served during the period were:

James Bonello	Philip Crawford
Louis de Gabriele	Albert Muscat
David Walsh	

In accordance with the company's articles of association, all the directors are to remain in office.

AUDITORS

A resolution to reappoint Deloitte as auditor of the company will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf on 28 July 2009 by:

DAVID WALSH
Director

JAMES BONELLO
Director

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of Crimsonwing plc are required by the Companies Act (Chap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company and its Group at the end of each financial year and of the profit or loss of the Company and its Group for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CRIMSONWING PLC Annual Report & Financial Statements 2009

We confirm that to the best of our knowledge:

1. the consolidated financial statements give a true and fair view of the financial position of the Company, and its subsidiaries included in the consolidation taken as a whole, as at 31 March 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

2. the Annual Report and the Consolidated Financial Statements includes a fair review of the information required in terms of Listing Rule 9.44c together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors on 28 July 2009 and signed on its behalf by:

DAVID WALSH
Director

JAMES BONELLO
Director

1. INTRODUCTION

Pursuant to Listing Rule 8.36 of the Listing Rules issued by the Listing Authority, Crimsonwing plc ("the Company") as a company whose equity securities are listed on a regulated market should endeavour to adopt the principles of good corporate governance contained in Appendix 8.1 of the Listing Rules. In terms of Listing Rule 8.37 and 8.38 the Company is bound to include a report providing an explanation of the extent to which it has adopted the principles. For the purposes of listing rules 8.37 and 8.38 the Company is hereby reporting on the extent of its adoption of the principles contained in Appendix 8.1 of the Listing Rules (hereinafter "the Code").

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the directors strongly believe that such practices are generally in the best interests of the Company and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the directors' and the Company's commitment to a high standard of governance.

The Board of Directors of the Company ("the Board") has carried out a review of the Company's compliance with the Code from the 1 April 2008 up to the end of the financial period being reported upon. Accordingly this is the first report that covers a full financial year since the Company's equity securities were admitted to trading on a regulated market on the 4th January 2008.

2. GENERAL

The Company is a holding company and does not itself carry on any trading activities. It owns a number of subsidiaries which together form the Crimsonwing Group (hereinafter the "Group") and it is those subsidiaries that carry on trading activities.

The Company's governance principally lies in its Board of Directors, responsible for the overall setting of the Group's policies and business strategies. On the other hand, the Subsidiaries' governance structures are composed of two principal organs: the body composed of the persons responsible for each division of the Group as well as the Chief Executive Officer of the Group, the "Executive Board". Furthermore each Subsidiary is run by its board of directors. The Chief Executive Officer is the person accountable to the board of directors of the Company for the business operations of the Subsidiaries. He has the power and authority to appoint the persons to fill in the post of each member of the Executive Board. He also has the discretion to ask any one or more of such members to, from time to time, address the board of directors of the Company on matters relating to the operations of the Subsidiaries. The board of directors of the Company is entitled to call in at its discretion any one or more of the members of the Executive Board.

The Company has adopted a corporate decision-making and supervisory structure that is tailored to suit the Group's requirements and designed to ensure the existence of adequate checks and balances within the Group, whilst retaining an element of flexibility essential to allow the Group to react promptly and efficiently to the dictates of its business and the economic conditions in which it operates. The Directors are of the view that there can be no blue print for good corporate governance in that corporate governance is a generic term that describes the measures taken by the Company to ensure its proper direction and management of its business. Accordingly, the structures that may be required within the context of large multi-nationals are not necessarily and objectively the best structures for companies whose size and/or business dictate otherwise. It is in this context that the directors have adopted corporate governance structures within the Company that are dictated by its particular demands and which are designed to suit the Company, its business and its size whilst still ensuring proper checks and balances.

In general the Directors believe that the Company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of checks and balances in line with the Company's requirements.

This report will now set out the structures and processes in place within the Group and how these effectively achieve the goals set out by the Code. For this purpose this report will make reference to the pertinent principles and then set out the manners in which the directors believe that these have been adhered to.

PRINCIPLES ONE TO FIVE

These principles deal fundamentally with the role of the board and of the directors.

The Directors believe that for the period under review the Company has generally complied with the requirements of each of these principles.

The Board of directors has throughout the period under review provided the necessary leadership in the overall direction of the Company and has adopted systems whereby it obtains timely information from the CEO as the head of the Executive team to ensure an open dialogue between the CEO and directors at regular intervals and not only at meetings of the board. During the year under review the level of communication between Executive Management and the directors has improved through electronic communications of executive decisions and discussions.

In line with the requirements of Principle Two, the Company has segregated the functions of the CEO and the chairman, with the CEO heading the Executive team and the chairman's main function is that of leading the board.

The board's composition, in line with Principle Three is of three independent non-executive directors and two executive directors. Pursuant to generally accepted practices, as well as the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders, except in so far as an appointment is made to fill a vacancy on the Board. The articles of association also contemplate the role of a nominations committee that has the power to nominate fit and proper persons for appointment by the shareholders as directors of the Company.

As stated above, the Board of Directors currently comprises three Non-Executive Directors. The Board normally meets every quarter. During the financial year under review the Board established a guideline whereby at its first meeting, it scheduled meetings for the full year, with other meetings being called as and when the need of the business arises. Board meetings concentrate mainly on strategy, operational performance and financial performance. The Board also delegates specific responsibilities to the CEO and the Committees, notably the Executive and the Audit Committees which operate under their respective formal terms of reference. Directors have access to the advice and services of the Company Secretary who is also, a director and legal counsel to the Board and the Company. Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense.

In terms of Principle Four it is the board's responsibility to ensure a system of accountability, monitoring, strategy formulation and policy development. Whilst these are matters which are reserved for the board to determine within the Group, the board believes that this responsibility includes the appropriate delegation of powers to management and the organization of the executive team in a manner that is designed to provide high levels of comfort to the directors that there is proper monitoring and accountability apart from appropriate implementation of policy. The Board's link to the executive team is principally the CEO, together with the other executive director on the board, both of whom are members of the Executive Board.

CORPORATE GOVERNANCE – STATEMENT OF COMPLIANCE continued

The Executive Board comprises apart from the executive directors the heads of each business unit of the group and its role is that of policy execution, business development, finance, security, administrative and personnel matters, and makes recommendations to the Board on matters which are beyond its remit. Mr David Walsh, CEO, chairs the Executive Committee.

For the period under review the Committee was composed of:
David Walsh – Chief Executive Officer
Claire Nicholson – Finance Director
James Bonello – Managing Director for Crimsonwing (Malta) Ltd.
Pierre Zammit – Operations Director for Crimsonwing (Malta) Ltd.
Derek Linney – Solutions Director
Rob Philippart – Managing Director for Crimsonwing B.V. and VDA
Kees Brussen – Managing Director for Crimsonwing Promentum B.V.
Jaap Schram De Jong – Director, Dynamics Solutions for Crimsonwing Ltd.
Tom Meehan – Director, E-Business & Custom Solutions for Crimsonwing Ltd.

Company Executives participate in periodic strategic reviews, which include consideration of long-term projections and the evaluation of business alternatives. Regular budgets and strategic plans are prepared, which are incorporated into a Company Strategic Plan. Performance against these plans is actively monitored and reported to the Board.

INTERNAL CONTROL

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls, which are monitored by the Internal Auditors on a regular basis.

The key features of the Company's system of internal control are as follows:

Organisation

The Company operates through the CEO and Executive Committee with clear reporting lines and delegation of powers.

Control Environment

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives.

CRIMSONWING PLC Annual Report & Financial Statements 2009

CORPORATE GOVERNANCE – STATEMENT OF COMPLIANCE continued

Risk Identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business.

PRINCIPLE SIX

The Board believes that this principle has been duly complied with for the period under review.

The CEO is appointed by the directors and enjoys the full confidence of the board. The CEO, although responsible for the selection of the executive team and the recruitment of senior executives, consults with the directors on the appointment of senior executives. During the three months under review the board has already been discussing the establishment of schemes that are designed to render the group an attractive proposition for the retention of top executives within the Company and to motivate the executive team further.

