

TG21 plc (“TG21”, “the Company” or “the Group”)

Interim Results for the six months ended 30 June 2008

TG21, the vehicle installation service provider supplying public transport CCTV and other monitoring systems, today announces its unaudited interim figures for the six months to 30 June 2008. Over the last few years the Group has moved successfully to reposition itself away from being a distributor of in-car entertainment and security systems to become a vehicle installation service provider with its subsidiary, 21st Century, supplying public transport CCTV and other monitoring systems.

Group Highlights

- Group revenue from continuing operations of £6m (2007: £8.2m);
- Loss of £26,000 (2007: profit of £0.5m) following the business reorganisation;
- Net debt position reduced significantly to £0.4m (30 June 2007: £3.0m).

21st Century Highlights

- 21st Century revenue up 27% at £3.4m (H1 2007: £2.7m), including first sales of EcoManager;
- Pipeline orders for 1,000 EcoManager systems and potential to roll out across Arriva's UK bus fleet;
- EcoManager also to be trialed in mainland Europe by Arriva;
- New CCTV business win with Go-Ahead.

Commenting on the results, Peter Ward, Chairman of TG21, said:

“The first half of the year has undoubtedly been challenging, however our strategy of exiting mature and declining markets and reducing net debt means that we are well placed to deal with the challenges we face and exploit opportunities going forward.

“We are particularly excited by the prospects for EcoManager which is aimed at reducing fuel costs for bus operators and other fleet managers. EcoManager has received excellent results from recently completed trials. In the current economic climate with the spiraling cost of crude oil the launch of this product, which is the culmination of two years' development and testing, is very timely.

“Current trading is in line with expectations.”

A copy of this interim results announcement is available on the Company's website: www.tg21plc.com

For Further Information:

TG21 plc
Hogarth Partnership Limited
Daniel Stewart & Co plc (Nomad)

Wilson Jennings, Finance Director
Barnaby Fry/Sarah Richardson
Graham Webster

020 8710 4016
020 7357 9477
020 7776 6550

Notes to editors

Launched in 1993, the Company began as Toad plc and was focused on the distribution of in-car entertainment systems and vehicle security products. Under the stewardship of Chairman Peter Ward, former Chairman and CEO of Rolls Royce Motors and Cunard Line, who joined the board at the end of 2001, TG21's strategy has been to reposition itself away from its legacy businesses into markets with better growth potential while leveraging its core strengths – nationwide field force of vehicle electrical engineers, call centre and distribution facilities.

In line with this strategy, in 2005 the Company took a controlling stake in 21st Century Crime Prevention Services Ltd (“21st Century”), the preferred supplier of on-board CCTV systems for Arriva UK Bus. 21st Century has pioneered the use of WiFi with on-board CCTV systems and was the first company to successfully launch automatic video downloads and a bus CCTV monitoring system (Heartbeat™). In addition to Arriva UK Bus, clients of 21st Century include Arriva Scandinavia, Go-Ahead Group, Metroline, Kinch Bus and ACIS.

The Group also provides vehicle installation services to the insurance market for the replacement of stolen in-car entertainment and navigation systems. On the back of this business the Group now supplies installation services for an embryonic black-box motor insurance scheme aimed at the corporate fleet market.

Headquartered in Mitcham, the Group also has leased offices in Blackburn and Runcorn and employs around 100 staff.

TG21 plc

Chairman's statement

The financial information contained within this interim report is based upon the Group's unaudited results for the six months to 30 June 2008.

The Company's strategy has been to reposition itself away from its legacy in-car entertainment and security distribution businesses and move into markets with higher growth and profit potential. At the end of last year I was pleased to announce the disposal of our in-car entertainment and car security businesses and we are now in a transitional period as we invest to develop the growth opportunities within public transport monitoring systems and vehicle installations.

Turnover from continuing operations was £6m in the period (2007: £8.2m) and the Group made a small loss of £26,000 (2007 profit: £0.5m). Net debt has been reduced considerably standing at just £0.4m at 30 June 2008 (2007: £3.0m).

Public transport on-board monitoring systems

Principal activities in this division are the supply of CCTV, black box and other monitoring systems for use on public transport vehicles, including products such as EcoManager and our passenger counting system, PAS.

Sales in the first half of 2007 increased 27% to just under £3.4m (H1 2007: £2.7m) and we are on track to complete 1,000 CCTV installations for Arriva UK Bus in the current year.

