

[Embargoed release: 0700 hours Wednesday 24 March 2010]



21st Century Technology plc (“21st Century”, “the company” or “the group”)

Preliminary results for the year ended 31 December 2009

21st Century today announces its preliminary results for the year ended 31 December 2009. The company has successfully repositioned itself from being a distributor of in-car entertainment and security systems to become a vehicle installation service provider supplying public transport CCTV and other monitoring systems. 21st Century has developed ‘EcoManager’ which is aimed at saving fuel, reducing emissions and improving safety for bus operators by monitoring driver behaviour.

Financial highlights

- Sales from continuing operations up 35% to £10.5m (2008: £7.7m)
- Sales of EcoManager grew to £5m in 2009 its first full year since launch (2008: £1.5m)
- Operating profit from continuing operations ahead of expectations for the year, up 85% at £0.7m (2008, before property impairment: £0.4m)
- Net cash flow from operating activities of £1.5m (2008: £0.7m)
- Earnings per share on continuing operations increased to 0.56p (2008: -0.94p)

Operational highlights

- Group now fully focused as remaining legacy businesses exited
- Final 25% of 21st Century Crime Prevention Services (“CPS”) acquired on favourable terms
- EcoManager wins prestigious innovation award
- Arriva UK contract to increase roll out of EcoManager
- 21st Century wins three year CCTV contract to supply The Go-Ahead Group plc

Strong start and pipeline for 2010

- Bank loan repaid in the current year, leaving the group debt free
- First orders for EcoManager from mainland Europe won
- 21st Century awarded Approved Supplier status by First Group Bus

Commenting on the results, Peter Ward, Chairman of 21st Century, said:

“This has been a milestone year for the group as we have successfully completed the transformation and refocusing of the business to become solely concentrated on public

transport CCTV and other monitoring systems. We are therefore delighted to also report profit from continuing operations ahead of management expectations.

Following the achievement of a positive cash position of £0.5m in 2009, we have since the year end become free of our bank debt. We have expanded our existing customer base in the UK and have also won significant new business in mainland Europe. Whilst the economy will continue to present some headwind in the current year, we are well positioned to maintain the momentum we have achieved to date and we are looking forward with confidence.”

A copy of this preliminary results announcement is available on the company’s website: www.21stplc.com

For Further Information:

21st Century Technology plc	Wilson Jennings Finance Director	020 8710 4016
Hogarth Partnership Limited	Barnaby Fry Vicky Watkins	020 7357 9477
Daniel Stewart & Co plc (Nomad & Broker)	Emma Earl Andrew Edwards	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, the company’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 Limited which recently merged with fellow subsidiary, Toad (UK) Limited, to form 21st Century Technology Solutions Limited.

The holding company was renamed “TG21 plc” in 2005 and, to reflect the repositioning of the group, changed this name to “21st Century Technology plc” in June 2009.

21st Century is the preferred supplier of on-board CCTV systems for Arriva UK Bus and the Go-Ahead Group and an approved supplier to First Group Bus. The company has pioneered the use of WiFi with on-board CCTV systems and Transport for London commissioned the company to undertake a trial of ‘**LiveView**’ - a system which transmits live CCTV pictures from on board the bus to a public transport and police control centre. 21st Century was also the first company to successfully launch **Automatic Video Downloads** and a bus CCTV monitoring system (**Heartbeat™**) which allow the CCTV manager to remotely download CCTV footage from the bus to his computer and check that all the CCTV systems fitted to his buses are fully operational, without leaving his desk. The company’s overhead camera passenger counting device, known as **PAS – Passenger Analysis System**, links to the ticket machine and enables bus operators to analyse specific bus route ticket sales and passenger numbers.