The board has already organised, for itself and executive team members an induction session that was aimed at providing directors and executives with a better understanding of the added responsibilities of being a publicly listed company and of the processes in place within the Group to ensure compliance with regulations. The board intends to organise further sessions for directors and executives designed specifically to enable them to discharge their functions more efficiently and in line with the high standards expected of them.

PRINCIPLE SEVEN

Principle 7 deals with an evaluation of the board's performance.

Over the period under review it is the board's view that all members of the board, individually and collectively have contributed in line with the required levels of diligence and skill. In addition the board believes that its current composition endows the board with a cross-section of skills and experience, not only with respect to the specific business of the company, but also in having a director who has the necessary competence in accounting and another non-executive director who is a corporate lawyer. The combined skills of the directors provide a balance of skills and competences that add value to the functioning of the board and its direction of the Company.

PRINCIPLE EIGHT

This principle deals with the establishment of a remuneration committee for the Company aimed at developing policies on executive remuneration.

There is no requirement in the code as it currently applies for a nominations committee, such a committee however is contemplated in the Company's articles of association. In this context the directors have opted for a mixed approach of having both these committees merged into one. The Directors believe that certain committees or boards that are recommended in the Code are either not required at this stage by the Company or the functions of a number of committees may efficiently be merged. For example the directors believe that the merger of a nominations committee and the remuneration committee, in one committee, the Remnomcom should achieve the same results –particularly since the two committees are composed of the same non-executive directors. In addition, the board believes that its size and composition is sufficient for the proper direction and management of the Company and its business and that it there would be no value added to the Company and its shareholders to increase the number of board members simply to be able to have separate committees of the board – when the same functions can properly be undertaken by a merged committee consisting of the same non-executive directors.

The aggregate amount of remuneration paid to all executive and non-executive Directors of the Company including the newly acquired businesses, as authorised by the shareholders of the Company, was €940,718 which falls within the maximum approved by the shareholders of €2 million. Directors' remuneration are being disclosed in aggregate rather than as separate figures as required by the Principles.

PRINCIPLES NINE AND TEN

These principles encourage the directors of issuers to foster good relations with their shareholders and that the Company communicates with the market in a timely manner.

The board is of the view that over the period under review the Company has communicated effectively with the market through a number of company announcements that it published informing the market of significant events happening within the company. The board notes that the reaction of market participants to the Company's communication strategy of important events has been a very positive one.

The Company will soon be holding its second annual general meeting where the board intends to communicate directly with shareholders on the performance of the Group over the last financial year and to inform shareholders of the challenges that lie ahead.

Business at the Company's Annual General Meeting (AGM) will cover the approval of the Annual Report and Audited Financial Statements, the declaration of a dividend, if any, the election of Directors, the determination of the maximum aggregate emoluments that may be paid to Directors, the appointment of auditors and the authorisation of the Directors to set the auditors' remuneration.

Apart from the AGM, the Company intends to continue with its active communication strategy in the market and shall accordingly continue to communicate with its shareholders and the market by way of the Annual Report and Financial Statements, by publishing its results on a six-monthly basis during the year and through the directors statements published on a six-monthly basis, and by company announcements to the market in general. The Company recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood and disclosed to the market in a timely manner. The Company's website (www.crimsonwing.com) also contains information about the Company and its business which is a source of further information to the market.

PRINCIPLE ELEVEN

This principle deals with conflicts of interests and the principle that directors should always act in the best interests of the Company.

The board has established procedures on how conflicts are to be handled, if and when they arise. A director having a personal conflict on any matter is bound to inform the other members of the board of such a conflict whether it is an actual, potential or a perceived conflict. It is then the other members that would decide on whether there exists such a conflict. In the event that, in the opinion of the board such a conflict exists then the conflicted director is invited to leave the meeting and both the discussion on the matter and the vote, if any, on the matter concerned are conducted in the absence of the conflicted director. The board feels that this is a procedure that achieves compliance with both the letter and the rationale of principle eleven.

The following directors have declared the following interests in the share capital of the company:

	Number of shares
David Walsh	13,009,187
Philip Crawford	6,243,679
Pierre Zammit	106,600
Albert Muscat	100,000
Kees Brussen	100,000
James Bonello	90,000
Claire Nicholson	85,000
Tom Meehan	48,000
Rob Philippart	20,000

PRINCIPLE TWELVE

Principle 12 encourages directors of listed companies to adhere to accepted principles of corporate social responsibility.

The directors are committed to high standards of ethical conduct and to contribute to the development of the well-being of employees and their families as well as the local community and society at large.

AUDIT COMMITTEE

As part of its corporate governance structures the company has also established the Audit Committee in line with the requirements of the Listing Rules. Unlike the provisions of the Code which are not mandatory in nature, the directors acknowledge that the requirement of having an Audit Committee in place is an obligation under the Listing Rules. The principal role of the Audit Committee is the monitoring of internal systems and controls. During the course of the period under review the Board established the audit committee under formal terms of reference designed both to strengthen this function within the Company and to establish the scope of the duties and responsibilities of this Committee. The committee consists of the three non-executive directors, namely Philip Crawford as its chairman, Louis de Gabriele and Albert Muscat. The committee has the power and authority under its terms of reference to summon any person to assist it in the performance of its duties.

In the period under review the Audit Committee has held three meetings.

The Statement of Directors' Responsibilities for preparing the financial statements is set out on page 21.

Pursuant to Listing Rules 8.37 and 8.38 issued by the Malta Financial Services Authority, the directors are required to include in their Annual Report a Statement of Compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance with these principles.

Our responsibility is laid down in Listing Rule 8.39, which requires us to include a report on the Statement of Compliance.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information included in the annual report.

We are not required to perform additional work necessary to, and we do not, express any opinion on the effectiveness of either the Group's system of internal control or its corporate governance procedures.

In our opinion, the Statement of Compliance, set out on pages 23 to 28 has been properly prepared in accordance with the requirements of Listing Rules 8.37 and 8.38.

SARAH CURMI
Partner, for and on behalf of,

DELOITTE
Certified Public Accountants

Deloitte Place,
Mriehel By pass,
Mriehel,
Malta.

28 July 2009

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	25	**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	13	**(0.02)**	0.04

CONSOLIDATED BALANCE SHEET - As at 31 March 2009

	Notes	2009 Eur	2008 Eur
ASSETS			
Non-current assets			
Intangible assets	14	**3,567,502**	1,280,503
Plant and equipment	15	**322,098**	209,177
Deferred tax assets	16	**508,738**	99,920
		4,398,338	1,589,600
Current assets			
Trade and other receivables	17	**3,137,432**	3,609,867
Cash and cash equivalents		**266,530**	1,031,623
		3,403,962	4,641,490
Total assets		**7,802,300**	6,231,090
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	20	**2,600,000**	2,600,000
Share premium	20	**722,572**	722,572
Other reserves	20	**168,891**	117,407
(Accumulated losses)/retained earnings	20	**(325,793)**	532,030
		3,165,670	3,972,009
Minority interest		**237,655**	139,764
Total equity		**3,403,325**	4,111,773
LIABILITIES			
Current liabilities			
Trade and other payables	18	**2,718,868**	1,967,979
Income tax payable		**35,051**	151,338
Bank borrowings	19	**646,699**	-
		3,400,618	2,119,317
Non-current liabilities			
Bank borrowings	19	**998,357**	-
Total liabilities		**4,398,975**	2,119,317
Total equity and liabilities		**7,802,300**	6,231,090

These financial statements were approved by the Board of Directors, authorised for issue on 28 July 2009 and signed on its behalf by:

DAVID WALSH
Director

JAMES BONELLO
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2009

Attributable to equity holders of the parent

	Share capital Eur	Share premium Eur	Retained earnings Eur	Capital redemption reserve Eur	Reorganisation Reserve Eur	Translation reserve Eur	Total Eur	Minority interest Eur	Total equity 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 (note 12)	-	-	(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**

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	-	-	-	-	51,484	**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 (note 12)	-	-	(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**