21st Century has completed the development of its EcoManager system aimed at reducing fuel costs for bus operators. EcoManager works by monitoring individual driving styles and giving computer generated feedback, so that driver training can be focused to reduce harsh acceleration and braking, excessive idling and other factors which increase fuel consumption. Trials of the EcoManager system resulted in considerable fuel savings and changes to driving style which lead to increased safety. Arriva PLC have embraced the project within their UK Regional Bus division, with a depot awareness campaign and driver briefings. I am very pleased to report that June's results were boosted by our first sales of EcoManager to Arriva as part of an initial pipeline order for 1,000 systems and thereafter Arriva will be reviewing the rollout of EcoManager throughout its UK bus fleet. We are also very encouraged by the fact that Arriva are to trial the product in mainland Europe where they operate over 8,000 buses.

While Arriva remains our main customer in the CCTV market, I am also delighted to report that in the first half of the year 21st Century has won new CCTV business from Go-Ahead and has significant pipeline orders from non-Arriva customers to be fulfilled through the second half of the year and into next year.

In 2006 we acquired an option to purchase Cyberlyne Communications Limited ("CCL") which, like 21st Century, specialises in the supply and installation of on-board CCTV for public transport vehicles. While CCL was loss making and in need of management direction we felt that the company's synergies and customer base presented a good opportunity for us to expand our presence in the CCTV market. We account for CCL as an associate company under the equity method of accounting and our share of its result for the period is included in the consolidated profit and loss account. Further investment will be needed in CCL to move the business onto the next generation of products; however, in our view the more immediate opportunity for growth lies with 21st Century and so our strategy for growth is currently focused on EcoManager and other innovations in the 21st Century pipeline.

Vehicle installation services

The principal activities within this division are:

- (i) replacement and installation of stolen in-car entertainment and navigation systems for insurance company customers;
- (ii) installation of public transport monitoring systems for 21st Century;
- (iii) installation services for the embryonic black-box motor insurance market.

Turnover in this division excluding intercompany installation charges to 21st Century fell by £2.9m (64%) to £1.6m. This decline is attributable to the maturing audio insurance replacement business and our exit from the mobile 'phone installation contract with Unipart at the end of last year. Moreover, and as I flagged in the pre-close trading update of 19 June, the growth in black box installations for the motor insurance market has been disappointing.

Whilst continuing to work with our insurance clients in this market we are also making strategic investment in the pursuit of other vehicle installation opportunities.

Distribution

Following the disposals referred to above, our only remaining business in this division is Datatool which distributes motor cycle security and accessory products to the retail trade. Datatool continues to make a positive contribution to our central overheads.

Current trading and outlook

Having disposed of a significant part of our declining legacy business and successfully reduced the Group's bank indebtedness, we have been able to ride out the disappointments within our vehicle installation services business. We are excited by the initial market response to EcoManager, which in light of the recent increases in fuel costs, could generate significant new business for the Group.

We continue to work with new technology in the public transport industry and we look forward to strengthening existing and new relationships in the coming year.

Current trading is in line with market expectations.

Peter Ward
Chairman

Consolidated income statement

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Continuing operations			
Revenue (note 2)	6,008	8,225	15,455
Cost of sales	(2,500)	(3,858)	(7,020)
Gross profit	3,508	4,367	8,435
Other operating income	57	54	108
Administrative expenses	(3,492)	(3,656)	(7,183)
Share of results of associate	(50)	-	-
Operating profit	23	765	1,360
Finance costs	(49)	(78)	(271)
(Loss)/profit before taxation	(26)	687	1,089
Taxation	-	(150)	(100)
(Loss)/profit for the period from continuing operations	(26)	537	989
Discontinued operations			
Loss for the period from discontinued operations	-	(188)	(353)
(Loss)/profit for the period	(26)	349	636
Attributable to:			
Equity holders of the parent	(126)	289	503
Minority interest	100	60	133
	(26)	349	636
Earnings per share			
From continuing operations			
Basic and diluted	(0.15)p	0.58p	1.05p
From continuing and discontinued operations			
Basic and diluted	(0.15)p	0.35p	0.62p

