

Issued on behalf of Centurion Electronics Plc
Date: Wednesday, 29 November 2006

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Centurion Electronics Plc
Developers and suppliers of automotive infotainment systems

Preliminary Results
Year Ended 30 September 2006

Company traded in-line with management expectations and underlying results are slightly better than market expectations

- Turnover of £7.25 million (2005: £14.01 million) reflecting withdrawal from non-automotive activities
- Pre-exceptional: Operating loss of £0.43 million (2005: £2.14 million)
Loss before tax of £0.68 million (2005: £2.76 million)
- Post-exceptional: Operating loss of £1.00 million (2005: £8.80 million)
Loss before tax of £0.26 million (2005: £9.52 million)
- Customer volumes up 9% - trend anticipated to continue
- New business contracts secured during the second half
- Significant progress made with strategic supply partners
- Far East office established to support our on-going business growth strategy, establish closer supplier partnerships within this region and accelerate the identification and introduction of emerging technologies
- Several new business opportunities in the pipeline - negotiations continuing with a number of highly-regarded global automakers for the supply of a variety of in-car infotainment systems
- Well positioned to become the leading supplier of in-car entertainment to the automotive industry in the medium term

“Following the withdrawal from all higher risk non-automotive related activities and with the restructuring and re-financing of the Company now completed, and with the disruption this caused behind us, I am pleased to report that we are already seeing the benefits of the difficult decisions taken coming through in terms of new business and improved relationships with key customers and suppliers..”

“The Directors believe Centurion is well placed to benefit from the changes made over the past six months. The relationships with our customers are strong and over the next year the Directors expect additional volumes to be generated.”

Ernst Kastner, Chairman

FULL STATEMENT ATTACHED

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Centurion Electronics Plc
Developers and suppliers of automotive infotainment systems

Preliminary Results
Year Ended 30 September 2006

STATEMENT BY THE CHAIRMAN, ERNST KASTNER

Introduction

The financial year ended September 2006 has been one of development and transition for the Company.

Following the withdrawal from all higher risk non-automotive related activities and with the restructuring and re-financing of the Company now completed, and with the disruption this caused behind us, I am pleased to report that we are already seeing the benefits of the difficult decisions taken coming through in terms of new business and improved relationships with key customers and suppliers. Customer volumes were up 9% in the period, which is a trend the Directors anticipate to continue.

The treatment of costs associated with the Company's restructuring activities have been treated as a one-off exceptional charge.

Against this background, I am pleased to report that we have traded in-line with management expectations and that the underlying results are slightly better than market expectations.

Centurion is now exclusively focussed on the automotive market and has all the necessary processes in place to meet the rigorous demands of the industry.

Financial Performance

The year to 30 September 2006 has been one of transition. The trading loss reported at the half year to 31 March 2006, largely reflected the restructuring and exit from the high street sector. The second half however, saw a recovery in the automotive business, which moved into profitability. Overall, this produced a break-even second half performance.

Turnover in the period was £7.25 million against £14.01 million in 2005, which reflects our withdrawal from non-automotive activities.

Operating loss, pre-exceptionals was £0.43 million against a pre-exceptional loss of £2.14 million in 2005.

Exceptional charges in the period includes an exceptional credit of £1.01 million (2005: £nil) and relates to the write down of debt following the re-financing on 13 March 2006. Also included is an exceptional charge for redundancy and other costs following restructuring of £0.57 million (2005: £0.78 million) and a further charge of £0.09 million (2005: £0.48 million) relating to the disposal of certain fixed assets.

The comparative 2005 year reflects an exceptional charge of £5.92 million. The majority of this (£5.77 million) related to a stock write-down for obsolescence and valuation considerations resulting from issues previously reported in the supply chain management and stock purchase, categorisation and net realisable value procedures.

The loss on ordinary activities before taxation and pre-exceptionals was £0.69 million compared to a pre-exceptional loss of £2.76 million in 2005.