	Note	2009 Eur	2008 Eur
Cash flows from operating activities			
(Loss)/profit before tax		**(570,700)**	909,324
Adjustments for:			
Depreciation and amortisation		**304,417**	115,199
Net finance income		**75,883**	(29,694)
Excess of acquirer's interest in the fair value of net assets of the acquiree's identifiable assets over cost		**(459,465)**	-
Operating profit before working capital movements		**(649,865)**	994,829
Movement in trade and other receivables		**401,752**	(1,675,003)
Movement in trade and other payables		**501,972**	1,229,034
Cash flows from operations		**253,860**	548,860
Interest paid		**(91,240)**	(5,600)
Income taxes paid		**(116,287)**	(1,947)
Net cash flows from operating activities		**46,333**	541,313
Cash flows from investing activities			
Purchase of plant and equipment		**(215,699)**	(277,712)
Purchase of intangibles		**(129,344)**	-
Advances to directors		**(276,724)**	42,886
Interest received		**15,357**	35,294
Net cash flows from investing activities		**(606,410)**	(199,532)
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)
Net cash flows from financing activities		**(462,965)**	(255,647)
Effect of exchange rate fluctuations on translation of cash flows of foreign operations		**(28,750)**	(15,940)
Net movement in cash and cash equivalents		**(1,051,792)**	70,194
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	*26*	**(20,169)**	1,031,623

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and with the Companies Act (Chap. 386).

Article 4 of Regulation 1606/2002/EC requires that, for each financial year starting on or after 1 January 2005, companies governed by the law of an EU Member State shall prepare their consolidated financial statements in conformity with International Financial Reporting Standards as adopted by the EU if, at their balance sheet date, their securities are admitted to trading on a regulated market of any EU Member State. This Regulation prevails over the provisions of the Companies Act (Chap. 386) to the extent that the said provisions of the Companies Act are incompatible with the provisions of the Regulation.

The consolidated financial statements are prepared in conformity with International Financial Reporting Standards as adopted by the EU. They also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board and therefore there were no incompatibilities between the provisions of the Companies Act (Chap. 386) and the requirements of Regulation 1606/2002/EC in relation to the preparation of these consolidated financial statements.

The preparation of consolidated financial statements in conformity with EU IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

International Financial Reporting Standards in issue but not yet effective

The following standards/amendments are not yet mandatory, however it is anticipated that they will not have a material impact on the Group's financial statements in the period of initial application:

It is anticipated that the revisions to IAS 1, Presentation of Financial Statements will not have a material impact on these financial statements in the period of initial application. These revisions are applicable for financial periods beginning on or after 1 January 2009, with earlier application permitted.

It is anticipated that certain new disclosures about the company's reportable segments may be required upon the adoption of IFRS 8 Operating Segments. This Standard is applicable for annual periods beginning on or after 1 January 2009, with earlier application permitted. IFRS 8 replaces IAS 14 Segment Reporting. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments.

On 22 May 2008, the International Accounting Standards Board amended a number of International Financial Reporting Standards. The amendments are presented in two parts – those that involve accounting changes for presentation, recognition or measurement purposes and those involving terminology or editorial changes with minimal effect on accounting. On 16 April 2009, the International Accounting Standards Board made further amendments to International Financial Reporting Standards, which amendments have not yet been endorsed by the EU.

International Financial Reporting Standards in issue but not yet effective

On 10 January 2008, the International Accounting Standards Board completed the second phase of its business combinations project by issuing a revised version of IFRS 3 Business Combinations and an amended version of IAS27 Consolidated and Separate Financial Statements. The new requirements take effect on 1 July 2009, with earlier application permitted. The Group has not yet assessed the impact, if any, of this revision, on the consolidated financial statements.

The above list excludes International Financial Reporting Standards that are already in issue and that are expected not to be applicable.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Crimsonwing plc (the Company) and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control exists when there is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

Where necessary, in preparing these consolidated financial statements, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by group entities.

Group reorganisation – predecessor accounting

On 25 October 2007, the Company became the new parent of the Group following the purchase of all of the equity capital in the original parent (Crimsonwing Group Limited – a UK registered company) through the issue of shares to the original shareholders of the original parent. As there was no change to the ultimate controlling party of the Group, before and after the reorganisation, IFRS3 Business Combinations, did not apply to this reorganisation and there was therefore no requirement to apply acquisition accounting.

IAS8 Accounting Policies, Changes in Accounting Estimates and Errors, requires that, where there is no applicable IFRS that specifically applies to a transaction, other event or condition, management should use its judgement in developing and applying an accounting policy that is relevant to the decision-making needs of users and is reliable. Predecessor accounting is an accepted approach to consolidation following a group reorganisation of entities under common control. Following the principles of predecessor accounting the consolidated financial statements present the results of the Group as if the original group and the new parent had always been combined.

Purchase method accounting

Where the acquisition of subsidiaries is accounted for by applying the purchase method, the cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control, plus any costs directly attributable to the business combination. An adjustment to the cost of the combination contingent on future events is included to the extent that the adjustment is probable and can be measured reliably. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale. Such non-current assets (or disposal groups) are recognised and measured at fair value less costs to sell.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition is recognised as goodwill. The goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Any excess of the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination, after reassessment, is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. After initial recognition, minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Minority interests in the net assets of consolidated subsidiaries are presented separately from the holding company's shareholders' equity therein. Minority interests in the profit or loss of consolidated subsidiaries are also disclosed separately. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Plant and equipment

Recognition and measurement

The company's plant and equipment are classified into the following classes – computer equipment and furniture, fittings and other equipment. Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "administrative expenses" in profit or loss.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful life of plant and equipment for the current and comparative period is 3 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

After initial recognition, each class of intangible assets may be carried at cost less any accumulated amortisation and any accumulated impairment losses.

(i) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the company's development of software is recognised only if all of the following can be demonstrated by the company:

» the technical feasibility, the availability of resources and the intention and ability of completing the asset so that it will be available for use or sale,
» how the asset will generate probable future economic benefits, and
» the ability to measure reliably the expenditure attributable to the asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. After initial recognition, internally-generated intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives from the date when they become available for use, which is generally assumed to be five to ten years.

(ii) Computer software

In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the company's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over five to ten years.

Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the amounts are intended to be settled on a net basis or to be realised simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade receivables

Trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment that is required when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivables. When the effect of discounting is immaterial, trade receivables are stated at their nominal value.

Trade payables

Trade payables are subsequently measured at amortised cost using the effective interest method. When the effect of discounting is immaterial, payables are stated at their nominal value.

Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short term highly liquid investments with original maturities of three months or less.

Ordinary share capital

Ordinary shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

In the case of loans and receivables that are carried at amortised cost, objective evidence of impairment includes observable data about the following loss event – significant financial difficulty of the issuer or counterparty.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. Financial assets are also assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

Goodwill on the acquisition of subsidiaries or businesses is tested for impairment annually and whenever there is an indication of impairment.

The carrying amounts of the Group's other non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss recognised on goodwill is not reversed in a subsequent period.

Provisions

A provision is recognised if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the entity and these can be measured reliably.

Finance income

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss, using the effective interest method.

Provision of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the billed man-days of work performed to balance sheet date.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Employee benefits

The company contributes towards the state pension in accordance with local legislation. The only obligation of the company is to make the required contributions. Costs are expensed in the period in which they are in incurred.

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Borrowing costs

Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Currency translation

The Group operates in Malta and in a number of international territories. The presentation currency of the financial statements is Euro since that is the currency in which the shares of the Company are denominated. Euro is also considered to be the functional currency of the parent as this is the currency of the primary economic environment in which the Group operates. Transactions in currencies other than the functional currency are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency differences arising on retranslation are recognised in profit or loss. Foreign exchange gains and losses are included within the results from operating activities, except in the case of significant exchange differences arising on financing activities, which are included within finance income or finance expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

Foreign operations

The assets and liabilities of foreign operations are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at the average exchange rate for the financial period. Foreign currency differences are recognised directly in equity through the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in this reserve is transferred to profit or loss.

