



Interim Report 2007

*crimson tide*

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Barrie Whipp, Executive Chairman, commented:

“We have made great progress in the year to date and our customer base and revenues continue to grow.

Our pipeline of new business is very exciting and I am confident of our future prospects.”

### Turnover

Up over **50%**  
to £715k

### Further growth

in contracted  
revenues

### Microsoft

Gold partner  
status achieved

# CHAIRMAN'S STATEMENT

Six months ended 30 June 2007

I am pleased to report on your Company's progress in the first half of the year to 30 June 2007. This is the first interim report since the Company's reverse takeover by A. Cohen & Co. plc in August 2006.

We have made very good progress in a number of areas. Turnover has increased to £715,000, an increase of more than 50% over the comparative period last year. More importantly our contracted long-term revenue base is increasing all the time and it remains our priority to secure recurring subscription revenues over the more immediate one-off sales generated by our historic software business. At the EBITDA level the loss for the half year was £222,000, very similar to our expectations. The second half of the year has started with good growth from new business in mobile data solutions and a strong pipeline of opportunities in place.

Many of our subscription contracts are confidential in nature. However, I can say

that our solutions are being used in the shops and offices of a wide range of household names in retail, banking and financial services, as well as in field service environments. An increasing number of organisations are achieving a real return on investment from being able to fulfil their tasks using our range of smartphone solutions.

The period saw developments in the range of services we offer and many of the deals being concluded are now standardised for vertical markets. In addition, we have expanded our sales team who are working hard to conclude a wide range of opportunities.

Our relationship with Microsoft has strengthened considerably. The Company recently achieved Gold Partner status and I was a primary speaker at the Microsoft Worldwide Partner Conference in Denver. We are planning our participation at further events, which will raise our profile in the Microsoft community.

Our subsidiary in Ireland has performed better than expected and we are implementing a number of exciting solutions in this market. Our acquisition model has proved robust and we continue to seek further growth by acquiring companies of a similar nature.

The Directors are focused on driving the business forward to achieve an early break-even position, ensuring that our contracted book of long-term receivables enhances shareholder value. We are confident in the Company's future and continue to work hard to maximise our opportunities in an exciting market.

**Barrie Whipp**  
Executive Chairman  
17 September 2007

## OPERATIONAL REVIEW

During the first six months of 2007 the Group's priorities have been primarily focused on three areas:

- Targeted sales and marketing spend aimed at identified vertical markets where we have had successes to date.
- Increasing front line sales resources and expertise to accelerate growth in mobile data solutions.
- Integration of acquisition in Ireland.

Some of the funds raised on the reverse takeover in August 2006 and in the further placing completed in June 2007 have been utilised on marketing the portfolio of mobile data solutions we have, with particular focus on vertical markets with most potential. To date, we have specifically targeted businesses involved with facilities management, cleaning companies and field-based service engineers. This strategy has been demonstrated to be very successful and resulted in new and growing subscription business. The chosen

solutions include electronic forms providing real-time information and replacing paper-based systems, some with signature capture and some with more complex functionality. All are very affordable with the subscription model we have adopted and all immediately increase our customers' productivity, with real, identifiable benefits to their organisation.

New sales resources have followed up the emerging opportunities identified in the various marketing campaigns. After an initial learning period, we are now benefiting from this investment, securing new subscription business at an accelerating rate. Many businesses now recognise the considerable benefits of being able to work effectively when away from the office. As a result, the sales cycle is becoming shorter and there are numerous encouraging signs of growth within the areas we operate. In addition, the channel market is showing a great deal of interest in our services and solutions, aided

by our Microsoft Gold Certification, which we will exploit over the coming months.

The acquisition in Ireland late last year has given us increased geographical coverage. The business, now renamed Crimson Tide (IE) Limited, has been successfully integrated into the Group with key personnel in Ireland making a significant contribution to this achievement. Back office activities have been centralised in the UK leaving the Irish business profitable and cash generative in the first half of 2007. Cross-selling opportunities are being progressed and I will advise further on this in the year end accounts.

Crimson Tide's employees have risen to the challenges brought about by the increasing rate of growth and new business being secured. We introduced an Enterprise Management Incentive (EMI) share option scheme and granted 11 million share options in February as an

added incentive and in recognition of the recipients' efforts to date. The options satisfy the EMI scheme requirements and are aligned to shareholders' aims, only being exercisable if the Group's share price increases by 66% from the value at the time of the reverse acquisition. I would like to take this opportunity to thank the whole Crimson Tide team for their continuing dedication and hard work.

We are very pleased with the progress we have made so far, the results of which will become more apparent as the growing monthly subscription revenues accumulate over their contracted periods. The market in which we operate is increasingly familiar with the benefits of mobile working and we are confident that the outlook for the business is very promising.

**Stephen Goodwin**

Chief Executive

17 September 2007

# UNAUDITED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2007

	<b>Unaudited 6 months ended 30 June 2007 £000</b>	Unaudited 6 months ended 30 June 2006 £000	Audited 14 months ended 31 December 2006 £000
<b>Revenue</b>	<b>715</b>	472	1,105
Cost of sales	<b>(307)</b>	(225)	(524)
<b>Gross profit</b>	<b>408</b>	247	581
Total operating expenses	<b>(648)</b>	(295)	(876)
<b>Loss from operations</b>	<b>(240)</b>	(48)	(295)
Interest income	<b>7</b>	—	6
Interest payable and similar charges	<b>(8)</b>	(3)	(8)
<b>Loss before taxation</b>	<b>(241)</b>	(51)	(297)
Tax on loss on ordinary activities	<b>—</b>	—	—
<b>Loss for the period attributable to equity holders of parent</b>	<b>(241)</b>	(51)	(297)
<b>Loss per share</b>			
Basic and diluted loss per ordinary share	<b>(0.09p)</b>	(0.07p)	(0.13p)

