CROMA SECURITY SOLUTIONS GROUP PLC
(LON: CSSG)

INTERIM RESULTS
FOR THE SIX MONTHS TO 31 December 2012

CROMA SECURITY SOLUTIONS GROUP PLC ("the Group"), the AIM listed total security services provider, announces its interim results for the six months to 31 December 2012.

HIGHLIGHTS

- Revenue up 57% to £6.78m (H1 2011: £4.32m)
- Gross profit £1.75m (H1 2011: £0.82m)
- EBITDA £0.28m (H1 2011: £0.14m)
- Net assets at £8.47m with net cash positive at £0.16m

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

Croma Security Solutions Group PLC
Sebastian Morley, Chairman Tel: +44 (0)7768 006 909

WH Ireland Limited
Adrian Hadden / Nick Field Tel: +44 (0)207 220 1666

Chairman's Statement

I am pleased to report the financial results for the six months to 31 December 2012 which demonstrate significant increases in turnover, gross margin and profitability for the enlarged Group.

During the six months, Group turnover increased 57% to £6.78m (H1 2011: £4.32m) and we continue to win contracts in the face of reduced national spending and a competitive market place. Gross margin has increased from 18.9% to 25.8% due to contributions from our integrated systems subsidiaries: Croma Security and Croma Locksmiths. The management team is focused on improving margins further by combining our service offerings and integrating operational efficiencies.

The aim of the Group is to offer total security services to high grade, stable clients. Premium ex-military manned guarding, CCTV, intruder systems, fire systems, biometric identification and access control are our core activities. The process of rolling out systems offerings to the enlarged client base continues and we expect the benefits of this to be demonstrated over the coming financial years.

Contract wins in the reporting period include significant orders from Odeon Cinemas, Walsall NHS Trust, UK Land and a major Hampshire business park. The Board looks forward to updating the market on further contract wins in the near future.

The new Croma Security Solutions Group is making headway in a tough trading climate and these interim results are in line with expectations. The Board and management team are committed to selling intelligently to clients who want and demand high quality integrated security services. We develop our client relationships on the basis of partnership and financial stability in order to build lasting revenue streams. Our premium ex-military security officers combined with our systems businesses are able to offer unique solutions in a market which increasingly demands integration of services under one banner.

Financial Review

Turnover increased £2.46m to £6.78m in the period against H1 2012 of £4.32m. Organic growth delivered £0.73m with the balance of the increase of £1.73m arising from Croma Security and Croma Locksmiths.

Gross profit increased to £1.75m from £0.82m. The increase in the gross margin from 18.9% to 25.8% is in line with expectations and is due primarily to the higher margin contributions from Croma Security and Croma Locksmiths. The Group monitors gross margins on a contract by contract basis and with the implementation of planned improvements to management information systems, the business aims to deliver further improvement in gross margin.

With the inclusion of Croma Security and Croma Locksmiths, administrative expenses are now at £1.64m (H1 2012: £0.74m). In order to provide a broader national coverage, there has been some investment in sales and marketing headcount, particularly within Croma Security, which has seen its own employment costs rise 47% against H1 2012.

With the benefit of lower borrowings, finance costs have nearly halved from H1 2012 and this improvement is likely to continue into the final six months of the year.

Net current assets are £1.12m (H1 2011: £-0.03m) and the Group will repay the final £0.25m of loan notes as they fall due. The Group continues to use its invoice discounting facility to fund its day to day working capital requirements. The net cash position at the period end was £0.16m. With positive cash resources at the half year and the facility to borrow up to £2m from invoice discounting, the Group continues to be in a financially sound position with sufficient resources to support anticipated activity levels.

Due to improved credit control and reporting in Croma Vigilant, weighted average debtor days are down to 51 days - an improvement from the position at 30 June 2012 (57 days). With further investment in the accounts and reporting functions in the second half, we hope to see a further reduction in debtor days. There has been no significant change in the Group's exposure to bad debt during the period.