Dividends

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared.

Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing services (business segment), or in providing services rendered within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

The Group is engaged in one specific line of business - the provision of computer professional services and I.T. solutions. It operates through a company situated in Malta, through which it undertakes software development work, and sales offices in the United Kingdom and The Netherlands, from where it delivers such solutions to its customer base. Segment information is therefore presented in respect of the Group's geographical segments.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the subsidiary companies. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and intangible assets.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of intangible assets acquired in a business combination

The determination of whether an acquirer needs to recognise separately an intangible asset of the acquiree at the acquisition date requires the use of judgement. An in-process research and development project of the acquiree is recognised separately from goodwill of the project if it meets the definition of an intangible asset and its fair value can be measured reliably.

Where the purchase method of accounting is applied in a business combination and the acquirer's interest in the net fair value of identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer is required to reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and to recognise immediately in profit or loss any excess remaining after that assessment.

The determination of the fair value at the acquisition date of intangible assets requires the use of assumptions relating to future business, appropriately discounted and adjusted for the effect of taxation, as detailed in note 14.

Impairment assessment of goodwill

The Group tests goodwill for any impairment on an annual basis, or where there is an indication of impairment, in accordance with the accounting policy stated above. The recoverable amount of cash-generating units has been determined based on value in use calculations which require use of estimates, as detailed in note 14.

Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Development costs

The determination of whether development costs incurred by the Group meet the criteria for recognition as an intangible asset as disclosed in the accounting policies above requires management to make significant judgement. In addition, determining the amount of development costs to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

4. FINANCIAL RISK MANAGEMENT

Overview

The Group is exposed to a range of financial risks through its financial assets and financial liabilities. The most significant components of these financial risks for the Group are:

- » credit risk
- » currency risk
- » interest rate risk
- » liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group objectives in relation to capital management. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Where possible, the company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash held with financial institutions.

The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk.

Credit risk (continued)

Approximately 25% (2008 - 40%) of the Group's revenue is attributable to sales transactions with two customers. The Group's revenue is mainly generated through sales transactions concluded with customers situated in the United Kingdom, though during the year under review, there was also a significant increase in revenue generated through sales transactions concluded with customers situated in the Netherlands.

The amounts due by the Group's significant customers, included in trade receivables are analysed as follows:

	2009 Eur	2008 Eur
Largest debtor	**700,941**	573,701
Largest two debtors	**866,140**	840,198
Largest three debtors	**986,020**	1,048,939

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The majority of the Group's customers have been transacting with the Group for the past three years. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's customers to whom services are rendered.

The maximum exposure to credit risk for trade receivables at the respective reporting dates by geographic region was as follows:

	Carrying amount 2009 Eur	2008 Eur
Malta	**53,147**	7,037
United Kingdom	**1,797,587**	2,259,143
The Netherlands	**609,372**	777,608
Other	**228,766**	13,750
	2,688,872	3,057,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

The Group does not have any collateral in respect of trade and other receivables.

Included in the Group's trade receivables balance are the following debtors which are past due at the reporting date for which the Group has not provided as the amounts are still considered recoverable:

	2009 Eur	2008 Eur
1 month or less	**779,831**	1,119,702
Between 1 and 2 months	**-**	128,068
Over two months	**195,034**	242,202
	974,865	1,489,972

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of the above trade receivables.

Cash at bank

The Group's cash is placed with quality financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the Group entities.

Currency risk

The Group is exposed to currency risk on financial instruments that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (Eur) and Sterling (GBP). The exposure arises on balances with foreign operations within the Group where the denomination of the balance is in a currency other than the currency of the lender or borrower. The Group is therefore exposed to currency risk, as the value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto. The Group's net exposure to foreign currencies is not considered to be material and accordingly a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates is not deemed necessary. This assessment has been made by taking into consideration the Euro to Sterling 12 month forward rate at 31 March 2009.

Interest rate risk

The company has taken out bank facilities to finance its operations as disclosed in note 19. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restricting its financing structure.

Liquidity risk

The company monitors and manages its risk to a shortage of funds by monitoring forecast and actual cash flows and by maintaining adequate banking facilities.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as the profit for the year divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The capital structure of the group consists of items presented within equity in the balance sheet.

None of the Group entities are subject to externally imposed capital requirements.

5. SEGMENT REPORTING

	Malta		United Kingdom		The Netherlands		Adjustments		The Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
External revenues	10,921	24,779	6,780,565	7,309,247	5,286,435	2,218,542	-	-	12,077,921	9,552,567
Inter-segment revenue	5,491,193	5,253,197	-	-	258,893	-	(5,750,086)	(5,253,197)	-	-
Total segment revenue	5,502,114	5,277,976	6,780,565	7,309,247	5,545,328	2,218,542	(5,750,086)	(5,253,197)	12,077,921	9,552,567
Segment result - Results from operating activities	(473,316)	512,613	(320,805)	300,270	299,304	66,747	-	-	(494,817)	879,630
Net finance income/ (expense)	(67,768)	7,676	5,655	23,591	(13,770)	(1,573)	-	(142)	(75,883)	29,694
Income tax credit/(expense)									70,768	(85,572)
(Loss)/profit for the year									(499,932)	823,752

5. SEGMENT REPORTING continued

	Malta		United Kingdom		The Netherlands		Adjustments		The Group	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Segment assets	10,318,985	9,101,184	2,940,470	4,224,054	1,541,489	1,359,335	(7,507,382)	(8,553,403)	7,293,562	6,131,170
Deferred tax assets	-	-	46,489	12,374	417,341	87,546	-	-	508,738	99,920
Total assets									**7,802,300**	**6,231,090**
Segment liabilities	6,358,058	4,700,309	3,162,414	4,225,522	2,229,121	1,404,251	(7,350,618)	(8,210,765)	4,398,976	2,119,317
Total liabilities									**4,398,976**	**2,119,317**
Capital expenditure	65,156	123,044	50,565	347,810	2,270,730	994,338	-	-	2,386,451	1,465,192
Depreciation and amortisation	98,114	75,965	20,682	8,090	265,079	11,933	-	-	383,875	95,988

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

6. FINANCE INCOME

	2009	2008
	Eur	Eur
Interest income on bank deposits	**15,357**	35,294

7. FINANCE EXPENSES

	2009	2008
	Eur	Eur
Borrowing costs	**91,240**	5,600

8. LOSS/PROFIT BEFORE TAX

This is stated after charging:

	2009	2008
	Eur	Eur
Depreciation of plant and equipment	**103,458**	95,988
Amortisation of intangibles	**200,959**	19,211
Operating lease payments	**413,100**	259,244
Net exchange differences	**306,440**	127,162

Auditor's remuneration for the current financial year amounted to Eur42,500 (2008 – Eur42,500). Other fees payable to the auditor comprise Eur3,000 for non-audit services.

9. KEY MANAGEMENT PERSONNEL COMPENSATION

Directors' compensation:

	2009	2008
	Eur	Eur
Short-term benefits:		
Directors' emoluments	**289,966**	471,305

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10. STAFF COSTS AND EMPLOYEE INFORMATION

	2009 Eur	2008 Eur
Wages and salaries	**7,252,164**	5,605,070
Social security contributions	**570,493**	390,510
	7,822,657	5,995,580

The average number of persons employed during the year, including executive directors, was made up as follows:

	2009 Number	2008 Number
Operational	**184**	135
Accounts and administration	**32**	31
	216	166

11. INCOME TAX EXPENSE

	2009 Eur	2008 Eur
Current tax	**15,206**	173,118
Deferred tax (see note 16)	**(85,974)**	(87,546)
	(70,768)	85,572

Income tax in Malta is calculated at a basic rate of 35% (2008 – UK corporation tax rate applicable of 30%) of the estimated assessable profit for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The Group tax expense for the year can be reconciled as follows:

	2009 Eur	2008 Eur
(Loss)/profit before income tax	**(570,700)**	909,324
Income tax at the domestic tax rate of 35%	**(199,745)**	318,263
Tax effect of:		
Non-deductible expenses	**95,854**	17,981
Exempt income in terms of regulation 38(4) of the Business Promotion Regulations	**80,489**	(132,667)
Income taxed at lower rates in subsidiary entities	**38,425**	(26,362)
Deferred tax not recognised in prior years	**26,806**	(91,231)
Investment income taxed at lower rates	**(365)**	(412)
Effect of consolidation adjustments not subject to tax	**(112,232)**	-
	(70,768)	85,572

12. DIVIDENDS

A net dividend of Eur260,000 (Eur0.1 per ordinary share) was paid to ordinary shareholders on 1 September 2008, in respect of the current year (2008 - Eur230,000, Eur8.33 per ordinary share)).

