

Embargoed until: 07.00 Tuesday 7 December 2004

CENTURION ELECTRONICS PLC
RECORD PRELIMINARY RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004

Centurion Electronics plc ("Centurion") the UK market leader in the field of in-car audio visual entertainment, announces record results for the year to 30 September 2004.

Highlights:

- Turnover up **152%** to £15.74 million (2003: £6.25 million)
- Profit before exceptional income, interest and tax up **81%** to £2.03 million (2003: £1.12 million)
- Pre-tax profits up **97%** to £2.33 million (2003: £1.18 million)
- Diluted earnings per share (excluding exceptional items) up **40%** to 4.87p (2003: 3.48p)
- Shareholders funds up **60%** to £6.92 million (2003: £4.32 million)
- Dividend up **38%** to 1.1p (2003: 0.8p)
- Sales to OEM market increased ten fold
- Retail sales increased by 60%
- Successful drive into European market

Brian Hendon, Chairman of Centurion commented: "As the UK market leaders for the supply of in-car entertainment systems, the Board believes that Centurion is now poised to take advantage of international opportunities. In particular, we believe that, our share in the OEM market will grow significantly in the coming years from existing and new customers.

"Our strategic focus is to build a global business and to develop Centurion into an international brand through our multi-channel sales strategy. To this end we shall continue our investment in infrastructure and personnel in order to achieve our strategic objectives. These are exciting times for Centurion and the Board remains confident that we will continue to deliver excellent returns to our shareholders."

For further information please contact:

Brian Hendon /Chris Rhodes
Centurion Electronics
Tel: 01707 330550

Russell Cook
Charles Stanley & Co. Ltd
Tel: 020 7739 8200

Jeremy Carey / Claire Melly
Tavistock Communications
Tel: 020 7920 3150

Chairman's Statement

Introduction

I am delighted to report that as I complete my first full year as Chairman, Centurion has achieved record results in terms of sales, profits and earnings per share. This robust performance has been accompanied by intense activity leading to significant development and growth in all sectors of the business.

Results

For the year ended 30 September 2004 turnover increased by 152% to £15.74 million (2003: £6.25 million) generating a profit before exceptional income, interest and tax of £2.03 million (2003: £1.12 million), up 81%. Pre-tax profits were £2.33 million (2003: £1.18 million). Inbound carriage costs have been reclassified within cost of sales, as opposed to administrative expenses, and consequently 2003 numbers have been restated to reflect this new treatment.

Fully diluted earnings per share rose by 59% to 6.80p (2003: 4.27p), while fully diluted earnings per share, before exceptional items, increased by 40% from 3.48p to 4.87p.

We have strengthened further the Company's balance sheet with shareholders' funds increasing by 60% to £6.92 million (2003: £4.32 million) and as at the year end our cash balances were £2.86 million (2003: £1.71 million).

In March, Centurion raised £1.2m via a placing of 1,100,000 shares with new institutional investors in order to supplement our existing working capital facilities in particular for our product development and continued expansion into Europe.

Dividend

In light of these results and the optimism with which the Board views the future, the Directors are recommending a dividend for the year of 1.1p per share, which is an increase of 38% over the dividend of 0.8p per share paid last year. If approved by shareholders, the dividend will be paid on 4 April 2005 to shareholders on the register on 25 February 2005.

Sales Channels

Our multi-channel sales strategy continues to bring substantial benefits to Centurion. The market for in-car entertainment is still in the early stages of growth and consumer awareness during the year has

been significantly enhanced through OEM product launches, dealership marketing and national press and television advertising campaigns.

OEM

Sales of Centurion's design engineering-led bespoke in-car entertainment systems during the last twelve months have grown ten fold year on year as we have continued to win new contracts with OEMs.