Basic loss per share pre-exceptionals during the period amounted to 8.81 pence per share, (2005: re-stated loss per share of 435.00 pence).

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The statutory operating loss was £1.0 million, loss before tax was £0.26 million and loss per share 3.32p.

Net cash inflow from operating activities amounted to £0.36 million against £0.77 million in 2005. The cash flow implications relating to the exceptional items during the year being reported totalled £0.38 million (2005: £4.44 million).

Following the restructuring in February 2006, net debt has been reduced from £4.54 million at the start of the period to £0.53 million, whilst stocks have decreased by around £1.51 million to £0.62 million and debtors have reduced from £1.97 million to £1.74 million in the period.

Shareholders' funds amounted to £0.75 million against a deficit of £2.06 million in 2005.

Review

During the course of the financial year, the Company has remained firmly focused on developing and strengthening existing relationships with a number of high-profile car manufacturers, whilst also looking at new opportunities to add further marques to our portfolio.

Through intensive hard work and commitment at both management and operational levels, the Company has, during the financial year, become increasingly well placed to build-on and exploit both new and existing opportunities within the automotive infotainment sector. The Company supplies a variety of in-car entertainment products to a total of 15 different vehicles across our customer base.

We have placed particular emphasis on maintaining high levels of service across our customer base, which includes leading marques such as the Toyota Group and Renault. On the whole, our customers have retained an encouragingly receptive view of our products and work closely with us to promote the installation of our products both commercially and geographically.

As a way of indicating our progress, it is very pleasing to report that trading with Toyota has progressed particularly well, which is witnessed through the significant increase in product sales during the last quarter of the financial year. We believe that Toyota remains a progressive installer of infotainment systems, although most European OEMs have also embarked on projects to launch a variety of systems. In addition, research shows that there is clear evidence that installation rates are increasing for rear seat entertainment systems overall.

Centurion has a number of opportunities in the pipeline to increase the range of its products being 'fitted as standard equipment', and as such, we remain confident that we will be able to further develop existing and new business relationships.

As part of this, we are already making satisfactory progress in the development of our first "factory fit" product for one of our key customers. This program, which is expected to commence during the first half of the new financial year, will see the introduction of a specifically designed rear seat infotainment system being installed on the assembly line directly into the vehicle.

Significant progress has also been made with our strategic supply partners. For example, during the second half of the financial year, we successfully introduced new Bluetooth headphone technology for automotive applications. This product was developed for a specific customer contract and to date we are pleased with initial customer feedback.

New Business

During the second half of the financial year, we successfully secured a number of new business contracts.

In April 2006, we secured contracts with a UK based luxury carmaker, to develop and supply an in-car entertainment system. We were particularly delighted as this contract added a further highly respected car manufacturer to our existing high profile client base.

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The product, which consists of twin TFT headrest screens for rear seat passengers, displays images from DVD, Auxiliary Input and analogue TV sources. It has a unique wireless sound transmission system. Initially the systems are being fitted as optional equipment, but they will be installed directly into the vehicle at the automaker's vehicle assembly plant; this is planned for the first half of the financial year ending 2007.

In July 2006, we secured an additional contract to supply an integrated in-car entertainment system for one of Renault's new models being introduced in 2007.

This new vehicle to the Renault range will be offered with an optional twin 8" TFT screen seat back mounted system with integrated DVD loader, wireless headphones and remote control.

The system, which has been designed and developed in-house by our own skilled engineering and technical teams, is designed to offer independent viewing options for the rear passengers of the vehicle whilst also being compatible with the latest media formats.

It is anticipated that the entertainment systems will be supplied directly into Renault's supply chain and will contribute to revenues commencing during the fourth quarter of our financial year ending September 2007.

Quality Accreditation

Our on-going commitment is to provide our customers with products that adhere to the highest standards of quality, reliability and performance. We continue to work with our approved accreditation body, TUV Product Services in order to achieve ISO/9001:2000 and ISO/TS16949 accreditation.