13. EARNINGS PER SHARE

The calculations of the earnings per ordinary share at the respective reporting dates are based on the profit attributable to the ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2009 Eur	2008 Eur
(Loss)/profit attributable to ordinary shareholders	**(597,823)**	808,428

	2009 No.	2008 No.
Weighted average number of shares	**26,000,000**	21,189,368

	2009 Eur	2008 Eur
Earnings per share	**(0.02)**	0.04

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

14. INTANGIBLE ASSETS

	Goodwill Eur	Computer software for internal use Eur	Computer software for commercial use Eur	Total Eur
Cost				
At 01.04.2007	-	407,156	-	407,156
Additions	1,258,456	6,746	-	1,265,202
At 01.04.2008	1,258,456	413,902	-	1,672,358
Fair value of assets taken over on acquisition of subsidiary	-	8,005	2,100,000	2,108,005
Additional goodwill	250,609	-	-	250,609
Additions	-	-	129,344	129,344
At 31.03.2009	1,509,065	421,907	2,229,344	4,160,316
Amortisation				
At 01.04.2007	-	372,644	-	372,644
Provision for the year	-	19,211	-	19,211
At 01.04.2008	-	391,855	-	391,855
Provision for the year	-	18,466	182,493	200,959
At 31.03.2009	-	410,321	182,493	592,814
Carrying amount				
At 31.03.2008	1,258,456	22,047	-	1,280,503
At 31.03.2009	**1,509,065**	**11,586**	**2,046,851**	**3,567,502**

During the year, development costs amounting to Eur129,344 were capitalised and included with "Computer software for commercial use". These represent costs incurred in relation to the development of software products which are being amortised over a period of 5 years. The amortisation charge for the year is included in administrative expenses.

14. INTANGIBLE ASSETS continued

As disclosed further in note 25, on acquisition of VDA, the Group accounted for previously unrecognised software products developed over the years by VDA. The fair value attributed to these products at 1 July 2008 amounted to Eur2,100,000 and is being amortised over a period of 10 years. The fair value of these intangible assets was determined through the use of discounted cash flow valuation methodologies. The key assumptions applied by the directors in valuing these assets are as follows:

- A modest growth rate in revenue ranging between 2% and 9% over the life of the assets.
- A initial reduction in costs in year 1 due to the resizing exercise undertaken. Increases in direct costs proportionate to increases in revenues thereafter.
- A discount factor of 12.5%.

The goodwill recognised in the financial statements arose primarily on the purchase during the prior year of a controlling interest in Promentum Holdings BV together with the purchase of the Media and Entertainment business division of Peracto Solutions Limited by one of the Group's subsidiaries. The additional goodwill recognised during the year, amounting to Eur250,609, represents an adjustment to the cost of the business combination (made in the prior year) contingent on future events, as disclosed in note 25.

Goodwill has therefore been recognised in relation to two separately identifiable cash-generating units. At the year end, the goodwill was tested for impairment on a value in use basis for each cash-generating unit, based on revenue and profit forecasts prepared by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

15. PLANT AND EQUIPMENT

	Computer equipment Eur	Furniture, fittings and other equipment Eur	Total Eur
Cost			
Balance at 1 April 2007	647,431	377,871	1,025,302
Acquisitions	49,792	150,198	199,990
Disposals	-	(96,284)	(96,284)
Effect of movements in exchange rates	-	(16,004)	(16,004)
Balance at 31 March 2008	697,223	415,781	1,113,004
Fair value of assets taken over on acquisition of subsidiary	56,677	8,106	64,783
Acquisitions	42,507	112,560	155,067
Disposals	(91,204)	(74,582)	(165,785)
Effect of movements in exchange rates	(6,044)	(2,127)	(8,170)
Balance at 31 March 2009	699,159	459,738	1,158,899
Accumulated depreciation			
Balance at 1 April 2007	556,006	361,607	917,613
Charge for the year	14,446	81,542	95,988
Release on disposals	-	(96,284)	(96,284)
Effect of movements in exchange rates	-	(13,490)	(13,490)
Balance at 31 March 2008	570,452	333,375	903,827
Charge for the year	7,468	95,990	103,458
Release on disposals	(91,204)	(74,582)	(165,785)
Effect of movements in exchange rates	(3,870)	(829)	(4,699)
Balance at 31 March 2009	482,846	353,954	836,801
Carrying amounts			
At 31 March 2008	126,771	82,406	209,177
At 31 March 2009	**216,313**	**105,784**	**322,098**

16. DEFERRED TAX ASSETS

Deferred income taxes are calculated on temporary differences under the liability method using a principal rate ranging between 20% and 35%.

The movement on the deferred income tax account is as follows:

	2008 Eur	Acquired on purchase of subsidiary Eur	Movement for the year Eur	2009 Eur
Arising on:				
Accelerated tax depreciation	10,413	-	-	**10,413**
Tax losses carried forward	87,546	321,927	42,264	**451,737**
Other deductible temporary differences	3,573	-	43,710	**47,283**
	101,532	321,927	85,974	**509,433**
Deferred tax asset of foreign entity translated at foreign exchange rates at year end	(1,612)			**(695)**
	99,920			**508,738**

The directors' consider that the above temporary differences are substantially non-current in nature. In assessing whether the deferred tax asset should be recognised, the directors' have taken into account projected taxable income based on approved budgets. In the directors' opinion, there is sufficient evidence to indicate that the losses incurred by the subsidiary acquired during the year is not a continuing condition and that the existing contacts will produce sufficient taxable income to enable the utilisation of the loss carry foward of the subsidiary as further described in note 25.

17. TRADE AND OTHER RECEIVABLES

	2009 Eur	2008 Eur
Trade receivables	**2,688,872**	3,057,538
Amounts due from director	**5,308**	-
Other debtors	**159,200**	255,378
Prepayments and accrued income	**284,052**	296,951
	3,137,432	3,609,867

The amounts due from directors have no fixed date of repayment, are interest free and unsecured.

18. TRADE AND OTHER PAYABLES

	2009 Eur	2008 Eur
Trade payables	**279,559**	661,589
Amounts due to director	**344,173**	62,140
Other creditors	**1,042,925**	653,559
Accruals and deferred income	**1,052,211**	590,691
	2,718,868	1,967,979

The amounts due to the director have no fixed date of repayment, are interest free and unsecured.

19. BANK BORROWINGS

	2009 Eur	2008 Eur
Bank borrowings	**1,645,056**	-
Less: amount due for settlement within twelve months	**(646,699)**	-
Amount due for settlement after twelve months	**998,357**	-

Bank overdrafts and loans are repayable as follows:

	2009 Eur	2008 Eur
On demand or within one year	**646,699**	-
In the second year	**360,000**	-
In the third year	**360,000**	-
In the fourth year	**278,357**	-
	1,645,056	-

The Group has bank overdraft facilities totalling Eur880,000 and a bank loan of Eur1.358M. The bank loan bears interest at 5.25% per annum and the overdraft facilities bear interest at 2.15% to 14.85% over the bank's base rate. These borrowings are secured by a general hypothec over the Group's assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

20. CAPITAL AND RESERVES

The Company's share capital is denominated in Euro (€).

