

Croma Security Solutions Group Plc
("CSSG", the "Company" or the "Group")

Interim Results for the Six Months to 31 December 2016

Croma Security Solutions Group plc (the "Group") the AIM listed total security services provider announces its unaudited interim results for the six months to 31 December 2016.

HIGHLIGHTS

- Revenue up 29% to £11.2M (six months to 31 December 2015: £8.6M)
- Net Assets £10.2M (31 December 2015: £9.95M)
- Gross Profit: £2.03M (six months to 31 December 2015: £1.72M)
- EBITDA* £0.44M (six months to 31 December 2015 £0.27M)
- Interim dividend of 0.5p per share (2015: 0.4p per share)

* Earnings before interest, tax, depreciation, and amortisation.

For further information visit www.cssgroupplc.com or contact:

Croma Security Solutions Group Plc
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Chairman's Statement

I am pleased to report the financial results for the six months to 31 December 2016. These have seen a highly pleasing increase in turnover, gross profit and EBITDA.

The Group has gained new clients across all of its subsidiary divisions. The Croma Vigilant contract wins continue apace with clients giving a seal of approval to our ex-military approach to service delivery. The major utility company contract win for Croma Locksmiths is highly significant in its size and bearing on other utilities having to follow a new regulatory regime. Our FASTVEIN™ product in Croma Security is gaining traction and clients and we see it further developing in the coming months.

We are likewise pleased to maintain our progressive dividend policy.

The idea of a highly specialised total security group is forming up well, our brand is becoming recognised and clients are seeing the benefits of coming to a single service partner for all their needs. It has been a good six months for the Group.

Financial Review

Revenue increased by £2.6M against the first half of 2015, with pleasing growth across our three main operating divisions with Vigilant guarding at £8.3M (2015:£6.7M), Croma Security Systems at £1.4M (2015:£1.2M) and Croma Locksmiths at £1.5M (2015:£0.8M).

The growth in our guarding division reflects growth from our existing client base but also from new contract wins particularly with the NHS, however we find gross margins have been squeezed in a continually competitive market for new tenders.

In our Security Systems division, the growth has been driven from our existing business of CCTV, intruder systems, fire systems, but we continue to develop our FASTVEIN™ offering with the possibility of further revenue growth in the second half.

In our Locksmiths division, we have seen revenue growth from to the acquisition in December 2015, however on like-for-like basis revenue has fallen by 10%. In the second half, we expect to see an improvement as revenues from our recent water utility contract win develop.

The reduction in cash and cash equivalents by £96K is linked to revenue growth in Vigilant where we currently finance the payment of guard's wages before payment from customers, however this is as expected and has been funded out of our existing borrowing facilities.

Dividend

The Board is declaring an interim dividend of 0.5p (2015: 0.4p) per share, to be paid on 7 April 2017 to shareholders with an ex-dividend date of 9 March 2017 and an associated record date of 10 March 2017.

Outlook

This has been a strong start to the year, we are building a momentum and look forward to updating shareholders in the coming period.

Sebastian Morley
Chairman

28 February 2017

CROMA SECURITY SOLUTIONS GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR 6 MONTHS ENDED 31 DECEMBER 2016

		6 months ended 31-Dec-16 unaudited £000s	6 months ended 31-Dec-15 unaudited restated £000s	Year Ended 30-Jun-16 audited £000s
	Notes			
Revenue	1	11,154	8,614	19,031
Cost of sales		<u>(9,120)</u>	<u>(6,889)</u>	<u>(15,141)</u>
Gross profit		2,034 <i>18.24%</i>	1,725 <i>20.03%</i>	3,890 <i>20.44%</i>
Administrative expenses		(1,789)	(1,612)	(3,675)
Other operating income		<u>6</u>	<u>12</u>	<u>23</u>
Operating profit		251	125	238
Analysed as:				
Earnings before interest, tax, depreciation, and amortisation		436	272	588
Depreciation		(64)	(46)	(109)
Amortisation		<u>(121)</u>	<u>(101)</u>	<u>(241)</u>
Operating profit		251	125	238
Finance expense costs		(27)	(14)	(61)
Profit before tax		224	111	177
Tax		(38)	(22)	(24)
Profit for the year from continuing operations		186	89	153
Profit and total comprehensive profit for the period attributable to owners of the parent		186	89	153
Earnings per share	2			
Basic earnings per share (pence)				
- Earnings from continuing operations		1.09	0.59	0.96
- (Loss)/earnings from discontinued operations		0	0	0
- Total		1.09	0.59	0.96
Diluted earnings per share (pence)				
- Earnings from continuing operations		1.09	0.59	0.95
- (Loss)/earnings from discontinued operations		0	0	0
- Total		1.09	0.59	0.95