Consolidated balance sheet

	Unaudited 30 June 2008	Unaudited 30 June 2007	31 December 2007
	£'000	£'000	£'000
Non-current assets			
Goodwill	4,850	4,850	4,850
Other intangible assets	457	369	511
Property, plant and equipment	3,744	4,046	3,837
Deferred tax asset	226	256	226
	9,277	9,521	9,424
Current assets			
Inventories	1,316	3,191	1,291
Trade and other receivables	3,190	6,239	4,566
Cash and cash equivalents	1,631	2,420	2,965
	6,137	11,850	8,822
Total assets	15,414	21,371	18,246
Liabilities			
Current liabilities			
Trade and other payables	(2,626)	(5,628)	(3,682)
Tax liabilities	(70)	(150)	(70)
Bank overdrafts and loans	(1,486)	(3,953)	(2,444)
Provisions	(72)	-	(72)
	(4,254)	(9,731)	(6,268)
Net current assets	1,883	2,119	2,554
Non-current liabilities			
Bank loans	(500)	(1,489)	(1,150)
Provisions	(290)	-	(337)
Deferred tax liabilities	(626)	(626)	(626)
	(1,416)	(2,115)	(2,113)
Total liabilities	(5,670)	(11,846)	(8,381)
Net assets	9,744	9,525	9,865
Shareholders' equity			
Share capital	8,169	8,169	8,169
Share premium account	3,387	3,387	3,387
Special reserve	1,206	1,206	1,206
Other reserve	43	43	43
Retained earnings	(3,179)	(3,358)	(3,091)
Total equity shareholders' funds	9,626	9,447	9,714
Minority interests	118	78	151
Total equity (note 4)	9,744	9,525	9,865

Consolidated cash flow statement

	Unaudited six months ended 30 June 2008	Unaudited six months ended 30 June 2007	Year ended 31 December 2007
	£'000	£'000	£'000
Net cash inflow from operating activities (note 3)	219	354	1,373
Investing activities			
Disposal of discontinued operations in 2007	250	-	1,547
Purchases of property, plant and equipment	(33)	(74)	(78)
Purchases of intangible fixed assets	(29)	-	(158)
Net cash generated by/(used in) investing activities	188	(74)	1,311
Financing activities			
Repayment of borrowings (Decrease)/increase in bank overdrafts	(650)	(500)	(1,350)
Dividend paid to minority interest	(958)	1,921	912
	(133)	(26)	(26)
Net cash (used in)/generated by financing activities	(1,741)	1,395	(464)
Net (decrease)/increase in cash and cash equivalents	(1,334)	1,675	2,220
Cash and cash equivalents at beginning of period	2,965	745	745
Cash and cash equivalents at end of period	1,631	2,420	2,965

Notes

1. Basis of preparation and approval of interim statement

The interim financial statement for the six months to 30 June 2008 has been prepared in accordance with IFRSs as adopted by the European Union and specifically in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2007.

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's Annual Report and Financial Statements 2007.

The financial information herein does not amount to full statutory accounts within the meaning of Section 240 of the Companies Act 1985. The Annual Report and Financial Statements 2007 have been filed with the Registrar of Companies. The auditors' report on these financial statements was unqualified and did not include a statement under Section 237(2) or s237(3) of the Companies Act 1985.

The interim financial statement is unaudited and was approved by the Board of Directors on 5 August 2008.

2. Segmental reporting

Continuing operations by business sector with revenue reflecting sales to external customers

Unaudited six months ended 30 June 2008

Revenue **3,366**
Contribution to shared overheads **723**
Operating result **38**

Unaudited six months ended 30 June 2007

Revenue 2,652
Contribution to shared overheads 593
Operating result 343

Year ended 31 December 2007

Revenue 4,957
Contribution to shared overheads 1,045
Operating result 545

Public transport monitoring systems	Vehicle Installation Services	Distribution	Total
£'000	£'000	£'000	£'000
3,366	1,623	1,019	6,008
723	344	285	1,352
38	(15)	-	23
2,652	4,529	1,044	8,225
593	863	230	1,686
343	368	54	765
4,957	8,625	1,873	15,455
1,045	1,706	396	3,147
545	736	79	1,360

3. Cash generated from operations

	Unaudited six months ended 30 June 2008	Unaudited six months ended 30 June 2007	Year ended 31 December 2007
	£'000	£'000	£'000
(Loss)/profit for the period	(26)	349	636
Share of results of associate	50	-	-
Finance costs	49	136	346
Income tax expense	-	150	100
Gain on disposal of discontinued operations	-	-	(957)
Depreciation/amortisation	209	259	437
Share based payments	38	53	106
(Decrease)/Increase in provisions	(47)	-	409
(Increase)/decrease in working capital balances	(5)	(419)	639
Cash inflow from operations	268	528	1,716
Interest paid	(49)	(174)	(343)
Net cash inflow from operating activities	219	354	1,373

4. Statement of changes in equity

	Unaudited six months ended 30 June 2008	Year ended 31 December 2007
	£'000	£'000
Opening equity	9,865	9,149
(Loss)/profit for the period attributable to equity holders of the parent	(126)	503
Profit for the period attributable to the minority interest	100	133
Total recognised (loss)/profit for the period	(26)	633
Dividend paid to the minority interest	(133)	(26)
Increase in share based payment reserve	38	106
Closing equity	9,744	9,865