	2009 and 2008 Authorised No.	Issued and fully paid No.
Ordinary shares of €0.10 each	500,000,000	26,000,000

	2009 and 2008 Issued and fully paid Eur
Ordinary shares of €0.10 each	**2,600,000**

Movements in the Company's share capital during the prior year are detailed below:

29 August 2007	– Company was registered with 500,000 shares of Eur0.10 each
25 October 2007	– Company issued 2,260,424 shares of Eur0.10 each to David Walsh and Philip Crawford in exchange for 100% of the equity capital in Crimsonwing Group Limited – a UK registered company and the former parent of the Group
28 November 2007	– Company issued 271,223 shares of Eur0.10 each to employees in exercise of their share options
29 November 2007	– Company capitalised retained earnings through the issue of 20,968,353 shares of Eur0.10 each
17 December 2007	– Sale of 6,747,134 shares of Eur0.10 each to the public, of which 2,000,000 represent a fresh issue of shares. The latter shares were issued at a premium of Eur0.4 per share, thereby giving rise to the share premium reserve.

Share rights

All ordinary shares have the right to receive dividends, return of capital on liquidation and have the right to receive notice of and attend and/or speak and/or vote at any general meeting.

Reorganisation reserve

This reserve arises in the consolidated financial statements, as a result of the application of the principles of predecessor accounting as described in note 2. This reserve mainly represents the difference between the share capital issued on reorganisation and the amount recorded for the share capital acquired. This reserve does not arise in the separate financial statements of the parent company and therefore has no impact on distributable reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities.

21. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The reported carrying amounts at the respective balance sheet dates of the Group's financial instruments are a reasonable approximation of their fair values in view of their short-term maturities. The fair values of non-current financial liabilities that are not measured at fair value are not materially different from their carrying amounts.

22. OPERATING LEASES

Non-cancellable operating lease rentals are payable by the Group as follows:

	2009 Eur	2008 Eur
Less than one year	**413,100**	259,244

The Group leases a number of office facilities. The leases typically run for a fixed duration, with an option to renew the lease upon expiry.

23. RELATED PARTIES

Crimsonwing plc is the parent company of the entities listed in note 24. Crimsonwing plc is controlled by David Walsh who holds 50.04% of the issued share capital of the Company.

Details on the group reorganisation made during the prior year are disclosed in the remaining notes to the financial statements.

Key management personnel compensation is disclosed in note 9.

Amounts due by and to directors are disclosed in notes 17 and 18. These amounts will be settled in cash. No guarantees have been given or received in respect of these balances.

24. GROUP ENTITIES

			Ownership interest	
	Nature of business	Country of incorporation	2009 %	2008 %
Crimsonwing Malta Limited	Provision of support services related to I.T.	Malta	**100**	100
Crimsonwing Limited	Provision of computer services	United Kingdom	**100**	100
Crimsonwing BV	Provision of computer services	The Netherlands	**100**	100
Crimsonwing Promentum Holdings BV	Provision of computer services	The Netherlands	**51**	51
Crimsonwing Group Limited	Holding company (refer to accounting policy on predecessor accounting)	United Kingdom	**100**	100
VDA Informatiebeheersing BV	Provision of computer services	The Netherlands	**100**	-

The registered addresses are as follows:

Crimsonwing (Malta) Limited - Lignum House, Aldo Moro Road, Marsa MRS 9065, Malta.

Crimsonwing Limited and Crimsonwing Group Limited - 31, Union Street, London, SE1 1SD, United Kingdom.

Crimsonwing BV - Seinstraat 32, 1223 DA Hilversum, The Netherlands.

Crimsonwing Promentum Holdings - Seinstraat 32, 1223 DA Hilversum, The Netherlands.

VDA Informatiebeheersing BV - Seinstraat 32, 1223 DA Hilversum, The Netherlands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

25. ACQUISITIONS

2009

Acquisition of VDA Informatiebeheersing BV

On 1 July 2008 the Group purchased 100% of the equity interest in VDA Informatiebeheersing BV (VDA), a company based in Hilversum, The Netherlands, for a total consideration of Eur1,561,322. The directors' estimate of the fair value of the net identifiable assets taken over on acquisition amounted to Eur2,020,787. In determining the net fair values, the directors took account of the value of computer software products developed by VDA over the years, as well as a further deferred tax asset arising on taxable losses available for set-off against future taxable profits of Eur59,316. In the directors' opinion the deferred tax asset is expected to crytallise through the generation of future taxable income. The valuation methodology and key assumptions in relation to the valuation of computer software products are disclosed in note 14.

	Carrying values at acquisition date Eur	Fair value at acquisition date Eur
Intangible fixed assets	-	2,108,005
Property, plant and equipment	64,783	64,783
Receivables	553,658	553,658
Payables	(902,491)	(902,491)
Taxation	262,601	321,927
Cash and cash equivalents	(125,095)	(125,095)
Net assets acquired		2,020,787
Consideration		(1,561,322)
Excess of net fair values over purchase consideration taken to income statement		459,465

Impact of acquisition on results of the Group

Included in the loss for the year is Eur270,528 attributable to the operations of VDA, which was purchased during the year. Had the business combination been effected on 1 April 2008, the revenue of the Group from continuing operations would have been Eur12,677,921 and the loss for the year from continuing operations would have been Eur549,004. Since the date of acquisition the Group has undertaken a reorganisation and resizing of the acquired entity.

2008

Acquisition of Promentum Holdings

On 3 September 2007, Crimsonwing plc acquired 51% of the shareholding in Promentum Holdings, a company registered in The Netherlands, for a consideration of up to a maximum of Eur1,224,000. An amount of Eur360,000 was paid on 3 September 2007 being the date of acquisition, a further Eur360,000 was paid on 1 December 2007 and the remaining balance, Eur504,000 is payable in 2009. This remaining amount was based on agreed performance targets for 2008 which have now been achieved, with respect to the acquired business.

Acquisition of the business carried on by Peracto Solutions Limited

On 1 July 2007, Crimsonwing Limited entered into a Business Purchase Agreement with Peracto Solutions Limited for the purchase of 100% of their "Media and Entertainment Vertical", which accounted for 50% of Peracto's business. The consideration for the acquisition of this business was agreed at a maximum of Eur408,636. Eur111,446 was paid on 1 July 2007 and a further Eur111,446 was paid on 1 August 2007. The remaining, (up to a maximum of Eur185,744), is based on an agreed percentage of invoices issued with respect to the acquired business during the twelve month period following acquisition and for which payments have been received.

26. CASH AND CASH EQUIVALENTS

	2009 Eur	2008 Eur
Cash at bank and on hand	**266,530**	1,031,623
Bank overdraft	**(286,699)**	**-**
Cash and cash equivalents in the cash flow statement	**(20,169)**	1,031,623

Cash at bank earns interest at floating rates based on bank deposit rates.

CRIMSONWING PLC Annual Report & Financial Statements 2009

THE COMPANY

Annual report & financial statements for the year ended 31 March 2009

INCOME STATEMENT – For the year ended 31 March 2009

	Notes	2009 12 months Eur	2008 7 months Eur
Dividend income		**460,000**	2,421,458
Administrative expenses		**(163,683)**	(48,416)
Investment income	*5*	**298**	5,612
Finance costs	*6*	**(69,588)**	-
Profit before taxation		**227,027**	2,378,654
Income tax expense	*8*	**(45)**	(1,947)
Profit for the year/period		**226,982**	2,376,707

BALANCE SHEET – As at 31 March 2009

	Notes	2009 Eur	2008 Eur
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	10	**3,211,468**	1,399,527
Current assets			
Loans and receivables	11	**3,233,739**	3,071,551
Cash at bank		**1,593**	102,818
		3,235,332	3,174,369
Total assets		**6,446,800**	4,573,896
Current liabilities			
Financial liabilities	13	**1,134,697**	866,442
Bank loans	12	**360,000**	-
Other payables	14	**553,689**	274,391
Taxation		**1,935**	1,935
		2,050,321	1,142,768
Non-current liabilities			
Bank loans	12	**998,357**	-
Total liabilities		**3,048,678**	1,142,768
Net assets		**3,398,122**	3,431,128
Equity			
Share capital	15	**2,600,000**	2,600,000
Share premium		**722,584**	722,572
Other reserves		**96,184**	96,184
(Accumulated losses)/retained earnings		**(20,646)**	12,372
Total equity		**3,398,122**	3,431,128