I referred in my Chairman's Statement in May, to our relationships with Kia Motors UK Ltd and Toyota Motor Marketing Europe NV/SA. I am pleased to report that both are proving to be highly successful. Activity with Kia has been particularly strong following their use of our roof mounted systems fitted as standard on the Sedona range as a part of its launch promotion. Other products developed for Kia include screen head rest systems for the Sorrento 4x4 and roof mounted systems for the Carens MPV. We are now also supplying Kia with branded portable DVD systems available throughout its 150 dealer network.

Toyota, to whom we currently supply systems for three models, continues to provide excellent growth in line with our expectations and we expect further growth with the launch of new models and enhanced vehicle marketing programmes. In addition, we supply two models within the Lexus range with Centurion products.

In June, we announced an agreement with Peugeot Motor Company to supply Plug & Play Blue™ portable in-car entertainment system for sale throughout 340 Peugeot UK dealer networks, and as an accessory across Peugeot's entire model range.

In September, we signed a similar agreement with Citroen Limited to supply Plug & Play Blue™ as an accessory to all Citroen models and for sale throughout its 180 UK dealer networks. In addition, since September, we have supplied Hyundai Germany with Plug & Play Blue™ 8" as an aftermarket accessory throughout their 450 dealerships in Germany.

We are investing in our development and testing facilities to ensure that our engineering and technical support infrastructure continues to be compatible with industry requirements and in order to accommodate the expected increase in demand for our products.

Overall, demand from existing customers remains robust and we are confident that we will further strengthen our market position by winning contracts with new motor manufacturers within the UK and Europe in the coming year.

Retail

Centurion's retail activities have had a very successful year with sales increasing by 60%, substantially assisted by our second half investment in our sales infrastructure. At the beginning of September, we announced a retail supply agreement with Choices Video, a subsidiary of Home Entertainment Corporation PLC, for the Plug & Play Blue™ system. In addition, sales of Plug and Play Blue™ through Argos have exceeded our expectations and Argos has included two of the Company's new products in its autumn/winter catalogue and selected one of these lines for special promotion this Christmas.

We have also recently added Harrods, OSG Co-op, Bennett's Electrical and Littlewoods to our portfolio of retail customers and prospects for further wins in 2005 remain strong.

Europe

As a result of implementing our strategic review of the European market undertaken last February, I am pleased to report that sales and market penetration into Europe have exceeded our expectations.

Our newly established infrastructure of bonded warehousing, customer service centres, sales agency networks and major distributors in seven countries has resulted in Centurion achieving selected supplier status with five major European chains.

A European presence represents a core part of our global strategy and its development is an important and significant step in meeting our growth plans. We have planned a marketing and advertising campaign for 2005 which will further enhance our brand and product awareness.

Supply Chain

We continue to expand our supplier base in the Far East. Technology development, purchasing, manufacturing and distribution agreements have been signed with key strategic, manufacturing partners located in China, Hong Kong and Taiwan. The establishment of our Taiwan office in Taipei has brought significant supply chain advantages as well as providing an invaluable local presence. We will also continue to develop our overseas supply chain relationships in order to accelerate the introduction of new products.

Product Development

Product development is an integral part of Centurion's growth strategy and during the year we successfully introduced some 49 new products ranging from Plug & Play Blue™ to the Centurion twin screen headrest systems. Current projects under development mean that the number and diversity of new Centurion products will increase in 2005.

In February 2005 we are launching a new version third generation of Plug & Play Blue™ DVD8 together with a specific range of MPEG 4 products. In addition, the launch of new OEM design led

products such as the PP 50 and PP 65 monitors will allow us to continue to provide existing and new automotive customers with unique headrest and roof mount solutions for their in-car entertainment requirements.

We will continue to develop innovative design-led products to grow market share where new technology is being rapidly introduced. In order to maintain Centurion's technological lead over our competitors we have continued to strengthen our product development, engineering and design team infrastructure during the year.

Market Presence

We now have 27.6% of the in-car entertainment market by volume, making us market leaders in this field (source: GFK Marketing).

During the past six months we have achieved a higher profile with manufacturers through trade exhibitions, such as the *Car and Sound Show* at Sinsheim and *Automechanika* at Frankfurt, and with retailers and consumers through extensive coverage in the trade and consumer media. This profile has been underpinned by widespread advertising featuring Centurion's products by our OEMs.

