

Croma Group PLC

Results for the six months to 31 December 2008

Croma Group PLC (“Croma”, the “Group”, or “the Company”) the AIM listed avionics, biometrics and asset protection specialist, announces its interim results for the six months to 31 December 2008.

Highlights

- Strong performance despite the economic climate
- Revenues only marginally down at £3.25m (2007 - £3.32m)
- Maiden retained profit before tax of £16,876 (2007: loss £18,733)
- Important and strategic new contracts won during and after the period

Chairman’s Statement

I am pleased to be able to report that the financial results to 31 December 2008 demonstrate a promising performance by the Group despite the effects of the global economic crisis.

During the six months Group turnover dropped only slightly to £3.25m (2007: £3.32m) and it is pleasing to be able to report the first net profit attributable to shareholders in the history of the business at £16,876 (2007: loss £18,733) due largely to the end of the process of restructuring the Group.

Sales were down marginally due largely to the restructuring of the biometric access business and the Board continues to believe that this business will turn the corner under the new management introduced during the period.

The Group’s avionics and asset protection subsidiaries performed well given the circumstances, although margin was lost in the avionics business due to delays in order fulfilment which will be rectified in the second half. The businesses have nevertheless won some profitable and strategically important new contracts, with both the UK and European defence industries, amongst others.

Given the strength of current order books, the continuing review of the cost base of the businesses and the availability of finance sufficient for its purposes, the Board expects sustained growth in the avionics and asset protection subsidiaries and some level of recovery in the biometrics business.

Finally, I would like to thank the directors and staff of the Group for their continued efforts in these difficult markets.

Nicholas Hewson

Non-executive Chairman

26th March 2009

CROMA GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008 (UNAUDITED)

	Notes	6 Months ended 31 December 2008	6 Months ended 31 December 2007	Year ended 30 June 2008
		£	£	£
Revenue		3,253,174	3,318,014	7,108,051
Cost of Sales		(2,248,521)	(2,006,771)	(4,674,306)
Gross profit		<u>1,004,653</u>	<u>1,311,243</u>	<u>2,433,745</u>
Goodwill impairment		-	-	(445,486)
Other administrative expenses		(920,328)	(1,056,873)	(2,252,017)
Administrative expenses		(920,328)	(1,056,873)	(2,697,503)
Profit/(loss) from operations		<u>84,325</u>	<u>254,370</u>	<u>(263,758)</u>
Financial income		1,044	1,423	4,635
Financial expenses		(68,493)	(57,681)	(235,199)
Profit/(Loss) before taxation		<u>16,876</u>	<u>198,112</u>	<u>(494,322)</u>
Taxation expense	2	-	-	-
Profit/(Loss) from continuing operations		<u>16,876</u>	<u>198,112</u>	<u>(494,322)</u>
Loss from discontinued operations net of tax		-	(216,845)	(174,767)
Profit/(Loss) attributable to equity shareholders		<u>16,876</u>	<u>(18,733)</u>	<u>(669,089)</u>
Profit/(Loss) per share - basic	3	===== 0.01p	===== (0.01p)	===== (0.39p)
Profit/(Loss) per share - diluted		0.01p	(0.01p)	(0.39p)

CROMA GROUP PLC
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008 (UNAUDITED)

	31 December 2008	31 December 2007	30 June 2008
	£	£	£
Assets			
Non-current assets			
Goodwill	2,148,650	2,594,136	2,148,650
Property, plant and equipment	239,940	200,619	234,560
Total non-current assets	<u>2,388,590</u>	<u>2,794,755</u>	<u>2,383,210</u>
Current assets			
Inventories	347,114	253,558	299,319
Trade and other receivables	1,354,276	1,507,942	1,484,404
Cash	3,606	145,681	62,375
Total current assets	<u>1,704,996</u>	<u>1,907,181</u>	<u>1,846,098</u>
Total assets	<u>4,093,586</u>	<u>4,701,936</u>	<u>4,229,308</u>
Liabilities			
Non-current liabilities		-	
Long term borrowings	(1,301,246)	(1,186,544)	(1,295,848)
Deferred tax	(2,828)	(2,828)	(2,828)
Total non current liabilities	<u>(1,304,074)</u>	<u>(1,189,372)</u>	<u>(1,298,676)</u>
Current liabilities			
Trade and other payables	(291,318)	(803,315)	(212,281)
Tax	(261,271)	(127,659)	(446,556)
Accruals and deferred income	(221,660)	(257,040)	(498,850)
Bank overdrafts and loans	(512,979)	(561,842)	(309,007)
Total current liabilities	<u>(1,287,228)</u>	<u>(1,749,856)</u>	<u>(1,466,694)</u>
Total liabilities	<u>(2,591,303)</u>	<u>(2,939,228)</u>	<u>(2,765,370)</u>
Net assets	<u>1,502,284</u>	<u>1,762,708</u>	<u>1,463,938</u>
	=====	=====	=====
Capital and reserves attributable to equity holders of the company			
Share capital	9,161,453	8,841,413	9,161,453
Share Premium	1,388,522	1,388,522	1,388,522
Other reserves	513,653	460,636	492,182
Retained earnings	(9,561,344)	(8,927,863)	(9,578,219)
	<u>1,502,284</u>	<u>1,762,708</u>	<u>1,463,938</u>
	=====	=====	=====