21st Century’s **EcoManager** product has made a significant contribution to sales since its launch in July 2008. The EcoManager black-box system is aimed at reducing fuel and maintenance costs, reducing emissions and improving safety for bus operators by monitoring individual

driving styles against fuel consumption. Following a successful trial, in April 2009 Arriva UK committed to install the device on all their new buses and to retrofit a large proportion of their existing fleet. In November 2009 Arriva North West and Merseytravel won the industry recognised Alexander Dennis Award for Innovation following their installation of the EcoManager system which yielded fuel savings of up to 12% and associated CO2 emission reductions. For further information go to www.getecomanager.com.

Chairman's statement

Trading results

I am pleased to report that the group results from continuing activities for the year are ahead of management expectations with sales up 35% to £10.5m (2008: £7.7m). We also achieved a positive net cash position of £0.5m at the year end (2008: £0.2m) and as a result repaid the final tranche of our bank term loan in February 2010 leaving the group in the strong position of being debt free.

In April 2009 we acquired the remaining 25% shareholding in 21st Century Crime Prevention Services Limited ("CPS"). The purchase price for the final 25% tranche in CPS was initially established in an option agreement dated 18 December 2004 at £2.1m in cash. However, we successfully renegotiated the option and the vendor agreed to take half the consideration in 21st Century Technology plc shares fixed at 10p per share in lieu of cash.

In June 2009 the business of CPS was transferred to our other operating subsidiary, Toad (UK) Limited ("Toad") and the combined entity was renamed 21st Century Technology Solutions Limited ("Solutions"). At the same time the holding company, TG21 plc, was renamed 21st Century Technology plc and the ticker changed to C21.L.

During the period we also completed the strategic repositioning of the group as a public transport CCTV and monitoring systems specialist with the disposal of our remaining legacy distribution business, Datatool, and the announcement that we were to cease our insurance Vehicle Installation Services ("VIS") early in the New Year.

Solutions is now the sole operating company within our Public Transport Monitoring Systems division ("PTMS") which represents the continuing operations of the group.

Following the continued roll out by Arriva UK Bus of 'EcoManager', our driver monitoring fuel saving system, sales of this product reached £5m in 2009 (2008: £1.5m). This is particularly impressive as this was the first full year of sales for the product, since its launch in July 2008.

In November 2009 Arriva North West and Merseytravel won the industry recognised Alexander Dennis UK Bus Award for Innovation following their installation of the EcoManager system which yielded fuel savings of up to 12% and associated CO2 emission reductions. We currently have a strong pipeline for EcoManager, with orders for over 1,000 of these systems from Arriva in the UK and, in February 2010, we were very pleased to receive our first orders for 360 EcoManager units from Arriva in mainland Europe.

In August 2009 we were awarded a three year contract to supply The Go-Ahead Group plc ("Go-Ahead") with its on vehicle CCTV for buses and static CCTV for train stations and other commercial premises, along with the management of Go-Ahead's train station platform CCTV installations. The total contract is estimated to be worth around £6m in sales value over the three years. Sales to Go-Ahead for 2009 were £1.2m (2008: £0.3m).

Early in 2010 we were delighted to add First Group UK Bus to our portfolio of major public transport customers, winning our first order from them for 159 on-bus CCTV systems. We now enjoy 'Approved Supplier' status with First Group UK Bus and we are actively tendering to become their preferred supplier.

Peter Ward
Chairman
23 March 2010

Chief Executive's review

Financial review

Our consolidated statement of comprehensive income for the year and the 2008 comparatives show sales from continuing operations only. Operating profit from continuing operations increased by 85% on last year at £0.7m (2008, before property impairment: £0.4m) and the profit after tax on continuing operations was £0.5m for the year compared to a loss of £0.5m last year. Net cash generated from operating activities was £1.5m (2008: £0.7m).

The overall net result from Datatool and VIS (the "discontinued operations") is disclosed separately. The overall net loss from the discontinued operations for the year was £0.5m compared to a breakeven position achieved in the prior year. The loss on discontinued operations was net of the following: a profit of £0.4m on the sale of the Datatool business; the write-off of £0.5m of goodwill attributable to Datatool; a provision of £0.2m for reorganisation and redundancy costs and £0.1m for write down of inventories.

