

22nd MARCH 2007

CROMA GROUP PLC
(“Croma” or “the Group”)

INTERIM RESULTS
FOR THE SIX MONTHS TO 31 DECEMBER 2006

The Board of Croma, the AIM listed surveillance security and homeland defence products and services Group, announces financial results for the six months to 31 December 2006.

KEY POINTS

- Turnover for the six month period was £2,644,236 (2005: £908,649) - an uplift of 191%;
- Highly successful start to the second half of the year, with contract wins in January and February totalling £1,585,000;
- New distribution agreement with Tecsec Europe Limited – a manufacturer and distributor of CCTV equipment; and
- Heightened awareness of surveillance and homeland security needs.

Commenting on today’s announcement, John French, Executive Chairman of Croma, said:

“We are obviously encouraged by the performance of the Group during the first six months of the current year. The positive start to the second half of the year with record orders of £1,105,000 in January and a further £480,000 in February would indicate that this trend will continue.

“The Board has seen a very strong performance from Vigilant in terms of growth from an expanding customer base including a recent contract win for the M.o.D. valued at £530,000. The Board is confident of further significant contract wins going forward. Croma Shawley, our CCTV design and development operation is also seeing a marked improvement in trading with an order intake in January leading to its highest monthly sales in February.

“The recent introduction of its RVS (Remote Video System) has been well received, resulting in an order from the Safer Neighbourhood Partnership, a joint initiative between Lincolnshire Local Authority and Humberside Police for 17 units valued at £74,000. Croma Shawley has also received orders in the last few weeks from the Middle East valued at £94,000, for its traditional pan & tilt CCTV unit. Croma Biometrics has made further progress with the installation of biometric access systems in HM Prisons and a trial contract with a member of the NHS Trust”.

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Enquiries:

Croma Group plc

John French, Executive Chairman

Mobile: 07836 722 482

Bishopsgate Communications Ltd.

Dominic Barretto
Jenni Herbert

Tel: 020 7562 3350

Mobile: 07930 450 156

Seymour Pierce Limited

Mark Percy

Tel: 020 7107 8000

CHAIRMAN'S STATEMENT

I am pleased to report on a highly active period for the Group, which has seen turnover for the six months to 31 December 2006 increase by 191%, and new business secured in January and February of £1,585,000.

Financials

As a result of improved performance from core businesses, and recent acquisitions, turnover for the six month period was £2,644,236 (2005: £908,649). The loss before interest, tax, depreciation and amortization was £278,627 compared with £169,924 the same period last year. This was due to some variations in margins principally due to the significant increase in turnover from Croma Vigilant which due to the nature of its business produces lower margins, together with the cost of the investment in strengthening the Board with the appointment of a Group Managing Director and engagement of marketing consultants. These are both deemed as positive investments for the future. With the ongoing improvement in the level of turnover from product based subsidiaries in the Group, the Board expects to see the level of margin improve during the course of the remainder of the year. The increase in depreciation and goodwill amortization is due to the inclusion of Vigilant and Photobase, both of which were acquired in February 2006 and therefore not incurred in the previous year. The figures also allow for the inclusion of Loan Note interest, again not incurred in the previous year.

The Board believes there will continue to be a steady increase in terms of turnover, as new business prospects remain encouraging, and remain confident for the outcome for the year.

Further investment by the Board

Shortly following the Group's full year results announcement, share purchases by two of the Board's Directors were announced. Executive Chairman, John French, purchased 155,000 shares at 3.15p; taking his total holding to 846,993 shares (John French also holds stock options of 2,088,390 at 5.5p and 6,000,000 at 8.25p). Non-Executive Director, Nicholas Hewson, purchased 350,000 shares at 3p, taking his total holding to 1,374,119 shares – representing 0.93% of the total issued share capital of the Group.

New Distribution Agreement and option to purchase

The Group has completed an agreement with Tecsec Europe Limited ("Tecsec"), the basis of which Tecsec will work in parallel to Croma Shawley in developing a sales and marketing platform both in the UK and overseas for the complementary products operating in the field of CCTV. Tecsec, which is based in Pontypool (12 miles from Risca, the current base of Croma Shawley), has developed a number of complementary products to those produced by Croma Shawley including the 'Sherpa' a portable rapid deployment camera system which is currently being used by the Metropolitan Police for crowd control at major sporting events. The Sherpa's main feature is the pole climbing delivery system which eliminates the need for hiring "cherry pickers" for installation and is viewed as a compatible to the Croma Shawley RVS (Remote Video System) which is a long term permanent solution.

Further benefits in this relationship will include an exchange of technology, and access for Croma Shawley to a number of new customers both in the home and export market.

Croma is in ongoing discussions with Tecsec with a view to taking an option to purchase Tecsec and it is anticipated that a further announcement on this matter shortly.

Outlook

The new business for our CCTV and biometric operations are the result of fresh impetus into our sales and marketing programme.

The ongoing policy of the Group will be to continue to accelerate the growth of the current business and to seek compatible acquisitions to enable it to further consolidate its position in the sector.