Outlook

The Board is especially pleased by the integration of the management both at Board and operational level within the new Group. The new Board is now focusing on further driving organic and cross selling within the group in order to strengthen our brand and gross profit.

The new Group has invested heavily in the first half of the year in operational staff and infrastructure in order to create a truly national offering and we aim to capitalise on this in the coming months despite a tough national spending outlook.

I look forward to updating the market further in due course.

Sebastian Morley
Chairman
13 March 2013

CONSOLIDATED STATEMENT OF COMPREHSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

croma security solutions group plc

	Notes	6 months ended 31 December 2012 unaudited & unreviewed £	6 months ended 31 December 2011 unaudited & unreviewed £	Year Ended 30 June 2012 audited £
Revenue	1	6,787,667	4,321,980	9,899,137
Cost of sales		(5,039,094)	(3,503,701)	(8,137,965)
Gross profit		1,748,573	818,279	1,761,172
Administrative expenses		(1,640,060)	(735,850)	(2,189,334)
Other operating income		10,200	-	20,400
Operating profit/(loss)		118,712	82,429	(407,762)
Analysed as:				
Earnings before interest, tax, depreciation, amortisation and acquisition costs		279,418	138,021	95,588
Depreciation		(55,316)	(55,592)	(80,626)
Amortisation		(105,390)	-	(52,696)
Acquisition costs		-	-	(370,028)
Operating (loss)/profit		118,712	82,429	(407,762)
Finance expense costs		(28,674)	(53,313)	(77,803)
Profit/(loss) before tax		90,039	29,116	(485,565)
Tax	3	(21,118)	-	67,613
Profit/(loss) for the year from continuing operations		68,921	29,116	(417,952)
Profit from discontinued operations		-	-	115,000
Profit/(loss) and total comprehensive profit/(loss) for the year attributable to owners of the parent		68,921	29,116	(302,952)
Earnings per share	2			
Basic earnings per share (pence)				
- Earnings/(loss) from continuing operations		0.48	0.77	(6.33)
- Earnings from discontinued operations		0.00	0.00	1.74
- Total		0.48	0.77	(4.59)
Diluted earnings per share (pence)				
- Earnings/(loss) from continuing operations		0.46	0.77	(6.33)
- Earnings from discontinued operations		0.00	0.00	1.74
- Total		0.46	0.77	(4.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	31 December 2012 unaudited & unreviewed		31 December 2011 unaudited & unreviewed		30 June 2012 audited	
	£	£	£	£	£	£
Assets						
Non-current assets						
Goodwill		5,866,961		1,396,390		5,866,961
Other Intangible assets		1,515,914		-		1,621,304
Property, plant and equipment		412,165		191,268		401,910
		7,795,040		1,587,658		7,890,175
Current assets						
Inventories	212,263		54,264		179,743	
Trade and other receivables	2,717,568		2,801,456		2,706,353	
Cash and cash equivalents	360,757	3,290,588	42,607	2,898,327	692,531	3,578,627
Total assets		11,085,629		4,485,985		11,468,802
Liabilities						
Non-current liabilities						
Convertible loan notes	-		(287,718)		-	
Deferred tax	(418,154)		(7,223)		(443,450)	
Trade and other payables	(21,564)		(19,919)		(32,300)	
Provisions	(6,762)	(446,480)	(23,120)	(337,980)	(9,469)	(485,219)
Current liabilities						
Convertible loan notes	(243,710)		(504,760)		(239,704)	
Trade and other payables	(831,978)		(479,155)		(823,492)	
Other taxes & Social Security	(625,980)		(733,164)		(688,787)	
Accruals and deferred income	(262,894)		(203,917)		(295,820)	
Borrowings	(201,937)	(2,166,499)	(1,011,402)	(2,932,398)	(532,053)	(2,579,856)
Total liabilities		(2,612,979)		(3,270,378)		(3,065,075)
Net assets		8,472,650		1,215,607		8,403,727
Issued capital and reserves attributable to owners of the parent						
Share capital		725,127		189,338		725,127
Share premium		5,176,644		247,123		5,176,644
Merger reserve		2,139,454		-		2,139,454
Retained earnings		(9,682)		168,743		(78,605)
Undistributable Reserves		422,322		422,322		422,322
Other reserves		18,785		188,081		18,785
Total equity		8,472,650		1,215,607		8,403,727