For the third time running, Centurion was named a Deloitte & Touche Technology Fast 50 award winner in the UK and, for the second time, a Deloitte & Touche Technology Fast 500 award winner for Europe.

The Board

On 16 July 2004 Malcolm Diamond MBE was appointed to the Board as a non-executive director. Malcolm has over ten years experience of public companies and was previously Chief Executive of Trifast plc, the industrial fasteners distributors and is a non-executive director of a number of companies.

On 18 October 2004, Chris Rhodes joined the Board as Chief Executive. Chris has a twenty-year record of significant achievement within international technology-based companies in the automotive supplier industry. Most recently he was at Johnson Controls Inc., the leading producer of vehicle interior systems, where he was Vice President and General Manager of its Ford/PAG Customer Business Unit.

As a result of the appointment of the Chief Executive, I stood down as Executive Chairman but will continue as Chairman in a non-executive capacity. Similarly Amanda Thorneycroft, who assumed the role of Managing Director for the period, reverted to Finance Director.

For personal reasons John Bell resigned on 16 November 2004 as Operations Director and we will soon announce his replacement. I thank John for his contribution to the success of the Company and wish him well for the future.

Outlook

The current year has started well with our performance in OEM, retail and Europe meeting our expectations. We have strong retail order books in the UK and Europe as well as good visibility of OEM earnings.

As the UK market leaders for the supply of in-car entertainment systems, the Board believes that Centurion is now poised to take advantage of international opportunities. In particular, we believe that, our share in the OEM market will grow significantly in the coming years from existing and new customers.

Our strategic focus is to build a global business and to develop Centurion into an international brand through our multi-channel sales strategy. To this end we shall continue our investment in infrastructure and personnel in order to achieve our strategic objectives. These are exciting times for Centurion and the Board remains confident that we will continue to deliver excellent returns to our shareholders.

It is only with the commitment and dedication of all members of staff that I am able to report such a successful year, and their continued efforts gives me the confidence to predict a highly satisfactory outcome for 2005. I thank them all.

Brian Hendon

Chairman

6 December 2004

CENTURION ELECTRONICS PLC

**Profit and loss account for the year ended 30
September 2004**

	Note	2004 £	2003 As Restated £
Turnover		15,744,431	6,248,945
Cost of sales		10,360,690	3,403,649
		<hr/>	<hr/>
Gross profit		5,383,741	2,845,296
Administrative expenses		(3,351,423)	(1,725,878)
Other operating income - exceptional items	2	470,000	160,000
		<hr/>	<hr/>
Operating Profit	2	2,502,318	1,279,418
Interest payable and similar charges	3	(174,946)	(99,889)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,327,372	1,179,529
Taxation on profit on ordinary activities	4	668,764	308,401
		<hr/>	<hr/>
Profit on ordinary activities after taxation for the year		1,658,608	871,128
Dividends	5	266,359	184,078
		<hr/>	<hr/>
Retained profit for the financial year		1,392,249	687,050
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	6		
Basic		6.99p	4.45p
Diluted		6.80p	4.27p
		<hr/>	<hr/>
Earnings per share excluding exceptional items	6		
Basic		5.01p	3.63p
Diluted		4.87p	3.48p

All amounts relate to continuing activities.

Balance sheet at 30 September 2004

	2004	2004	2003	2003
	£	£	£	£
Fixed assets				
Tangible assets		833,369		595,347
Current assets				
Stocks	4,706,099		2,262,160	
Debtors:				
Trade debtors subject to financing	6,076,017		2,277,927	
Less: non-returnable proceeds	-		(898,599)	
	6,076,017		1,379,328	
Other debtors	2,221,229		376,484	
Cash at bank and in hand	2,863,896		1,712,784	
	15,867,241		5,730,756	
Creditors: amounts falling due within one year	9,539,487		1,806,651	
Net current assets		6,327,754		3,924,105
Total assets less current liabilities		7,161,123		4,519,452
Creditors: amounts falling due after more than one year	193,365		141,863	
Provisions for liabilities and charges	52,634		59,915	
		245,999		201,778
		6,915,124		4,317,674
Capital and reserves				
Called up share capital		220,881		219,676
Share premium account		4,552,479		3,348,483
Capital redemption reserve		130,000		130,000
Profit and loss account		2,011,764		619,515
Shareholders' funds - Equity		6,915,124		4,317,674