These financial statements were approved by the Board of Directors, authorised for issue on 28 July 2009 and signed on its behalf by:

DAVID WALSH
Director

JAMES BONELLO
Director

	Share capital Eur	Share premium Eur	Other reserve Eur	Retained earnings Eur	Total Eur
Profit for the year	-	-	-	2,376,707	2,376,707
Total recognised income and expense for the year	-	-	-	2,376,707	2,376,707
Initial issue of shares in Crimsonwing plc	238,542	-	-	-	238,542
Adjustment on group reorganisation (note 1)	-	-	96,184	-	96,184
Exercise of share option at a premium	27,123	37,537		-	64,660
Transfer from retained earnings representing unpaid amount of original share capital	37,500	-	-	(37,500)	-
Bonus shares issued	2,096,835	-	-	(2,096,835)	-
Issue of shares to the public	200,000	800,000	-	-	1,000,000
Expenses related to IPO	-	(114,965)	-	-	(114,965)
Dividends to equity holders	-	-	-	(230,000)	(230,000)
Balance at 31 March 2008	**2,600,000**	**722,572**	**96,184**	**12,372**	**3,431,128**

	Share capital Eur	Share premium Eur	Other Reserve Eur	Accumulated losses/ retained earnings Eur	Total Eur
Balance at 31 March 2008	**2,600,000**	**722,572**	**96,184**	**12,372**	**3,431,128**
Profit for the year	-	-	-	226,982	226,982
Total recognised income and expense for the year	-	-	-	226,982	226,982
Exercise of share option at a premium	-	12	-	-	12
Dividends to equity holders	-	-	-	(260,000)	(260,000)
Balance at 31 March 2009	**2,600,000**	**722,584**	**96,184**	**(20,646)**	**3,398,122**

	2009 Eur	2008 Eur
Cash flows from operating activities		
Profit before tax	**227,027**	2,378,654
Adjustments for:		
Dividend income	**(460,000)**	(2,421,458)
Administrative expenses	**-**	48,416
Interest income	**(298)**	(5,612)
Finance costs	**69,588**	-
Operating profit before working capital movements	**(163,683)**	-
Movement in payables	**279,253**	1,098
Cash flows from operations	**115,570**	1,098
Income taxes paid	**45**	(1,947)
Interest paid	**(69,588)**	-
Net cash flows from operating activities	**46,027**	(849)
Cash flows from investing activities		
Loan to subsidiary undertaking	**-**	(890,482)
Purchase of financial assets	**(1,811,941)**	-
Interest received	**298**	5,612
Net cash flows from investing activities	**(1,811,643)**	(884,870)
Cash flows from financing activities		
Proceeds from issue of share capital	**-**	988,537
Proceeds from subsidiary undertaking	**541,064**	294,660
Advances to directors	**187,160**	-
Repayment of borrowings from subsidiary undertaking	**(162,190)**	(64,660)
Dividends paid	**(260,000)**	(230,000)
Proceeds from bank borrowings	**1,358,357**	-
Net cash flows from financing activities	**1,664,391**	988,537
Net movement in cash and cash equivalents	**(101,225)**	102,818
Cash and cash equivalents at the beginning of the year/period	**102,818**	-
Cash and cash equivalents at the end of the year/period	**1,593**	102,818

1. BASIS OF PREPARATION

These separate financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and with the Companies Act (Chap. 386).

The preparation of financial statements in conformity with EU IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the company financial statements are disclosed in note 3.

Early adoption of International Financial Reporting Standards

During the prior period, the company early adopted in its separate financial statements the May 2008 amendments to IAS 27 Consolidated and Separate Financial Statements, which amendments are entitled Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate, together with the related amendments to IAS 18 Revenue, IAS 21 The Effects of Changes in Foreign Exchange Rates and IAS 36 Impairment of Assets to the extent applicable.

In October 2007, the company became the new parent of the Group following the purchase of all of the equity capital in the original parent (Crimsonwing Group Limited – a UK registered company) through the issue of ordinary shares to the original shareholders of the original parent such that the assets and liabilities of the new group and the original group were the same immediately before and after the said reorganisation. Furthermore the owners of the original parent before the reorganisation had the same interests in the net assets of the original group and the new group immediately before and after the said reorganisation.

As detailed in its accounting policies, the company carries its investments in subsidiaries at cost less impairment in its separate financial statements. In accordance with the abovementioned amendments, the company accounted for its investment in the original parent in its separate financial statements at the carrying amount of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation. The difference between the nominal value of the shares issued by the company and the carrying amount of the equity items shown in the separate financial statements of the original parent is being recognised as a capital contribution in the statement of changes in equity.

As part of the group reorganisation, the original parent transferred to the company its entire shareholding in its subsidiary undertakings by way of an intercompany balance.

By early adopting the abovementioned amendments, the company is required to recognise dividends from its subsidiaries in the income statement when its right to receive the dividend is established.

In accordance with the related amendments to IAS 36, in assessing whether there is any indication that its investments in subsidiaries are impaired in accordance with its accounting policy on impairment as disclosed in note 2, the entity considers, as a minimum, the following indicators when it recognizes a dividend from such investments:

Early adoption of International Financial Reporting Standards (continued)

» evidence that the carrying amount of the investment exceeds the carrying amount in the consolidated financial statements of the investee's net assets; or

» evidence that the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared.

International Financial Reporting Standards in issue but not yet effective

The directors anticipate that the adoption of International Financial Reporting Standards, that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the company in the period of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Income from the investment is recognised in the income statement only to the extent of distributions received by the company.

Other financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or as available-for-sale financial assets or those for which the company may not recover substantially all of its initial investment other than because of credit deterioration.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process.

Trade payables

Trade payables are subsequently measured at amortised cost using the effective interest method. When the effect of discounting is immaterial, payables are stated at their nominal value.

Bank borrowings

Subsequent to initial recognition, interest-bearing loans are measured at amortised cost using the effective interest method. Bank loans are carried at fair value due to their market rates of interest.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short term highly liquid investments with original maturities of three months or less.

Ordinary share capital

Ordinary shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. For loans and receivables an impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. Financial assets are also assessed collectively in groups that share similar credit risk characteristics.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

All impairment losses are recognised in profit or loss. For loans and receivables an impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is recognised in profit or loss.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In addition deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Currency translation

The presentation currency of the financial statements is Euro since that is the currency in which the shares of the Company are denominated. Euro is also considered to be the functional currency, being the currency of the primary economic environment in which the Company operates. Transactions in currencies other than the functional currency are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Borrowing costs

Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Dividends

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared.

Dividends to holders of equity instruments, or of the equity component of a financial instrument issued by the company, are debited directly to equity.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In the process of applying the Company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements and, at the balance sheet date, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. FINANCIAL RISK MANAGEMENT

The exposures to risk and the way risks arise, together with the company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

Where possible, the company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist principally of receivables and cash at bank.

Receivables mainly comprise amounts due from subsidiary undertakings and the risk is therefore contained within the group of which the company is the parent. Receivables are presented net of an allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Cash at bank is placed with reliable financial institutions.

The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk. Management considers the credit quality of those financial assets to be acceptable.

Interest rate risk

The company has taken out bank facilities to finance its operations as disclosed in note 12. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restricting its financing structure.