Group – continuing operations	2009 £m	2008 £m
Revenue	10.5	7.7
Gross profit	6.3	4.7
<i>Gross profit percentage</i>	60%	61%
Net operating expenses	(5.6)	(4.3)
Total operating profit from continuing operations before property impairment	0.7	0.4
Impairment loss	-	(0.7)
Operating profit/(loss) from continuing operations	0.7	(0.3)
Provision for associate loan	-	(0.4)
Finance costs	-	(0.1)
Profit/(loss) before taxation	0.7	(0.8)
Taxation	(0.2)	0.3
Profit/(loss) on continuing operations after tax	0.5	(0.5)
Loss for the period from discontinued operations	(0.5)	-
Loss from continuing and discontinued operations	-	(0.5)
Non-controlling interests	-	(0.3)
Net loss attributable to members of the parent company	-	(0.8)
Earnings per share	Pence	Pence
– Continuing operations	0.56p	(0.94)p
– Continuing and discontinued operations	0.02p	(0.93)p

Operational review – continuing operations

Public transport 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" (Passenger Analysis System).

Sales in this division were up by 35% (£2.8m) from £7.7m in 2008 to £10.5m during the year. Solutions is the preferred supplier of on-board CCTV to Arriva UK Bus and supplied over 600 systems to Arriva in the UK and 150 systems to Arriva in mainland Europe during 2009. We now have approximately 6,000 on-board CCTV systems fitted to Arriva buses in the UK with a further 350 in mainland Europe. Arriva have over 7,000 buses in the UK with a further 8,000 vehicles in mainland Europe.

During the year, Solutions supplied 2,179 on-bus EcoManager systems to Arriva UK Bus bringing the total number installed to over 2,800. The EcoManager system is aimed at reducing fuel costs and exhaust emissions, improving safety and enhancing revenues for bus operators by monitoring driving styles against fuel consumption.

We already have pipeline orders for over 1,000 of these systems in the current year from Arriva in the UK and in February 2010 we won our first orders for 360 EcoManager units from Arriva in mainland Europe.

Following the award of the Go-Ahead contract in August 2009 we installed 200 on-bus CCTV systems to their fleet in the year. Go-Ahead have over 3,500 buses in the UK.

In January of the current year we were awarded Approved Supplier status with First Group UK Bus and received our first orders from them for 159 on bus CCTV systems. First Group UK Bus operates approximately 8,500 buses in the UK and we are actively tendering to become their preferred supplier for on board CCTV systems.

Net operating expenses

Net operating expenses for continuing activities as reported above were £5.6m compared to £4.3m in 2008. This increase of £1.3m for 2009 includes £2.7m of shared overheads which cannot be attributed directly to either continuing or discontinued operations. These overheads have been split between the activities pro-rata to sales and include depreciation, warehouse costs and the support departments such as IT, Finance, Administration and Personnel, along with the costs associated with being a public company. Total overheads for continuing activities in 2009, excluding its allocation of shared overheads (£2.2m) were £3.4m compared to £2.7m in 2008 (when shared overheads allocated to continuing activities were £1.6m). Consequently net operating expenses for continuing operations, after adjustment for shared overheads, increased by £0.7m compared to last year. This increase is mainly attributable to increased staff costs and subcontracted labour employed to provide the PTMS installation services.

Operational review – discontinued operations

Vehicle Installation Services

The principal activity within this discontinued operation was the replacement and installation of in-car entertainment and navigation systems for insurance company customers.