**Cash flow statement for the year ended 30
September 2004**

	Note	2004 £	2004 £	2003 £	2003 £
Net cash outflow from operating activities	7		(1,202,590)		(1,088,989)
Returns on investments and servicing of finance					
Interest paid		(174,946)		(99,889)	
Preference dividends paid		-		(15,193)	
Net cash outflow from returns on investments and servicing of finance			(174,946)		(115,082)
Taxation					
UK corporation tax paid			(261,208)		(100,171)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(271,046)		(447,873)	
Sale of tangible fixed assets		-		14,261	
			(271,046)		(433,612)
Equity dividends paid			(184,078)		-
Cash outflow before financing			(2,093,868)		(1,737,854)
Financing					
Short term import loans		2,076,060		670,025	
Bank loans paid		(25,000)		(27,083)	
Bank loans received		50,833		-	
Capital element of finance lease rental payments		(62,114)		(37,948)	
Share issues		1,173,701		3,056,659	
Share options exercised		31,500		31,500	
Redemption of preference shares		-		(400,000)	
			3,244,980		3,293,153
Increase in cash	8		1,151,112		1,555,299

Notes forming part of the financial statements for the year ended 30 September 2004

1 Basis of preparation and financial information

The financial information set out in this preliminary announcement has been prepared on the same basis as the accounting policies used in the Company's 2003 statutory accounts except for the reclassifications as detailed in note 2 below.

The information shown for the years ended 30 September 2004 and 30 September 2003 does not constitute statutory accounts within the meaning of S240 of the Companies Act 1985 and has been extracted from the full accounts for the years ended 30 September 2004 and 30 September 2003 respectively.

The reports of the auditors on those accounts were unqualified and did not contain a statement under either S237(2) or S237(3) of the Companies Act 1985.

The accounts for the year ended 30 September 2003 have been filed with the Registrar of Companies. The accounts for the year ended 30 September 2004 will be delivered to the Registrar of Companies in due course.

2 Operating profit and restatement

	2004	2003
	£	£
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	179,914	90,493
Auditors' remuneration – audit services	32,611	10,000
Exceptional items (see below)	(470,000)	(160,000)
Operating leases - other	<u>132,346</u>	<u>96,482</u>

The exceptional item in the year ended 30 September 2004 is included in other operating income and relates to insurance proceeds from the keyman policies held on Steven Cunningham which were paid out on his death. Exceptional costs amounting to £130,000 relating to his death have been set against this income.

The exceptional item of £160,000 in the year ended 30 September 2003 relates to insurance proceeds arising from the theft of stock written off in 2002. This was previously included within administrative expenses and is now shown as other operating income.

The profit and loss account for 2003 has also been restated in so far as to reclassify carriage inwards costs as a cost of sale whereas such costs were previously included within administrative expenses.

There has been no effect on operating profit or net assets as a result of the above restatements.

3 Interest payable and similar charges

	2004	2003
	£	£
Loan interest	23,060	9,971
Invoice discounting charges	100,524	62,540
Bank interest	43,055	21,658
Finance lease interest	<u>8,307</u>	<u>5,720</u>
	<u>174,946</u>	<u>99,889</u>

4 Taxation on profit on ordinary activities

	2004	2003
	£	£
<i>Current tax</i>		
UK corporation tax on profits of the year	676,045	280,105
Adjustment in respect of previous years	<u>-</u>	<u>(20,302)</u>
Total current tax	676,045	259,803