It is anticipated that the ISO/TS16949 accreditation will be completed by July 2007.

People

On behalf of the Board and all our Shareholders, I would like to welcome all staff who have joined the Company during the year and I would like to take this opportunity to thank all of our people for their on-going hard work, focus and commitment to the business.

Developing Strategy

Our on-going strategy is to further broaden our automotive business base whilst continuing to provide high-quality service and innovative products to all our customers. Negotiations continue to progress well with a number of highly-regarded global automakers for the supply of a variety of in-car infotainment systems.

Since the year end, the Company has opened an office in Hong Kong in order to support our on-going business growth strategy. The primary objective of this new Far East operation will be to establish closer supplier partnerships within this increasingly important geographic region, while also accelerating the identification and introduction of emerging technologies.

Outlook and Future Prospects

The Directors believe Centurion is well placed to benefit from the changes made over the past six months. The relationships with our customers are strong and over the next year the Directors expect additional volumes to be generated.

We are in discussions with a number of other leading manufacturers, which could extend significantly the number of manufacturers to which Centurion is the lead supplier.

It is the objective of the Directors that Centurion become the leading supplier of in-car entertainment to the automotive industry and the board believes it is now strongly placed to achieve this objective over the medium term.

Centurion Electronics Plc

Profit and loss account for the year ended 30 September 2006

	2006 Pre-exceptional £	2006 Exceptional* £	2006 Total £	2005 Pre-exceptional £	2005 Exceptional* £	2005 Total £
Turnover	7,251,962	-	7,251,962	14,006,539	-	14,006,539
Cost of sales	(4,265,643)	-	(4,265,643)	(10,549,208)	(5,919,966)	(16,469,174)
Gross profit/(loss)	2,986,319	-	2,986,319	3,457,331	(5,919,966)	(2,462,635)
Administrative expenses	(3,416,410)	(569,042)	(3,985,452)	(5,561,386)	(783,957)	(6,345,343)
Operating (loss)	(430,091)	(569,042)	(999,133)	(2,104,055)	(6,703,923)	(8,807,978)
Loss on disposal of fixed assets	-	(9,771)	(9,771)	-	(47,643)	(47,643)
Interest payable and similar charges	(256,158)	1,005,961	749,803	(659,767)	-	(659,767)
(Loss)/profit on ordinary activities before taxation	(686,249)	427,148	(259,101)	(2,763,822)	(6,751,566)	(9,515,388)
Taxation on (loss)/profit on ordinary activities	-	-	-	619,096	-	619,096
(Loss)/profit on ordinary activities after taxation	(686,249)	427,148	(259,101)	(2,144,726)	(6,751,566)	(8,896,292)
Earnings/(loss) per share						
Basic	(8.81p)	5.49p	(3.32p)	(435.00p)	(1,369.38p)	(1,804.38p)
Diluted	(8.81p)	5.49p	(3.32p)	(435.00p)	(1,369.38p)	(1,804.38p)

* Further details of exceptional items are disclosed in note 2

All recognised gains and losses for the year are included in the profit and loss account. All turnover and profit are derived from continuing activities.

Centurion Electronics Plc

Balance sheet at 30 September 2006

	2006 £	2006 £	2005 £	2005 £
Fixed assets				
Intangible assets		44,286		-
Tangible assets		726,120		853,264
		<u>770,406</u>		<u>853,264</u>
Current assets				
Stocks	623,186		2,135,476	
Debtors	1,741,087		1,969,493	
Cash at bank and in hand	728,360		682,936	
	<u>3,092,633</u>		<u>4,787,905</u>	
Creditors: amounts falling due within one year	<u>(1,996,918)</u>		<u>(7,598,484)</u>	
Net current assets/(liabilities)		<u>1,095,715</u>		<u>(2,810,579)</u>
Total assets less current liabilities		1,866,121		(1,957,315)
Creditors: amounts falling due after more than one year	<u>(1,116,090)</u>		<u>(100,534)</u>	
		<u>(1,116,090)</u>		<u>(100,534)</u>
		<u>750,031</u>		<u>(2,057,849)</u>
Capital and reserves				
Called up share capital		880,681		221,481
Share premium account		7,139,660		4,731,879
Capital redemption reserve		130,000		130,000
Profit and loss account		<u>(7,400,310)</u>		<u>(7,141,209)</u>
Shareholders' funds - Equity		<u>750,031</u>		<u>(2,057,849)</u>

The financial statements were approved by the Board on 28 November 2006.