Sales at £1.4m were down by 50% on the prior year. Before the group repositioned itself into the public transport CCTV market, the nationwide insurance replacement of stolen in-car hifi was a major contributor to the group's results. However, with the advent of improved vehicle security and the introduction of in-car entertainment systems which are built into the dashboard, this business has been in steady decline for a number of years. While breakeven was achieved by the division before closure costs, management forecasts indicated that sales would continue to fall and that the division would inevitably move into significant losses. Consequently after consulting with customers and staff, the decision was taken by the board to cease activities in this sector.

Distribution

The principal activity of this discontinued operation was the distribution of motorcycle alarms and accessories through our Datatool business. Datatool sales of £1.5m for 2009 were slightly down on last year (2008: £1.7m), and after allocation of central overheads the division was only operating at breakeven compared to a profit of £0.1m in the prior year. Datatool was the last of the legacy distribution businesses in the group following the disposal of our in-car entertainment and car security businesses in 2007. In December 2009 Datatool was sold for a cash consideration of £0.5m.

Land and buildings

In October 2008 we granted an option to purchase the group's freehold premises in Mitcham, Surrey for £2.7m to a property company looking to redevelop the site. However, this option lapsed on 5 February 2010. While it was disappointing that the developers were unable to progress their planning application, the disposal of the under-utilised site at Mitcham is not vital to our immediate growth plans.

The consolidated statement of comprehensive income for 2008 included a provision of £0.7m to write down the carrying value of the freehold property to the estimated recoverable amount under the option and the tax charge for last year included a credit of £0.3m in respect of the reversal of the deferred tax provision required on the revaluation surplus.

In light of the positive cash position in the group we are well placed to take advantage of any up turn in the commercial property market through the disposal of the site at a later date and will continue to monitor the property market accordingly.

Objectives and outlook

Following the successful repositioning of the group as a public transport CCTV and other monitoring systems specialist we are well positioned to grow the business and have a strategy to maximise returns to shareholders in the future by:

- Expanding our existing customer base in the UK;
- Developing opportunities to generate recurring revenue from maintenance income for the existing installed CCTV systems of our UK customers;
- Growing our sales in Europe of both CCTV and EcoManager; and
- Continuing to invest in new innovation, such as EcoManager, to meet and drive customer needs.

We have made a good start to 2010, with a strong pipeline, and we are trading in line with expectations. Having won new business from First Group and our first orders for EcoManager in mainland Europe we are looking forward to building upon these early successes in 2010 and beyond.

Nick Grimond
Chief Executive

**Consolidated statement of comprehensive income
for the year ended 31 December 2009**

	Notes	2009 £'000	2008 £'000
Continuing operations			
Revenue	2	10,470	7,733
Cost of sales		(4,143)	(3,025)
Gross profit		6,327	4,708
Other operating income		93	103
Administrative expenses – property impairment		-	(720)
Administrative expenses – other		(5,675)	(4,408)
Administrative expenses – total		(5,675)	(5,128)
Operating profit/(loss)		745	(317)
Provision for associate loan		-	(430)
Finance costs		(54)	(44)
Profit/(loss) before taxation		691	(791)
Taxation	3	(192)	320
Profit/(loss) for the period from continuing operations		499	(471)
Discontinued operations			
(Loss)/profit for the period from discontinued operations	4	(481)	7
Profit/(loss) for the period		18	(464)
Attributable to:			
Equity holders of the parent		18	(764)
Non-controlling interests		-	300
		18	(464)
Earnings per share			
From continuing operations	5		
Basic and diluted		0.56p	(0.94)p
From continuing and discontinued operations			
Basic and diluted		0.02p	(0.93)p

**Consolidated statement of changes in equity
for the year ended 31 December 2009**

	Share capital	Share premium	Special and other reserve	Retained earnings	Total equity shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2008	8,169	3,387	1,249	(3,091)	9,714
Total comprehensive income for the period	-	-	-	(764)	(764)
Share based payments	-	-	-	77	77
Balance at 31 December 2008	8,169	3,387	1,249	(3,778)	9,027
Total comprehensive income for the period	-	-	-	18	18
Share based payments	-	-	-	19	19
Issue of equity share capital (note 7)	1,054	-	-	-	1,054
Purchase of non- controlling interest (note 7)	-	-	-	(2,083)	(2,083)
Balance at 31 December 2009	9,223	3,387	1,249	(5,824)	8,035