CROMA SECURITY SOLUTIONS GROUP PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	31-Dec-16	31-Dec-15	30-Jun-16
	unaudited	unaudited	audited
	£000s	restated	£000s
	£000s	£000s	£000s
Assets			
Non-current assets			
Goodwill	7,213	7,213	7,213
Other Intangible assets	1,280	1,541	1,401
Property, plant and equipment	429	372	442
	8,922	9,126	9,056
Current assets			
Inventories	684	683	643
Trade and other receivables	3,936	3,193	3,446
Cash and cash equivalents	296	263	392
	4,916	4,139	4,481
Total assets	13,838	13,265	13,537
Liabilities			
Non-current liabilities			
Deferred tax	(286)	(341)	(303)
Trade and other payables	(327)	(306)	(140)
	(613)	(647)	(443)
Current liabilities			
Trade and other payables	(2,261)	(2,173)	(2,435)
Borrowings	(759)	(490)	(639)
	(3,020)	(2,663)	(3,074)
Total liabilities	<u>(3,633)</u>	<u>(3,310)</u>	<u>(3,517)</u>
Net assets	10,205	9,955	10,020
Issued capital and reserves attributable to owners of the parent			
Share capital	845	845	845
Share premium	6,129	6,129	6,129
Merger reserve	2,139	2,139	2,139
Retained earnings	1,082	836	899
Other reserves	10	6	8
Total equity	10,205	9,955	10,020

**CROMA SECURITY SOLUTIONS GROUP PLC
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR 6 MONTHS ENDED 31 DECEMBER 2016**

	6 months ended 31-Dec-16 unaudited £000s	6 months ended 31-Dec-15 unaudited restated £000s	Year ended 30-Jun-16 audited £000s
Cash flows from operating activities			
Profit/(loss) before taxation	224	111	177
Depreciation, and amortisation	185	147	350
(Profit)/loss on sale of plant and equipment	-	-	10
Net changes in working capital	(640)	(644)	(672)
Taxes paid	-	-	(36)
Financial expenses	27	14	61
Net cash generated/(used) from operations	(204)	(372)	(110)
Cash flows from Investing activities			
Purchase of subsidiary net of cash acquired	-	(712)	(712)
Purchase of property, plant and equipment	(54)	(53)	(73)
Proceeds on disposal of property, plant and equipment	3	47	67
Net cash generated/(used) in investing activities	(51)	(718)	(718)
Cash flows from financing activities			
Hire purchase payments	(34)	33	(38)
Advances/(repayments) on invoice discounting facility	220	490	539
Repayment of borrowings	-	-	-
Dividends	-	-	(59)
Interest paid	(27)	(9)	(61)
Net cash (used) in financing activities	159	514	381
Net (decrease)/increase in cash and cash equivalents	(96)	(576)	(447)
Cash and cash equivalents at beginning of period	392	839	839
Cash and cash equivalents at end of the period	296	263	392

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR 6 MONTHS TO 31 DECEMBER 2016

1. Basis of preparation

The financial information in the half yearly report has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union ("IFRS").

The principal accounting policies in this half yearly report are unchanged from those applied in the 2016 financial statements. The financial information for the six months ended 31 December 2016 and the six months ended 31 December 2015 are unaudited and have not been reviewed by the Group's auditor.

The financial information for the six month ended 31 December 2015 has been restated to reflect the correction of errors as described in note 28 of the 2016 financial statements.

The financial statements for the year ended 30 June 2016, which were prepared in accordance with IFRS, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under sections 498(2) and 498(3) of the Companies Act 2003.

While the financial information in this half yearly report is consistent with the recognition and measurement principles of adopted IFRS, it does not comply with the requirements of IAS34 Interim Financial Reporting nor does it constitute statutory accounts within the meaning of the Companies Act 2006.

2. Earnings per share

Earnings per share is based upon the profit/(loss) for the period and the weighted average number of shares in issue and ranking for dividend

The following reflects the profit and share data used in the basic and diluted EPS computations:

	6 months ended 31 December 2016 unaudited	6 months ended 31 December 2015 unaudited restated	Year ended 30 June 2016 audited
<i>Numerator</i>			
Profit/(loss) for the year on continuing operations and used in basic EPS (£ thousands)	186	90	153
Profit for the period on discontinued operations and used in basic and diluted EPS (£ thousands)	-	-	-
<i>Denominator</i>			
Number of shares (thousands)			
Weighted average number of shares used in basic EPS	16,893	15,121	16,005
Weighted average number of shares used in diluted EPS	16,893	15,140	16,012

3. Taxation

Taxation has been provided for at 20.0%

4. Dividends

The Board approved an interim dividend for the year of 0.5 pence per share (2015: 0.4p).

5. Financial Information

The Board of Directors approved this interim report on 28 February 2017.

A copy of this report can be obtained by writing to the Company Secretary at our registered office; Unit 6 Fulcrum 4, Solent Way, Whiteley, Hampshire PO15 7FT or from our website at www.cssgroupplc.com