

## **CSS GROUP COMPANIES**

### **Interim results for the six months to 31 December 2011**

#### **Chairman's Statement**

I am pleased to be able to report the financial results for the six months to 31 December 2011 of the CSS Group Companies which show a continued increase in revenues and profit.

During the six months Group turnover was £1.9M (2010: £1.5M), as a result of retaining customers as well as winning new business in a crowded market. During the period gross margin hardened at 57% (2010: 61%) but the management team is focused on increasing profitability by capitalising on our respected, premium security offering and actively focusing on the pursuit of high-margin business.

Furthermore the Company is very pleased to have taken the decision to invest more than half of the period profits with licence fees of £225,000 (in addition to the £450,000 already invested in the licence fees last year) for the exclusive use of the latest in Biometric Finger Vein technologies. Whilst no return has been made to date the Company has established that the market is very receptive to our new offering which we anticipate will develop significantly in the next financial year.

The Group, which is now part of the new enlarged Croma Security Solutions Group plc offer a total security solution to corporate and private clients.

These results demonstrate the rationale for the recent transaction and I would like to thank all staff for their efforts.

Roberto Fiorentino  
Chairman

26 April 2012

**CSS GROUP COMPANIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

|  | <b>unaudited</b><br>six months<br>31<br>December<br>2011<br>£ | <b>unaudited</b><br>six months<br>31<br>December<br>2010<br>£ | <b>audited</b><br>year<br>30 June<br>2011<br>£ |
|--|---|---|--|
| <b>Revenue</b>   | 1,898,999   | 1,470,958   | 3,048,168                                      |
| Cost of sales  | (813,266)   | (569,578)   | (1,174,804)                                    |
| <b>Gross profit</b>  | 1,085,733   | 901,380   | 1,873,364                                      |
| Administrative expenses  | (780,669)   | (640,329)   | (1,466,251)                                    |
| <b>Profit from operations</b>  | 305,064   | 261,051   | 407,113  |
| Finance income   | 178   | 292   | 1,812  |
| Finance expense  | (816)   | -   | (3,153)  |
| <b>profit before tax</b>   | 304,426   | 261,343   | 405,772  |
| Tax charge   | (84,400)  | (67,900)  | (103,156)                                      |
| <b>profit for the year from continuing operations</b>                            | 220,026   | 193,443   | 302,616  |
| <b>Discontinued operations</b>   |   |   |  |
| Profit for the year from discontinued operations                                 | -   | 2,045   | 2,045  |
| <b>Profit for the year and total comprehensive income attributable to owners</b> | 220,026   | 195,488   | 304,661  |

**CSS GROUP COMPANIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2011**

|  | unaudited<br>31 December<br>2011 | unaudited<br>31 December<br>2010 | audited<br>30 June<br>2011 |
|--|----------------------------------|----------------------------------|----------------------------|
| Assets   | £                                | £                                | £                          |
| <b>Non-current assets</b>                                  |                                  |                                  |                            |
| Property, plant and equipment                              | 264,888                          | 144,591                          | 190,877                    |
| Intangible assets  | 160,869                          | -                                | 180,978                    |
|  | <u>425,757</u>                   | <u>144,591</u>                   | <u>371,855</u>             |
| <b>Current assets</b>                                      |                                  |                                  |                            |
| Inventories  | 273,530                          | 57,759                           | 273,530                    |
| Trade and other receivables                                | 833,715                          | 407,090                          | 350,062                    |
| Assets included in disposal groups                         | 2,491                            | 2,491                            | 2,491                      |
| Cash and cash equivalents                                  | 386,750                          | 586,237                          | 692,544                    |
|  | <u>1,496,486</u>                 | <u>1,053,577</u>                 | <u>1,318,627</u>           |
| <b>Total assets</b>  | <b>1,922,243</b>                 | <b>1,198,168</b>                 | <b>1,690,482</b>           |
| <b>Liabilities</b>   |                                  |                                  |                            |
| <b>Non-current liabilities</b>                             |                                  |                                  |                            |
| Accruals and deferred income                               | (17,544)                         | -                                | (17,544)                   |
| Borrowings   | (8,138)                          | (20,372)                         | (12,592)                   |
| Deferred tax   | (39,973)                         | (12,062)                         | (39,973)                   |
|  | <u>(65,655)</u>                  | <u>(32,434)</u>                  | <u>(70,109)</u>            |
| <b>Current liabilities</b>                                 |                                  |                                  |                            |
| Trade and other payables                                   | (722,420)                        | (284,035)                        | (440,390)                  |
| Current tax liabilities                                    | (225,283)                        | (107,580)                        | (201,058)                  |
| Accruals and deferred income                               | (324,690)                        | (455,740)                        | (594,512)                  |
| Liabilities included in disposal group                     | (54,834)                         | (54,834)                         | (54,834)                   |
| Borrowings   | (7,776)                          | (71,159)                         | (28,020)                   |
|  | <u>(1,335,003)</u>               | <u>(973,348)</u>                 | <u>(1,318,814)</u>         |
| <b>Total liabilities</b>                                   | <b>(1,400,658)</b>               | <b>(1,005,782)</b>               | <b>(1,388,923)</b>         |
| <b>Net (liabilities)/ assets</b>                           | <b>521,585</b>                   | <b>192,386</b>                   | <b>301,559</b>             |
| <b>Equity</b>  |                                  |                                  |                            |
| Share capital  | 31,000                           | 31,000                           | 31,000                     |
| Retained earnings  | 490,585                          | 161,386                          | 270,559                    |
|  | <u>521,585</u>                   | <u>192,386</u>                   | <u>301,559</u>             |
| <b>Total (deficit)/equity attributable to shareholders</b> | <b>521,585</b>                   | <b>192,386</b>                   | <b>301,559</b>             |