This interim financial information was approved by the Board of Directors on 26th March 2009

G M McGill
Director

CROMA GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008 (UNAUDITED)

	Notes	6 Months ended 31 December 2008	6 Months ended 31 December 2007	Year ended 30 June 2008
		£	£	£
Cashflow from operating activities				
Profit/(Loss) before taxation		16,876	(18,733)	(669,089)
Adjustments for:				
Depreciation		18,119	13,259	37,412
Impairment of Goodwill		-	-	445,486
Gain on sale of property, plant and equipment		-	-	(1,325)
Add back of the share based payment expense		21,381	73,122	101,306
Financial Income		(1,044)	(1,423)	(4,635)
Financial expenses		68,493	57,681	235,199
Cashflows from operating activities before changes in working capital and provisions		123,825		144,354
(Increase)/Decrease in inventories		(47,795)	57,657	11,893
(Increase)/Decrease in trade and other receivables		130,128	(80,614)	(57,076)
(Decrease)/Increase in trade and other payables		(424,378)	(604,387)	(536,828)
Cash generated from operations		(218,220)	(503,438)	(437,657)
Interest received		1,044	1,423	4,635
Interest paid		(63,095)	(57,681)	(137,441)
Income taxes		-	-	(20,721)
Net cash from operating activities		(280,271)	(559,696)	(591,184)
Cash Flows from investing activities				
Purchase of property, plant and equipment		(23,192)	(22,772)	(83,347)
Proceeds on disposal of property, plant and equipment		-	-	3,809
Net cash used in investing activities		(23,192)	(22,772)	(79,538)
Cash flows from financing activities				
Issue of Loan Notes		-	120,000	420,000
Repayment of borrowings		-	(3,156)	(50,024)
Issue of Share Capital – cash issue		-	400,000	400,000
Net cash from financing activities		-	516,844	769,976
Net (decrease)/increase in cash and cash equivalents		(303,463)	(65,624)	99,254
Cash and cash equivalents at beginning of period		(205,910)	(350,537)	(305,164)
Cash and cash equivalents at end of period	4	(509,373)	(416,161)	(205,910)
		=====	=====	=====

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

1. Accounting policies

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 (collectively Adopted IFRSs). The principle accounting policies used in preparing the half yearly report are those the group expects to apply in its financial statements for the year ended 30 June 2009 and are unchanged from those disclosed in the Group's Directors report and consolidated financial statements for the year ended 30 June 2008. The financial information for the six months ended 31 December 2008 and the six months ended 31 December 2007 is unaudited and does not constitute the group's statutory financial statements for those periods. The comparative financial information for the full year ended 30 June 2008 has, however, been derived from the audited statutory financial statements for that period. A copy of these statutory financial statements has been delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

While the financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is derived in IAS34.

2. Taxation

Taxation has been provided for at 28% (2007: 30%) although no taxation has been charged due to the availability of tax losses brought forward.

3. Earnings per share

The earnings per share is based on the profit/(loss) for the period and the weighted average number of ordinary shares in issue and ranking for dividend.

	6 Months ended 31 December 2008	6 Months ended 31 December 2007	Year ended 30 June 2008
	£	£	£
Profit/(Loss) for the period	16,876	(18,733)	(669,089)
Weighted average number of shares	177,383,964	170,983,164	171,180,961
Profit/(Loss) per share	0.01p	(0.01p)	(0.39p)
Fully diluted profit/(loss) per share	0.01p	(0.01p)	(0.39p)

4. Cash and cash equivalents

	6 Months ended 31 December 2008	6 Months ended 31 December 2007	Year ended 30 June 2008
	£	£	£
Cash at bank and in hand	3,606	146,551	62,375
	=====	=====	=====
Invoice discounting	(477,033)	(465,057)	(268,285)
	=====	=====	=====
Bank overdraft	(35,946)	(97,655)	-
	=====	=====	=====

5. Financial information

The Board of Directors approved the interim report on 26th March 2009. The financial information in respect of the six months to 31 December 2008 has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. A copy of this report can be obtained from our registered office at Emerald House, East Street, Epsom, Surrey, KT17 1HS or is available on our website at www.cromagroup.co.uk.