Centurion Electronics Plc

Cash flow statement for the year ended 30 September 2006

	2006 £	2006 £	2005 £	2005 £
Net cash inflow from operating activities		358,446		768,371
Returns on investments and servicing of finance				
Interest paid	<u>(256,158)</u>		<u>(659,767)</u>	
Net cash outflow from returns on investments and servicing of finance		(256,158)		(659,767)
Taxation				
UK corporation tax		-		(170)
Capital expenditure and financial investment				
Purchase of intangible fixed assets	(44,286)		-	
Purchase of tangible fixed assets	(142,054)		(297,883)	
Sale of tangible fixed assets	<u>15,709</u>		<u>53,141</u>	
		(170,632)		(244,742)
Equity dividends paid		<u>-</u>		<u>(272,959)</u>
Cash outflow before financing		(68,344)		(409,267)
Financing				
Short term import loans (paid)	(2,083,403)		(740,418)	
Bank loans repaid	(45,334)		(45,333)	
Loan note issued	1,000,000		-	
Other loans received	150,615		-	
Capital element of finance lease rental payments	(98,156)		(76,105)	
Share issues (net of expenses)	3,066,981		-	
Share options exercised	<u>-</u>		<u>180,000</u>	
		1,990,703		(681,856)
Increase in cash		<u><u>1,922,359</u></u>		<u><u>1,091,123</u></u>

Centurion Electronics Plc

Notes forming part of the financial statements for the year ended 30 September 2006

1 Going concern

The company meets its day to day working capital requirements using funds raised from the issue of the convertible loan note, which is secured over certain assets of the company.

The nature of the company's business is that the sales revenue is dependent upon the OEM customers drawing down product in line with their existing forecasts for the period, which leads to variability in the timing of cash inflows. The directors have produced forecast cash flows for the next twelve months which indicate that the company can continue as a going concern and meet its liabilities as they fall due. However, the margin of available headroom is not large, and inherently there can be no certainty in relation to these matters.

The directors believe that the forecast cash flows are achievable and therefore believe it is appropriate to prepare the accounts on the going concern basis. The financial statements do not include any adjustment to the balance sheet tangible fixed assets or provision for future liabilities which would result should the going concern basis not be appropriate.

2 Operating loss, exceptional items and auditors remuneration

This is arrived at after charging/(crediting)	2006 £	2005 £
Depreciation of tangible fixed assets	243,718	246,006
Remuneration to former auditors' - audit services	-	16,211
Exceptional items (see below)	(569,042)	6,703,923
Operating leases – other than plant and machinery	168,593	152,388
Foreign exchange (gain)/loss	(244,609)	(675,083)

Exceptional Items

Included in interest payable and similar charges for the year ended 30 September 2006 is an exceptional credit of £1,005,961 (2005: £nil). This relates to a write down of debt following the re-financing that occurred on 13 March 2006. Also included in administrative expenses is an exceptional charge for redundancy and other costs following restructuring in the amount of £569,042 (2004: £783,957). A further charge of £9,771 (2005: £47,643) relates to the disposal of certain fixed assets.

The cash flow implications relating to the exceptional items during the year totalled £379,264, being redundancy £73,216, consulting costs £133,890 and other administrative costs £172,158. The effect of exceptional items on the taxation charge for 2006 is a charge of £128,144.