**Consolidated statement of financial position
as at 31 December 2009**

	Notes	2009 £'000	2008 £'000
Assets			
Non-current assets			
Goodwill	6	4,318	4,850
Other intangible assets		247	388
Property, plant and equipment		2,820	2,922
Deferred tax asset		200	212
		7,585	8,372
Current assets			
Inventories		1,658	1,501
Trade and other receivables		1,874	2,727
Cash and cash equivalents		773	2,172
		4,305	6,400
Total assets		11,890	14,772
Liabilities			
Current liabilities			
Trade and other payables		(2,785)	(2,748)
Current tax liabilities		(180)	-
Bank loans and overdrafts		(251)	(1,970)
Provisions		(72)	(72)
		(3,288)	(4,790)
Net current assets		1,017	1,610
Non-current liabilities			
Provisions		(205)	(275)
Deferred tax liabilities		(362)	(362)
		(567)	(637)
Total liabilities		(3,855)	(5,427)
Net assets		8,035	9,345

**Consolidated statement of financial position
as at 31 December 2009**

	2009	2008
	£'000	£'000
<i>Shareholders' equity</i>		
Share capital	9,223	8,169
Share premium account	3,387	3,387
Special reserve	1,206	1,206
Other reserve	43	43
Retained earnings	(5,824)	(3,778)
	<hr/>	<hr/>
<i>Equity attributable to equity holders of the parent</i>	8,035	9,027
Non-controlling interests	-	318
	<hr/>	<hr/>
Total equity	8,035	9,345

**Consolidated statement of cash flows
for the year ended 31 December 2009**

	Notes	2009	2008
		£'000	£'000
Net cash generated from operating activities	8	1,535	693
Cash flow from investing activities			
Disposal of discontinued operations	4	425	395
Purchases of property, plant and equipment		(81)	(48)
Purchases of intangible fixed assets		(212)	(76)
Purchase of shares in subsidiary	7	(1,054)	-
Net cash (used in)/generated from investing activities		(922)	271
Cash flow from financing activities			
Repayment of borrowings		(250)	(1,150)
Decrease in bank overdrafts		(1,469)	(474)
Dividend paid to non-controlling interest		(293)	(133)
Net cash used in financing activities		(2,012)	(1,757)
Net decrease in cash and cash equivalents		(1,399)	(793)
Cash and cash equivalents at beginning of year		2,172	2,965
Cash and cash equivalents at end of year		773	2,172

Other than the disposal proceeds disclosed above there was no cash flow from investing activities relating to the discontinued operations. Cash flows from operating and financing activities attributable to the discontinued operations cannot be meaningfully distinguished from those relating to continuing operations.

The cash in flow from disposal of discontinued activities in 2008 was in respect of deferred consideration on disposals made in 2007.

Notes to the preliminary results announcement for the year ended 31 December 2009

1. Basis of preparation

This preliminary results announcement for the year ended 31 December 2009 is unaudited.

While the financial information included in this preliminary results announcement has been computed in accordance with EU endorsed International Financial Reporting Standards (IFRSs) on a basis consistent with that adopted in the previous year, this announcement does not in itself contain sufficient information to comply with IFRSs.

The financial information contained in this preliminary announcement does not constitute statutory accounts for the year ended 31 December 2009. The financial information for the year ended 31 December 2008 is derived from the statutory accounts for that period which have been delivered to the Registrar and included an audit report which was unqualified and did not contain a statement under either Section 237(2) or Section 237(3) of the Companies Act 1985. The financial information for the year ended 31 December 2009 is derived from the statutory accounts for the period which include an audit report which is unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 and will be delivered to the Registrar of Companies following the company's Annual General Meeting.