<i>Deferred tax</i>		
Origination and reversal of timing difference	(6,749)	51,767
Adjustment in respect of previous years	(532)	(3,169)
Taxation on profit on ordinary activities	<u>668,764</u>	<u>308,401</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.
The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before taxation	2,327,372	1,179,529
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 : 30%)	<u>698,212</u>	<u>353,859</u>
Effects of:		
Expenses allowable for tax purposes	(28,917)	(7,721)
Capital allowances for year in excess of depreciation	(8,250)	(51,767)
Adjustment to tax charge in respect of previous years	-	(20,302)
Marginal relief	-	(14,266)
Other timing differences	15,000	-
Current tax charge for year	<u>676,045</u>	<u>259,803</u>
5 Dividends	2004	2003
	£	£
Ordinary shares of 0.1p each – proposed 1.1p (2003: 0.8p) per share	<u>266,359</u>	<u>184,078</u>

6 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 105,000 ordinary shares on 14 October 2003 and the issue of 1,100,000 ordinary shares on 9 March 2004. The weighted average number of shares in issue for the year ending 30 September 2003 has been adjusted to take into account the share split of 1,000 ordinary shares of 0.1 pence for every £1 ordinary share that took place on 4 November 2002. The weighted average number of shares in issue for 2003 has also been adjusted to take account of the reclassification of 200,000 Preferred ordinary shares as 196,667 Deferred shares of £1 each and of the remaining 3,333 Preferred ordinary shares as 3,333,000 ordinary shares of 0.1 pence only.

The weighted average number of equity shares in issue for the basic earnings per share calculation is 23,726,817 (2003: 19,576,108) and the earnings, being profit after tax and preference dividends, are £1,658,608 (2003: £871,128).

The numerator for the diluted earnings per share disclosure is the same as the basic earnings per share numerator.

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

	2004	2003
Basic earnings per share denominator ordinary shares of 0.1 pence	23,726,817	19,576,108
Weighted average number of cumulative convertible participating preferred ordinary shares (prior to conversion)	-	319,603
Dilutive effect of company share option schemes	665,565	510,179
	<u>24,392,382</u>	<u>20,405,890</u>

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 £1,188,608 (2003: £711,128) and have been calculated as the earnings, being profit after tax, less exceptional items (see note 2) for each year respectively.

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

	2004	2003
	£	£
Operating profit	2,502,318	1,279,418
Depreciation	179,914	90,493
Profit on sale of fixed assets	-	(1,262)
Increase in stocks	(2,443,939)	(1,534,372)
Increase in debtors	(6,541,435)	(1,109,984)
Increase in creditors	5,100,552	186,718
Net cash outflow from operating activities	<u>(1,202,590)</u>	<u>(1,088,989)</u>

8 Reconciliation of net cash inflow to movement in net funds/(debt)

	2004	2004	2003	2003
	£	£	£	£
Increase in cash in the year	1,151,112		1,555,299	
Cash inflow from changes in debt and lease financing	(2,039,779)		(604,994)	
Change in net debt resulting from cash flows		(888,667)		950,305
New finance leases		(146,890)		(54,017)
Movement in net debt in the year		(1,035,557)		896,288
Net funds/(debt) at start of year		767,951		(128,337)
Net (debt)/funds at end of year (note 9)		<u>(267,606)</u>		<u>767,951</u>

9 Analysis of net debt

	At 1 Oct 2003 £	Cash flow £	Other non-cash changes £	At 30 Sept 2004 £
Cash in hand and at bank	1,712,784	1,151,112	-	2,863,896
Debt due after 1 year	(81,250)	(5,500)	-	(86,750)
Debt due within 1 year	(772,761)	(2,096,393)	-	(2,869,154)
Obligations under finance leases	(90,822)	62,114	(146,890)	(175,598)
Total	<u>767,951</u>	<u>(888,667)</u>	<u>(146,890)</u>	<u>(267,606)</u>

10 Copies of this announcement are available from the Company's offices at Satellite House, City Park, Welwyn Garden City, Herts. AL7 1LY.