**CSS GROUP COMPANIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

|  | unaudited<br>six months<br>ended<br>31 December<br>2011<br>£             | unaudited<br>six months<br>ended<br>31 December<br>2010<br>£             | audited<br>year<br>ended<br>30 June<br>2011<br>£             |
|--|--|--|--|
| <b>Cashflows from operating activities</b>   |  |  |  |
| Profit before tax (including discontinued operations)  | 304,426  | 263,388  | 407,817  |
| Adjustments for:   |  |  |  |
| Depreciation and amortisation  | 64,397   | 15,435   | 52,739   |
| Loss on sale of property, plant and equipment  | -  | 1,721  | 1,721  |
| Financial income   | (178)  | (292)  | (1,812)  |
| Financial expenses   | 816  | -  | 3,153  |
| <b><i>Cashflows from operating activities before changes in working capital and provisions</i></b> | <b>369,461</b>   | <b>280,252</b>   | <b>463,618</b>   |
| (Increase) in inventories  | -  | -  | (210,771)  |
| (Increase)/decrease in trade and other receivables   | (483,653)  | 153,667  | 265,786  |
| (Decrease)/increase in trade and other payables  | (38,724)   | (162,778)  | 76,644   |
| <b>Cash (used in) generated from operations</b>  | <b>(152,916)</b>   | <b>271,141</b>   | <b>595,277</b>   |
| Interest received  | 178  | 292  | 1,812  |
| Interest paid  | (816)  | -  | (3,153)  |
| Income taxes   | (9,243)  | (9,317)  | (6,068)  |
| <b>Net cashflows (used in) generated in operating activities</b>                                   | <b>(162,797)</b>   | <b>262,116</b>   | <b>587,868</b>   |
| <b>Investing activities</b>  |  |  |  |
| Purchase of property, plant and equipment  | (118,299)  | (55,879)   | (117,678)  |
| Proceeds on disposal of property, plant and equipment  | -  | 2,300  | 2,300  |
| Purchase of subsidiary net of cash acquired  | -  | -  | (106,727)  |
| <b>Net cash used in investing activities</b>   | <b>(118,299)</b>   | <b>(53,579)</b>  | <b>(222,105)</b>   |
| <b>Cash flows from financing activities</b>  |  |  |  |
| Dividends paid   | -  | (110,000)  | (110,000)  |
| Repayment of borrowings  | (24,698)   | (78,028)   | (128,947)  |
| <b>Net cash used in financing activities</b>   | <b>(24,698)</b>  | <b>(188,028)</b>   | <b>(238,947)</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  | <b>(305,794)</b>   | <b>20,509</b>  | <b>126,816</b>   |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>693,035</b>   | <b>566,219</b>   | <b>566,219</b>   |
| <b>Cash and cash equivalents at end of period</b>  | <b>387,241</b>   | <b>586,728</b>   | <b>693,035</b>   |
|  | <b>unaudited<br/>six months<br/>ended<br/>31 December<br/>2011<br/>£</b> | <b>unaudited<br/>six months<br/>ended<br/>31 December<br/>2010<br/>£</b> | <b>audited<br/>year<br/>ended<br/>30 June<br/>2011<br/>£</b> |
| Cash at bank and in hand   | 386,750  | 586,237  | 692,544  |
| Cash in disposal groups  | 491  | 491  | 491  |
| <b>Total</b>   | <b>387,241</b>   | <b>586,728</b>   | <b>693,035</b>   |

There were no significant non cash transactions in the current or preceding periods.

# NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

## 1. Accounting policies

### 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 (collectively Adopted IFRSs). The principal accounting policies used in preparing the half yearly report are those the company expects to apply in its financial statements for the year ended 30 June 2012. The financial information for the six months ended 31 December 2011 and the six months ended 31 December 2010 is unaudited and unreviewed. The comparative financial information for the full year ended 30 June 2011 was derived from audited historical financial information prepared in connection with the acquisition of the CSS Group Companies by Cromas Security Solutions Group PLC.

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.

## 2. Taxation

Taxation has been provided for at 26% (2010: 26%).

## 3. Cash and cash equivalents

|                                | unaudited<br>six months<br>ended<br>31 December<br>2011<br>£ | unaudited<br>six months<br>ended<br>31 December<br>2010<br>£ | audited<br>year<br>ended<br>30 June<br>2011<br>£ |
|--------------------------------|--|--|--|
| Cash at<br>bank and<br>in hand | 386,750  | 586,237  | 692,544  |
| Cash in<br>disposal            | 491  | 491  | 491  |
| <b>Total</b>                   | <u><u>387,241</u></u>  | <u><u>586,728</u></u>  | <u><u>693,035</u></u>                            |

## 4. Financial information

The Board of Directors approved the interim report on 26 April 2012. The financial information in respect of the six months to 31 December 2011 has neither been audited nor reviewed. A copy of this report can be obtained from Security House, 23 Loganbarns, Dumfries, DG1 4BZ or is available on our website at [www.cssgroupplc.com](http://www.cssgroupplc.com)