2. Segmental reporting

The analysis by business area is based upon the group's reporting structure.

2009 - Continuing operations

	Public Transport Monitoring Systems £'000
Total revenue	<u>10,470</u>
Operating profit before reorganisation costs	944
Reorganisation costs	<u>(199)</u>
Operating profit after reorganisation costs	<u>745</u>

2. Segmental reporting (continued)

2009 - Discontinued operations

	Vehicle Installation Services	Distribution	Total
	£'000	£'000	£'000
Total revenue	3,648	1,504	5,152
Inter-segment sales	(2,255)	-	(2,255)
External revenue	<u>1,393</u>	<u>1,504</u>	<u>2,897</u>
Operating profit before disposal costs and proceeds	2	3	5
Datatool goodwill written off	-	(532)	(532)
Reorganisation and redundancy costs	(200)	(13)	(213)
Write down of inventories following disposals of businesses	(100)	-	(100)
Legal and professional fees on disposal	-	(21)	(21)
Operating loss before proceeds from disposals of businesses	<u>(298)</u>	<u>(563)</u>	<u>(861)</u>
Profit on sale of business	-	393	393
Operating loss after proceeds from disposals of businesses	<u>(298)</u>	<u>(170)</u>	<u>(468)</u>

2008 - Continuing operations

	Public Transport Monitoring Systems £'000	Unallocated £'000	Total £'000
Total revenue	<u>7,733</u>	-	<u>7,733</u>
Operating profit before impairment loss, restructuring costs and provision for associate loan	421	-	421
Impairment of freehold property	-	(720)	(720)
Restructuring costs	(18)	-	(18)
Provision for associate loan	(430)	-	(430)
Operating loss	<u>(27)</u>	<u>(720)</u>	<u>(747)</u>

2. Segmental reporting (continued)

2008 - Discontinued operations

	Vehicle Installation Services £'000	Distribution £'000	Total £'000
Total revenue	7,046	1,697	8,743
Inter-segment sales	(4,259)	-	(4,259)
External revenue	<u>2,787</u>	<u>1,697</u>	<u>4,484</u>
Operating profit before impairment loss, restructuring costs and provision for associate loan	9	150	159
Restructuring costs	(121)	(5)	(126)
Operating (loss)/profit	<u>(112)</u>	<u>145</u>	<u>33</u>

3. Taxation

Analysis of charge in year:

	2009 £'000	2008 £'000
<i>Current tax</i>		
UK corporation tax on the profit for the year (28%)	180	-
UK corporation tax overprovision in prior years	-	(70)
Total current tax charge/(credit)	<u>180</u>	<u>(70)</u>
Deferred tax charge/(credit)	12	(250)
Total tax charge/(credit) for the year	<u>192</u>	<u>(320)</u>

There was no tax payable on discontinued operations.

4. Discontinued operations

On 15 December 2009, the group entered into a sale agreement to dispose of its Datatool motorcycle security and accessories division. The disposal was completed on this date and from this date control of this division passed to the acquirers. On the same day the company announced that it would cease its insurance Vehicle Installation Services ("VIS") early in the New Year.

The results of these discontinued operations which have been included in the consolidated statement of comprehensive income for the year were as follows:

	2009 £'000	2008 £'000
Revenue	2,897	4,484
Expenses	(3,771)	(4,477)
(Loss)/profit before and after tax*	(874)	7
Profit on disposal of discontinued operations	393	-
Net (loss)/profit attributable to discontinued operations	<u>(481)</u>	<u>7</u>

*There was no tax payable on discontinued operations.