Included in cost of sales for the year ended 30 September 2005 is an exceptional charge of £5,919,966. Of this £5,772,440 relates to a stock write down for obsolescence and valuation considerations resulting from issues in the supply chain management and stock purchase, categorisation and net realisable value procedures. £147,526 relates to under declared duty as a result of the issues in the supply chain management. A further £783,957 is included in administrative expenses and relates to compensation costs paid to outgoing Directors as well as consultants' costs and redundancy payments.

The cash flow implications relating to the exceptional items during 2005 totalled £4,443,996.

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Auditors' remuneration

New requirements for the disclosure of remuneration paid by the company to its auditors were introduced in the Companies (Audit, Investigation and Community Enterprise) Act 2004 and regulations specifying these requirements were issued in 2005, and are mandatory for accounting periods beginning on or after 1 October 2005.

	2006	2005
	£	£
Audit services	36,750	38,918
Taxation services	12,000	35,200
Corporate finance services in relation to share placing	31,000	-

The corporate finance fees have been off set against the share premium arising on the placing. Fees paid in 2005 to the former auditor have been excluded from the above analysis.

3 Interest payable/(receivable) and similar charges

	2006	2005
	£	£
Invoice discounting charges	18,555	211,031
Bank loan and overdraft interest	234,326	439,156
Finance lease interest	3,277	9,580
Exceptional credit – write down of debt (see note 2)	(1,005,961)	-
	<u>(749,803)</u>	<u>659,767</u>

4 Taxation on profit on ordinary activities

	2006	2005
	£	£
<i>Current tax</i>		
UK corporation tax on profits of the year	-	(567,223)
Adjustment in respect of previous years	-	761
	<u>-</u>	<u>(566,462)</u>
<i>Deferred tax</i>		
Origination and reversal of timing difference	-	(52,634)
Adjustment in respect of previous years	-	-
	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	-	(619,096)
	<u>-</u>	<u>(619,096)</u>

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The tax assessed for the year is different from the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are reconciled below:

	2006 £	2005 £
(Loss) on ordinary activities before taxation	(259,101)	(9,515,388)
(Loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005: 30%)	(77,730)	(2,854,616)
Effects of:		
Expenses not allowable for tax purposes	7,561	7,536
Depreciation in excess of capital allowances	64,700	6,107
Adjustment to tax charge in respect of previous years	-	761
Unrelieved losses carried forward	11,469	2,237,750
Other timing differences	(6,000)	36,000
Current tax charge/(credit) for year	-	(566,462)

The company has estimated trading losses of £8,214,893 (2005: £7,459,166) offset by other timing differences of £16,570 (2005: £215,597) available for offset against future profits. The company has not recognised the deferred tax asset of £2,459,497 (2005: £2,173,071) as it does not meet the recognition criteria for FRS 19.

5 Earnings per share

Earnings per ordinary share have been calculated using the weighted average number of shares in issue during the relevant financial years. These take into account the issue of 659,200,000 ordinary shares of 0.1 pence on 13 March 2006 and the subsequent consolidation of every fifty issued and unissued ordinary shares of 0.1 pence into one ordinary share of 5 pence each on 19 May 2006.

The weighted average number of equity shares in issue for the basic earnings per share calculation is 7,792,639 (2005 restated: 493,036) and the earnings, being (losses) after tax, are (£259,101) (2005: loss of £8,896,292).

The numerator for the diluted earnings per share disclosure is the same as the basic earnings per share numerator. The options detailed in note 15 and convertible loan note have been considered but are currently anti-dilutive.

The denominator for the diluted earnings per share disclosure is as follows:

	2006	2005 Restated
Basic and diluted earnings per share denominator ordinary shares of 5 pence	7,792,639	493,036
	<u>7,792,639</u>	<u>493,036</u>

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Earnings per share excluding exceptional items

The Directors have also disclosed, for clarity, both basic and fully diluted earnings per share disclosures excluding exceptional items. For the purposes of these ratios the denominators are no different to those as set out above. The numerators for these additional ratios are (£686,249) (2005: £2,144,726) and have been calculated as the earnings, being (losses) after tax, less exceptional items (see note 2) for each year respectively. The effects of the exceptional items are shown in the table below.