# UNAUDITED CONSOLIDATED BALANCE SHEET

as at 30 June 2007

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2007</b> <b>£000</b>	Unaudited As at 30 June 2006 £000	Audited As at 31 December 2006 £000
<b>Assets</b>			
Intangible assets	850	271	732
Equipment, fixtures and fittings	27	20	24
<b>Total non-current assets</b>	<b>877</b>	291	756
Inventories	23	11	28
Trade and other receivables	290	166	414
Cash and cash equivalents	267	24	394
<b>Total current assets</b>	<b>580</b>	201	836
<b>Total assets</b>	<b>1,457</b>	492	1,592
<b>Equity and liabilities</b>			
Share capital	5,789	730	5,679
Capital redemption reserve	49	—	49
Share premium	1,010	279	915
Other reserves	457	—	457
Reverse acquisition reserve	(5,244)	—	(5,244)
Retained earnings	(1,404)	(927)	(1,163)
<b>Total equity</b>	<b>657</b>	82	693
<b>Creditors</b>			
Amounts falling due within one year	681	376	763
<b>Creditors</b>			
Amounts falling due after more than one year	119	34	136
<b>Total liabilities</b>	<b>800</b>	410	899
<b>Total equity and liabilities</b>	<b>1,457</b>	492	1,592

# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2007

Group	Share	Capital re-	Share	Reverse		Retained	Total
	capital	demption	premium	Other	acquisition	earnings	
	£000	reserve	£000	reserves	reserve	£000	£000
Balance as at							
31 December 2005	730	—	279	—	—	(876)	133
Loss for the period	—	—	—	—	—	(51)	(51)
<b>Balance as at</b>							
<b>30 June 2006</b>	730	—	279	—	—	(927)	82
Balance as at							
31 December 2006	5,679	49	915	457	(5,244)	(1,163)	693
Loss for the period	—	—	—	—	—	(241)	(241)
Proceeds from new shares							
issued during 6 months	110	—	95	—	—	—	205
<b>Balance as at</b>							
<b>30 June 2007</b>	5,789	49	1,010	457	(5,244)	(1,404)	657

# UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

as at 30 June 2007

	<b>Unaudited 6 months ended 30 June 2007 £000</b>	Unaudited 6 months ended 30 June 2006 £000	Audited 14 months ended 31 December 2006 £000
Loss from operations	(240)	(48)	(295)
Adjustments for:			
Amortisation of intangibles	16	16	47
Depreciation of equipment, fixtures and fittings	2	7	23
<b>Operating cash flows before movements in working capital and provisions</b>	<b>(222)</b>	<b>(25)</b>	<b>(225)</b>
Decrease in inventories	5	—	17
Decrease in trade and other receivables	123	10	—
(Decrease)/Increase in trade and other payables	(207)	28	(33)
<b>Cash (used in)/generated from operations</b>	<b>(301)</b>	<b>13</b>	<b>(241)</b>
Income taxes paid	—	—	—
<b>Net cash (used in)/from operating activities</b>	<b>(301)</b>	<b>13</b>	<b>(241)</b>
<b>Cash flows from investing activities and servicing finance</b>			
Purchases of fixed assets	(4)	(9)	—
Acquisition of subsidiaries	—	—	(467)
Interest received	7	—	6
Interest paid	(8)	(3)	(8)
<b>Net cash used in investing activities</b>	<b>(5)</b>	<b>(12)</b>	<b>(469)</b>
<b>Cash flows from financing activities</b>			
Proceeds on issues of shares	205	—	848
Net increase/(decrease) in borrowings	(22)	1	147
<b>Net cash from financing activities</b>	<b>183</b>	<b>1</b>	<b>995</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(123)</b>	<b>2</b>	<b>285</b>
Net cash and cash equivalents at beginning of period	371	22	86
<b>Net cash and cash equivalents at end of period</b>	<b>248</b>	<b>24</b>	<b>371</b>
<b>Analysis of net funds</b>			
Cash and cash equivalents	267	24	394
Bank overdraft	(19)	—	(23)
	248	24	371
Other borrowings due within one year	(66)	(11)	(71)
Borrowings due after one year	(119)	(34)	(136)
Finance leases	(17)	(9)	(16)
<b>Net funds</b>	<b>46</b>	<b>(30)</b>	<b>148</b>

# NOTES TO THE UNAUDITED INTERIM RESULTS

for the six months ended 30 June 2007

## 1. Basis of preparation of interim report

The information for the period ended 30 June 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. It has been prepared in accordance with the accounting policies set out in, and is consistent with, the audited financial statements for the fourteen months ended 31 December 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

The interim financial report has been prepared using accounting policies consistent with International Financial Reporting Standards. The financial statements have been prepared under the historical cost basis and the comparative information relates to Crimson Tide mPro Limited reflecting a continuation of the business of Crimson Tide mPro Limited following the reverse acquisition by A. Cohen & Co. plc in 2006.

## 2. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	<b>Unaudited 6 months ended 30 June 2007</b>	Unaudited 6 months ended 30 June 2006	Audited 14 months ended 31 December 2006
<b>Earnings</b>			
Reported loss (£000)	<b>(241)</b>	(51)	(297)
Reported loss per share (pence)	<b>(0.09)</b>	(0.07)	(0.13)
<b>Weighted average number of ordinary shares</b>			
	<b>No.000</b>	No.000	No.000
Shares in issue at start of period	<b>279,904</b>	73,003	200,759
Effect of shares issued during the period	<b>1,537</b>	—	23,331
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>281,441</b>	73,003	224,090

Due to the Group's loss for the period, the diluted loss per share is the same as the basic loss per share.



# *crimson tide*

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