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	6 months ended 31 December 2012 unaudited & unreviewed £	6 months ended 31 December 2011 unaudited & unreviewed £	Year ended 30 June 2012 audited £
Cash flows from operating activities			
Profit/(loss) before taxation	90,039	29,116	(485,565)
Depreciation, and amortisation	160,706	55,591	133,322
(Profit)/loss on sale of plant and equipment	(5,418)	-	6,474
Movement on provisions	(2,707)	-	(13,651)
Net changes in working capital	(181,435)	(295,336)	(444,545)
Financial expenses	28,674	53,313	77,984
Taxes paid	-	-	(29,119)
Net cash generated/(used) from operations	89,858	(157,316)	(755,100)
Cash flows from Investing activities			
Acquisition of subsidiaries net of cash	-	-	(2,758,248)
Purchase of property, plant and equipment	(69,652)	(63,914)	(77,894)
Proceeds on disposal of property, plant and equipment	9,500	-	(1,328)
Cash proceeds from disposal of subsidiary net of cash disposed	-	207,903	207,903
Net cash generated/(used) in investing activities	(60,152)	143,989	(2,629,567)
Cash flows from financing activities			
Hire purchase payments	-	(4,857)	10,097
(Repayments)/advances on invoice discounting facility	(330,006)	158,878	(272,752)
Repayment of borrowings	-	(600,000)	(600,000)
Issue of share capital – cash issue	-	-	4,483,353
Interest paid	(24,668)	(63,957)	(61,651)
Net cash (used)/generated in financing activities	(354,674)	(509,936)	3,559,047
Net increase/(decrease) in cash and cash equivalents	(324,967)	(523,263)	174,380
Cash and cash equivalents at beginning of period	685,724	511,344	511,344
Cash and cash equivalents at end of the period	360,757	(11,919)	685,724

Cash and cash equivalents comprise:

Cash at bank and in hand	360,757	597,119	692,531
Bank overdrafts and similar short term advances	-	(85,775)	(6,807)
	360,757	511,344	685,724

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 2012 financial statements. The financial information for the six months ended 31 December 2012 and the six months ended 31 December 2011 are unaudited and unreviewed.

The financial statements for the year ended 30 June 2012, 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 2006.

While the financial information included 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 ("EPS") is calculated by dividing the profit/(loss) for the period by 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 2012 unaudited & unreviewed £	**6 months ended 31 December 2011 unaudited & unreviewed £**	**Year ended 30 June 2012 audited £**
Numerator			
Profit/(loss) and total comprehensive profit/(loss) for the year attributable to owners of the parent used in basic and diluted EPS on continuing operations	68,921	29,116	(417,952)
Profit for the period on discontinued operations and used in basic and diluted EPS	-	-	115,000
Denominator			
Weighted average number of shares used in basic EPS	14,502,532	3,786,756	6,605,152
Effect of deferred consideration to be satisfied with shares	363,606	-	-
Weighted average number of shares used in diluted EPS	14,866,138	3,786,756	6,605,152

Interest charges in respect of convertible loan notes are not included in the calculation of diluted earnings per share as the effect would be anti-dilutive. The potential shares relating to convertible loan notes have, consequently, also been excluded.

3. Taxation

Taxation has been provided for at 23.75%.

4. Financial Information

The Board of Directors approved this interim report on 13 March 2013.

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