

**Client:** Crimson Tide Plc  
**Source:** Techninvest (Main)  
**Date:** 01 March 2016  
**Page:** 7  
**Reach:** 0  
**Size:** 364cm2  
**Value:** 2038.4

---

## TECHMARKET MISCELLANY

• **Crimson Tide** (3.6p), the provider of "Smart Mobility as a Service" solutions, enjoyed a very strong calendar 2015 and expects pre tax profit before tax ahead of prior expectations with its final results. The Company's software enables businesses with mobile workforces to improve efficiencies by processing tasks on mobile devices that would normally be carried out using paper. The system, named mpro5, has been developed for smartphones, PDAs or tablets and is provided to customers on a subscription basis. Clients number more than 3,000 and include Nestlé, Metro and Tesco.

Following Crimson Tide's trading statement, WH Ireland upgraded earnings per share expectations by 46% to 0.06p for FY2015 and by 20% to 0.11p for FY2016. The broker commented that, since Crimson Tide operates on a fixed cost base of less than £1m, even a modest increase in user numbers can have a dramatic impact on profitability. User contracts tend to be multi-year in duration. This gives excellent visibility over future earnings. Recurring revenue is also growing and is expected to account for 65% of total revenue for the current year. *One to watch.*

• First half results at **Croma Security Solutions** (47p) showed solid like-for-like progress against strong comparative numbers for the same period a year earlier. The Company is a broad-based security solutions provider which includes a specialist manned guarding business, named Vigilant, which employs ex-services personnel. The technology angle comes via a biometric security system using vein identification technology for access control as well as time and attendance monitoring. Croma claims the system, named FastVein, offers ultra-high reliability, rapid recognition, and an identification standard 35 times stronger than traditional systems. It was employed during the London 2012 Olympics and the Commonwealth Games in 2014.

Revenue was £8.6m for the six months to 31 December 2015, up 4% year-on-year. Adjusting for the Commonwealth Games effect, revenue grew 10%. EBITDA was £0.32m versus £0.42m, reflecting the additional cost of setting up a branch in Abu Dhabi and the rollout of FastVein. Profit before tax was £0.16m with eps of 0.85p. For the full year, WH Ireland expects adjusted pre tax profit of £0.7m on revenue of £17.5m. This corresponds to eps of 4.1p.

• At its AGM, **IDOX** (51.5p) announced that trading so far in the current year to 31 October

2016 was in line with its expectations, thanks to contract wins in the UK and Europe. iApply, the recently launched planning and building control software, is seeing strong take-up from UK local authorities. The solution will be extended via apps for mobile devices, allowing council workers and inspectors to submit data while on site.

Reading Room, the digital consultancy acquired last October, is targeting government and private sector clients in the UK and Europe. RESEARCHconnect, an application to help identify research funding opportunities is trading well and has recently won new contracts in France, Germany, Austria and Slovenia. The elections unit is expected to benefit from the UK referendum on EU participation.

Market forecasts point to substantial profit growth for the current year. Consensus eps estimates of 3.80p, compare with 2.37p for FY2015, an increase of 60%. *In all, a very progressive statement which underlines the substantial diversity within IDOX's business.*

• Against very difficult market conditions, surveillance technology specialist **Synectics** (117.5p) achieved a 6% increase in revenue and a return to profitability for the year ended 30 November 2015. Revenue for the year was £68.5m. Underlying profit before tax (excluding restructuring costs and amortisation) was £1.6m versus an underlying loss of £2.4m. Underlying diluted earnings per share were 8.0p (2014: 14.0p loss), marginally exceeding market expectations.

The Systems Division, which provides high-end specialist electronic surveillance solutions, managed to increase revenue and market share in the oil & gas sector, despite continued market volatility and the dramatic decline in the price oil. The gaming sector also performed well, thanks to repeat business from core customers and new client contracts in the Far East. The Integration and Managed Service Division, which provides large-scale electronic security systems, also grew revenue and achieved a return to profitability.

House broker Stockdale commented that recent investments in R&D, particularly around the Synergy 3 Command & Control software platform, is helping to build sales momentum. For the current financial year, the broker expects underlying pre tax profit to reach £2.4m on revenue of £75.2m. This corresponds to earnings per share of 10.9p. There is some risk to these numbers should contracts slip. However, Stockdale believes it is being conservative on the timing of a recovery in the oil & gas sector, which



**Client:** Crimson Tide Plc  
**Source:** Techinvest (Main)  
**Date:** 01 March 2016  
**Page:** 7  
**Reach:** 0  
**Size:** 364cm2  
**Value:** 2038.4

---



remains Synectics' largest market sector.

- **Scisys** (69.5p), followed January's reassuring H2 trading update (see February 2016 issue; Page 7) with news of a substantial win for the Broadcast and Media (B&M) division. A major UK radio broadcaster plans to implement dira!, Scisys' cloud-hosted radio production and playout infrastructure. dira! allows "virtualised studios", that require the bare minimum of equipment installed locally, to produce and broadcast over a wide area network. The software and data is stored in centralised data centres. The customer plans to migrate its entire local radio systems to the dira! product and the deal is valued at around £2m over a three year period. B&M already counts BBC Virtual Local Radio and German broadcaster NDR as customers.

- Radiation detection technology company **Kromek** (35p) has announced two new contracts with US defence agency DARPA. One of these, worth \$6.0m, confirms Kromek as sole source supplier under its Sigma programme to deliver D3S detector units in mass volume. The other deal is a \$0.75m extension to an existing contract with DARPA that will cater for some non-refundable engineering work and the conversion of 200 legacy detection units. Since August 2014, Kromek has been awarded a total of \$5.37m in contracted revenues under the Sigma programme with DARPA.

The programme with DARPA involves developing an advanced personal detection system for gamma and neutron radiation that can be combined with other such systems to form large networks that can provide information on radiation signatures over an extended area. Broker Cenkos believes that the announced contracts to-date represent only a small portion of the volumes that would be necessary to establish a wide-area network for radiation detection. Follow-on business is highly likely as the Sigma programme progresses. Similarly, the adaptation of existing radiation detection equipment to modern network standards is a new and emerging service line for Kromek. The deepening relationship with DARPA makes the shares potentially very interesting.