Liquidity risk

The company monitors and manages its risk to a shortage of funds by monitoring forecast and actual cash flows and by maintaining adequate banking facilities.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as the profit for the year divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The capital structure of the company consists of items presented within equity in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS continued

5. INVESTMENT INCOME

	2009 12 months Eur	2008 7 months Eur
Interest income on bank deposits	**298**	5,612

6. FINANCE COSTS

	2009 12 months Eur	2008 7 months Eur
Interest on bank loan	**69,588**	-

7. PROFIT BEFORE TAX

	2009 12 months Eur	2008 7 months Eur
This is stated after charging:		
Auditors' remuneration	**7,000**	7,000
Net exchange differences	**-**	201

8. INCOME TAX EXPENSE

	2009 12 months Eur	2008 7 months Eur
Current tax	**45**	1,947

Tax applying the statutory domestic income tax rate and the income tax expense for the year/period are reconciled as follows:

	2009 12 months Eur	2008 7 months Eur
Profit before tax	**227,027**	2,378,654
Tax at the applicable rate of 35%	**79,459**	832,529
Tax effect of:		
Disallowable expenses	**81,646**	16,946
Exempt dividend income	**(161,000)**	(847,510)
Income taxed at 15%	**(60)**	(18)
Income tax expense	**45**	1,947

9. DIVIDENDS

A net dividend of Eur260,000 (Eur0.1 per ordinary share) was paid to ordinary shareholders on 1 September 2008, in respect of the current year (2008 - Eur230,000, Eur8.33 per ordinary share).

10. FINANCIAL ASSETS

These are stated at cost and comprise:

Investments in subsidiaries

	Eur
Cost	
At 01.04.2007	-
Additions	1,399,527
At 31.03.2008	**1,399,527**
Additions	1,811,941
At 31.03.2009	**3,211,468**

The Company did not recognise any impairment losses in relation to its investments in subsidiaries during the year.

			Ownership interest	
	Nature of business	**Country of incorporation**	2009 %	2008 %
Crimsonwing (Malta) Limited	Provision of support services related to I.T.	Malta	100	100
Crimsonwing Limited	Provision of computer services	United Kingdom	100	100
Crimsonwing BV	Provision of computer services	The Netherlands	100	100
Crimsonwing Promentum Holdings BV	Provision of computer services	The Netherlands	51	51
Crimsonwing Group Limited	Holding company (refer to accounting policy on predecessor accounting)	United Kingdom	100	100
VDA Informatiebeheersing BV	Provision of computer services	The Netherlands	100	-

The registered addresses are as follows:

Crimsonwing (Malta) Limited - Lignum House, Aldo Moro Road, Marsa MRS 9065, Malta.

Crimsonwing Limited and Crimsonwing Group Limited - 31, Union Street, London, SE1 1SD, United Kingdom.

Crimsonwing BV - Seinstraat 32, 1223 DA Hilversum, The Netherlands.

Crimsonwing Promentum Holdings - Seinstraat 32, 1223 DA Hilversum, The Netherlands.

VDA Informatiebeheersing BV - Seinstraat 32, 1223 DA Hilversum, The Netherlands.

NOTES TO THE FINANCIAL STATEMENTS continued

11. LOANS AND RECEIVABLES

	2009 Eur	2008 Eur
Amounts due from subsidiary undertakings	**3,233,739**	3,065,702
Amounts due from related parties	**-**	5,849
	3,233,739	3,071,551

The amounts due from the subsidiary undertaking are unsecured, interest free and repayable on demand. The terms and conditions of these amounts are disclosed in note 17.

12. BANK LOANS

	2009 Eur	2008 Eur
Bank loans	**1,358,357**	-

12. BANK LOANS cont/d

Bank loans are repayable as follows:

	2009 Eur	2008 Eur
Within one year	**360,000**	-
In the second year	**360,000**	-
In the third year	**360,000**	-
In the fourth year	**278,357**	-
	1,358,357	-

13. FINANCIAL LIABILITIES

	2009 Eur	2008 Eur
Amounts due to subsidiary undertakings	**885,397**	804,302
Amounts due to director/s	**249,300**	62,140
	1,134,697	866,442

The amounts due to subsidiary undertakings and the amounts due to the director have no fixed date for repayment and the company has no unconditional right to defer settlement of these loans for at least twelve months after the balance sheet date. These amounts are interest free and unsecured. The terms and conditions of these amounts are disclosed in note 17.

14. OTHER PAYABLES

	2009 Eur	2008 Eur
Accruals	**553,689**	274,391

15. CAPITAL AND RESERVES

	2009 and 2008 Authorised No.	Issued and fully paid No.
Ordinary shares of €0.10 each	500,000,000	26,000,000

2009 and 2008	Issued and fully paid Eur
Ordinary shares of €0.10 each	**2,600,000**

CRIMSONWING PLC Annual Report & Financial Statements 2009

Movements in the Company's share capital during the prior year are detailed below:

29 August 2007	– Company was registered with 500,000 shares of Eur0.10 each
25 October 2007	– Company issued 2,260,424 shares of Eur0.10 each to David Walsh and Philip Crawford in exchange for 100% of the equity capital in Crimsonwing Group Limited – a UK registered company and the former parent of the Group
28 November 2007	– Company issued 271,223 shares of Eur0.10 each to employees in exercise of their share options
29 November 2007	– Company capitalised retained earnings through the issue of 20,968,353 shares of Eur0.10 each
17 December 2007	– Sale of 6,747,134 shares of Eur0.10 each to the public, of which 2,000,000 represent a fresh issue of shares. The latter shares were issued at a premium of Eur0.40 per share, thereby giving rise to the share premium reserve.

Share rights

All ordinary shares have the right to receive dividends, return of capital on liquidation and have the right to receive notice of and attend and/or speak and/or vote at any general meeting.

Other reserve

As detailed in note 1, this reserve represents a contribution from shareholders and arises from the difference between the nominal value of the shares issued by the company on the acquisition of Crimsonwing Group Limited and the carrying amount of the equity being shown in the separate financial statements of the latter.

16. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The reported carrying amounts at the respective balance sheet dates of the company's financial instruments classified with current assets and liabilities are a reasonable approximation of their fair values in view of their short-term maturities.

NOTES TO THE FINANCIAL STATEMENTS continued

17. RELATED PARTIES

Crimsonwing plc is the parent company of the entities listed in note 10. Crimsonwing plc is controlled by David Walsh who holds 50.04% of the issued share capital of the Company.

Details on the group reorganisation made during the prior year are disclosed in the remaining notes to the financial statements.

During the course of the year, the company entered into transactions with related parties as set out below.

	2009 Eur	2008 Eur
Dividend income		
Related party transactions with:		
Subsidiary	**460,000**	2,421,458

No expense has been recognised in the period for bad or doubtful debts in respect of amounts due by related parties.

The amounts due from and to related parties at year-end are disclosed in notes 11 and 13. The terms and conditions in respect of the related party balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received. These amounts were unsecured and interest-free.

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Pursuant to the Malta Financial Services Authority Listing Rules

Directors' interests in the share capital of the company as at 31 March 2009

	Number of shares
David Walsh	13,009,187
Philip Crawford	6,243,679
Pierre Zammit	106,600
Albert Muscat	100,000
Kees Brussen	100,000
James Bonello	90,000
Claire Nicholson	85,000
Tom Meehan	48,000
Rob Philippart	20,000

Shareholders holding more than 5% of the equity share capital as at 31 March and 30 June 2009

David Walsh	50.04%
Philip Crawford	24.01%

Shareholding details

At 31 March 2009 and 30 June 2009, Crimsonwing plc's share capital was held by 336 shareholders. The issued share capital consists of one class of ordinary shares with equal voting rights.

Distribution of shares analysed by range

As at 31 March and 31 March and 30 June 2009

Range of shareholding	No. of shareholders
1 – 500	1
501 – 1,000	8
1,001 – 5,000	144
5,001 & over	183

to the members of

CRIMSONWING plc

Report on the financial statements

We have audited the accompanying financial statements of Crimsonwing plc and its group set out on pages 30 to 83, which comprise the balance sheets of the company and the group as at 31 March 2009, and the income statements, statements of changes in equity and cash flow statements of the company and the group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As also described in the statement of directors' responsibilities on page 21, the directors of the company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the company and the group. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the group financial statements give a true and fair view of the financial position of the company and its group as of 31 March 2009 and of the company's and its group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly prepared in accordance with the Companies Act (Chap. 386).

SARAH CURMI
Partner, for and on behalf of,

DELOITTE
Certified Public Accountants

28 July 2009

NOTES:

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