4. Discontinued operations (continued)

	2009 £'000
Book value of net assets sold	
Current assets – inventories	109
Non-current assets – property, plant and equipment	23
Net assets disposed of	<u>132</u>
Profit on disposal	<u>393</u>
	<u>525</u>
Consideration received in cash	425
Deferred sales proceeds	100
	<u>525</u>

5. Earnings per ordinary share

Basic earnings per share (“EPS”) is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. None of the company’s share options were dilutive as the option prices were all above the year end market value of the shares.

	Earnings £'000	2009 Per share amount Pence	Earnings £'000	2008 Per share amount Pence
From continuing and discontinued operations				
Basic EPS				
Earnings attributable to ordinary shareholders	<u>18</u>	<u>0.02</u>	(764)	(0.93)
Diluted EPS				
Earnings	<u>18</u>	<u>0.02</u>	(764)	(0.93)
From continuing operations				
Basic EPS				
Earnings attributable to ordinary shareholders	18	0.02	(764)	(0.93)
Adjustment to exclude loss/(profit) from discontinued operations	<u>481</u>	<u>0.54</u>	(7)	(0.01)
Earnings from continuing operations	<u>499</u>	<u>0.56</u>	(771)	(0.94)
Diluted EPS				
Earnings from continuing operations (as above)	<u>499</u>	<u>0.56</u>	(771)	(0.94)

Details of the weighted average number of ordinary shares used as the denominator in calculating the basic and diluted earnings per ordinary share is given below:

	2009 '000	2008 '000
Weighted average number of shares	<u>89,226</u>	<u>81,689</u>

6. Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	Cash generating unit		
	21 st Century (CPS) goodwill £'000	Datatool goodwill £'000	Total goodwill £'000
Deemed cost:			
At 1 January 2009 and 1 January 2008	4,318	532	4,850
Disposal	-	(532)	(532)
At 31 December 2009	4,318	-	4,318

7. Acquisition

On 14 April 2009 the group acquired the remaining 25% of the issued ordinary share capital of 21st Century Crime Prevention Services Ltd ("CPS") and as a consequence CPS became a wholly owned subsidiary of the group. The consideration for this final 25% was satisfied as follows:

	Fair value of consideration £'000
Cash paid on completion	554
Cash paid on 19 October 2009	500
Total cash paid	1,054
10,539,125 new 21 st Century ordinary shares issued as fully paid up at 10p	488
Total consideration at fair value	1,542

The fair value of the non cash consideration above represents the market price of the shares in 21st Century Technology plc at the date of the acquisition being 4.63p per share. In accordance with IFRS 3 (2008), the difference between the above consideration and the balance on non-controlling interest and the difference between the nominal value and the fair value of the shares issued as non cash consideration have been recognised directly in equity and attributed to equity holders in the parent within the consolidated statement of changes in equity shareholders' funds:

	£'000	£'000
Fair value of total consideration		1,542
Non-controlling interests balance at 1 January 2009	(318)	
Dividend paid to non-controlling interest in the period	293	
Balance of non-controlling interest at date of acquisition		(25)
		1,517
Nominal value of shares issued as non cash consideration	1,054	
Fair value of shares issues as non cash consideration	(488)	
		566
IFRS 3 (2008) adjustment recognised in equity shareholders' funds		2,083

8. Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2009	2008
	£'000	£'000
Profit/(loss) for the year	18	(464)
Adjustments for:		
Finance costs	54	70
Income tax expense/(credits)	192	(320)
Gain on disposal of discontinued operations	(393)	-
Goodwill written off on disposal of discontinued operations	532	
Impairment of freehold property	-	720
Depreciation of property, plant and equipment	175	243
Amortisation of intangible fixed assets	337	199
Share based payment expense	19	77
Decrease in provisions	(70)	(62)
Operating cash flows before movement in working capital	864	463
Increase in inventories	(157)	(210)
Decrease in receivables	853	1,444
Increase/(decrease) in payables	35	(934)
Cash inflow from operations	1,595	763
Interest paid	(60)	(70)
Net cash inflow from operating activities	1,535	693