John French

**Chairman & Chief Executive
March 2007**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	Notes	6 Months ended 31 December 2006 Unaudited	6 Months ended 31 December 2005 Unaudited	Year ended 30 June 2006 Audited
		£	£	£
Turnover		2,644,236	908,649	2,817,875
Cost of Sales		(1,710,663)	(361,979)	(1,567,741)
Gross Profit		933,573	546,670	1,250,134
Goodwill amortisation		(264,947)	(101,031)	(333,164)
Administrative Expenses		(1,237,342)	(729,605)	(2,028,660)
Operating loss	3	(568,716)	(283,966)	(1,111,690)
Interest receivable		673	121	920
Interest payable		(27,837)	(14,461)	(25,016)
Loss on ordinary activities before taxation		(595,880)	(298,306)	(1,135,786)
Taxation	2	-	-	45,312
Loss after taxation and for period		(595,880)	(298,306)	(1,090,474)
Loss per share	4	(0.40)p	(0.31)p	(1.04)p
Fully diluted loss per share	4	(0.40)p	(0.31)p	(1.04)p

**CONSOLIDATED BALANCE SHEET
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	6 Months ended 31 December 2006 Unaudited £	6 Months ended 31 December 2005 Unaudited £	Year ended 30 June 2006 Audited £
Fixed assets			
Intangible assets	4,684,659	2,027,774	4,949,606
Tangible assets	235,422	95,753	237,855
	<u>4,920,081</u>	<u>2,123,527</u>	<u>5,187,461</u>
Current assets			
Stock	581,442	572,283	540,961
Debtors	1,081,475	459,365	1,306,835
Cash	30,717	-	242,083
	<u>1,693,634</u>	<u>1,031,648</u>	<u>2,089,879</u>
Creditors: Amounts falling due within one year	(2,595,882)	(952,456)	(2,963,570)
Net current assets	<u>(902,248)</u>	<u>79,192</u>	<u>(873,691)</u>
Total assets less current liabilities	<u>4,017,833</u>	<u>2,202,719</u>	<u>4,313,770</u>
Creditors: Amounts falling due after one year	(3,787)	-	(53,844)
Convertible loan notes	(600,000)		(250,000)
Provisions for liabilities and charges	(27,414)		(27,414)
	<u>3,386,632</u>	<u>2,202,719</u>	<u>3,982,512</u>
	=====	=====	=====
Share capital and reserve			
Called up share capital	7,703,591	5,323,791	7,703,591
Share premium account	1,272,554	1,126,906	1,272,554
Profit and loss account	(5,589,513)	(4,247,978)	(4,993,633)
Equity shareholders' funds	<u>3,386,632</u>	<u>2,202,719</u>	<u>3,982,512</u>
	=====	=====	=====

This interim financial information was approved by the Board of Directors on 21st March 2007

DJ Bretel
Director

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

	Notes	6 Months ended 31 December 2006 Unaudited £	6 Months ended 31 December 2005 Unaudited £	Year ended 30 June 2006 Audited £
Net cash outflow from Operating activities	5	(120,035)	(212,933)	(584,346)
Return on investments And servicing of financing				
Interest received		673	121	920
Interest paid		(27,837)	(14,161)	(25,016)
		(27,164)	(14,040)	(24,096)
Taxation paid		(167,294)	-	(128,084)
Capital expenditure and Financial investment				
Purchase of intangible fixed assets		-	-	-
Purchase of tangible fixed assets		(22,709)	(9,950)	(15,654)
Proceeds from sale of tangible fixed assets		-	-	4,875
		(22,709)	(9,950)	(10,779)
Acquisitions and disposals				
Purchase of subsidiary undertaking		-	-	(2,096,000)
Net cash acquired with subsidiary		-	-	(151,844)
		-	-	(2,247,844)
Cash outflow before use of liquid resources and financing		(337,202)	(236,923)	(2,995,149)
Financing				
Issue of equity share capital		-	-	2,815,133
Costs of issue of equity share capital		-	-	-
Increase in other loans		350,000	-	231,203
Repayment of the capital element of hire purchase		(4,123)	(1,630)	(9,876)
		345,877	(1,630)	3,036,460
(Decrease)/increase in cash		8,675	(238,553)	41,311

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006**

1.Financial Information

The financial information above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The interim financial information has not been audited.

2.Taxation

No liability to taxation arises due to the loss incurred.

3.Operating loss

	6 Months ended 31 December 2006 Unaudited	6 Months ended 31 December 2005 Unaudited	Year ended 30 June 2006 Audited
	£	£	£
This is stated after charging:			
Depreciation of tangible fixed assets	25,142	13,011	42,968
Amortisation of intangible fixed assets	264,947	101,031	333,164
	=====	=====	=====

4.Loss per share

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

	6 Months ended 31 December 2006 Unaudited	6 Months ended 31 December 2005 Unaudited	Year ended 30 June 2006 Audited
	£	£	£
Loss for the period	(595,880)	(298,306)	(1,090,474)
	=====	=====	=====
Weighted average number of shares	148,226,744	96,740,874	104,997,872
	=====	=====	=====
Loss per share	(0.40p)	(0.31p)	(1.04p)
	=====	=====	=====
Fully diluted loss per share	(0.40p)	(0.31p)	(1.04p)
	=====	=====	=====

The directors do not consider the share options in issue to be dilutive.

5.Reconciliation of operating loss to net cash outflow from operating activities

	6 Months ended 31 December 2006 Unaudited	6 Months ended 31 December 2005 Unaudited	Year ended 30 June 2006 Audited
	£	£	£
Operating loss	(568,716)	(312,646)	(1,111,690)
Loss on disposal of tangible fixed assets	-	-	12,620
Depreciation of tangible fixed assets	25,142	13,011	42,968
Amortisation of intangible fixed assets	264,947	101,031	333,164
(Increase)/decrease in stock	(40,481)	(41,133)	14,126
(Increase)/decrease in debtors	225,360	(247,481)	19,721
Increase/(decrease) in creditors	(26,287)	(220,677)	104,745
Net cash outflow from operating activities	<u>(120,035)</u> =====	<u>(212,933)</u> =====	<u>(584,346)</u> =====