	2006 £	2006	2006	2005 £ Restated	2005 Restated	2005 Restated
	Total Earnings	Weighted average no of shares	Per Share	Total Earnings	Weighted average no of shares	Per Share
Basic EPS	(259,101)	7,792,639	(3.32p)	(8,896,292)	493,036	(1804.38p)
Diluted EPS	(259,101)	7,792,639	(3.32p)	(8,896,292)	493,036	(1804.38p)
Basic EPS (as above)	(259,101)	7,792,639	(3.32p)	(8,896,292)	493,036	(1804.38p)
Effect of stock write down	-	-	-	5,772,440	-	1170.79p
Effect of under declared duty	-	-	-	147,526	-	29.92p
Effect of compensation to directors for loss of office	-	-	-	783,957	-	159.00p
Effect of write down of debt	(1,005,961)	-	(12.91p)	-	-	-
Effect of redundancy and other restructuring costs	569,042	-	7.30p	-	-	-
Effect of loss on disposal of fixed assets	9,771	-	0.12p	47,643	-	9.67p
Basic EPS excluding exceptional items	(686,249)	7,792,639	(8.81p)	(2,144,726)	493,036	(435.00p)
Diluted EPS excluding exceptional items	(686,249)	7,792,639	(8.81p)	(2,144,726)	493,036	(435.00p)

6 Debtors

	2006 £	2005 £
Trade debtors	1,269,645	1,384,539
Other debtors	471,442	584,954
	<u>1,741,087</u>	<u>1,969,493</u>

continued...

7 Creditors: amounts falling due within one year

	2006	2005
	£	£
Invoice discounting facilities	-	438,315
Bank and other loans and overdrafts (secured as per note 8)	185,783	4,573,317
Trade creditors	625,182	698,202
Other taxation and social security	54,937	56,612
Obligations under finance lease and hire purchase contracts	54,049	109,179
Other creditors	1,076,967	1,722,859
	<u>1,996,918</u>	<u>7,598,484</u>

8 Creditors: amounts falling due after more than one year

	2006	2005
	£	£
Bank loans (secured - see below)	6,250	41,417
Convertible loan note	1,000,000	-
Obligations under finance leases	16,090	59,117
Other creditor	93,750	-
	<u>1,116,090</u>	<u>100,534</u>

The bank loans are secured by fixed and floating charges over the assets of the company.

In March 2006, the company issued £1,000,000 of 7.5% convertible loan notes. Up to £1,000,000 is redeemable on 13 March 2009 if not previously converted or redeemed. The convertible loan notes carry interest at 7.5% p.a. payable quarterly in arrears and are redeemable at any time by the company. The repayment obligations are secured by a debenture over the assets of the company. The holders of the loan notes may convert whole or part of their holding of convertible loan notes into ordinary shares at any time at the price of 25p per ordinary share. If the loan note was converted in full, it would result in the issue of 4,000,000 ordinary shares.

	2006	2005
	£	£
Bank and other loans are due:		
In one year or less or on demand	185,783	5,011,632
In more than one year but not more than two years	6,250	35,167
In more than two years but not more than five years	-	6,250
	<u>192,033</u>	<u>5,053,049</u>
Less: amounts included within creditors less than one year	(185,783)	(5,011,632)
	<u>6,250</u>	<u>41,417</u>

Convertible loan notes

Obligations under convertible loan notes are due as follows:

	2006	2005
	£	£
In more than two years but not more than five years	1,000,000	-
	<u>1,000,000</u>	<u>-</u>
Less: amounts included within creditors less than one year	-	-
	<u>1,000,000</u>	<u>-</u>

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Finance leases

Obligations under finance leases are due as follows:

	2006	2005
	£	£
In one year or less	54,049	109,179
In more than one year but not more than two years	16,090	34,366
In more than two years but not more than five years	-	24,751
	<u>70,139</u>	<u>168,296</u>
Less: amounts included within creditors less than one year	(54,049)	(109,179)
	<u>16,090</u>	<u>59,117</u>

9 Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Loss on ordinary activities after taxation for the year	(259,101)	(8,896,292)
	<u>(259,101)</u>	<u>(8,896,292)</u>
Equity dividend paid	-	(266,359)
Nominal value of share capital issued	659,200	600
Premium arising on share issue (net of expenses)	2,407,781	179,400
	<u>2,807,880</u>	<u>(8,982,651)</u>
Net addition to shareholders' funds	2,807,880	(8,982,651)
Opening shareholders' funds as previously reported	(2,057,849)	6,658,443
Prior period effect of adoption of FRS 21	-	266,359
Opening shareholders funds as restated	(2,057,849)	6,924,802
	<u>750,031</u>	<u>(2,057,849)</u>

10 Reconciliation of operating profit to net cash outflow from operating activities

	2006	2005
	£	£
Operating loss	(999,133)	(8,807,978)
Depreciation	243,719	246,006
Decrease in stocks	1,512,290	2,570,623
Decrease in debtors	228,406	6,335,359
(Decrease)/Increase in creditors	(626,836)	424,361
	<u>358,446</u>	<u>768,371</u>

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11 Reconciliation of net cash inflow to movement in net debt

	2006 £	2006 £	2005 £	2005 £
Increase/(decrease) in cash in the year	1,922,359		(1,091,123)	
Cash outflow from changes in debt and lease financing	<u>1,076,276</u>		<u>861,856</u>	
Change in net debt resulting from cash flows		2,998,635		(229,267)
New finance leases		-		(68,802)
Other non cash movement		<u>1,005,961</u>		<u>-</u>
Movement in net debt in the year		4,004,596		(298,069)
Net debt at start of year		<u>(4,538,408)</u>		<u>(4,240,340)</u>
Net debt at end of year (note 12)		<u>(533,812)</u>		<u>(4,538,408)</u>

12 Analysis of net debt

	At 1 October 2005 £	Cash Flow £	Other non-cash changes £	At 30 September 2006 £
Cash in hand and at bank	682,936	45,424	-	728,360
Bank overdrafts	(2,444,581)	1,438,620	1,005,961	-
Invoice discounting facility	(438,315)	438,315	-	-
	<u>(2,199,960)</u>	<u>1,922,359</u>	<u>1,005,961</u>	<u>728,360</u>
Debt due after 1 year	(41,417)	(964,833)	-	(1,006,250)
Debt due within 1 year	(2,128,736)	1,942,953	-	(185,783)
Obligations under finance leases	(168,295)	98,156	-	(70,139)
Total	<u>(4,538,408)</u>	<u>2,998,635</u>	<u>1,005,961</u>	<u>(533,812)</u>

13 Accounting Policies

The accounting policies applied are the same as in the previous financial year except the company has adopted the presentation requirements of FRS25 –Financial Instruments: disclosure and presentation, FRS 28 corresponding amounts and FRS 21 Events after the balance sheet date.

FRS 21 Events the balance sheet date require that dividends, which are proposed after the balance sheet date to be disclosed and not recognised as a liability. As a result of the adoption of the standard, retained earnings have increased by £266,359 as at 30 September 2004. There was no effect on reported profit after tax for 2005 or 2006.

14 Publication of non-statutory accounts

The financial information contained in this preliminary statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information set out in this announcement is extracted from the Company financial statements for the year ended 30 September 2006, the auditor's report on which has yet to be signed. The statutory accounts for 30 September 2006 are yet to be delivered to the registrar.

- 15 The Report & Accounts will be posted to shareholders. Further copies will also be available from the Company's Office: Satellite House, City Park, Welwyn Garden City, Herts. AL7 1LY and will be posted on the Company's web-site: www.centurionsystems.co.uk