

**Densitron Technologies plc**  
**Unaudited Interim Results**  
**For the Six months ended 30th June 2009**

Highlights

- Revenue decreased by 12% from £8.3m in 2008 to £7.3m in 2009.
- Orders booked in the period decreased by 39.4% from £9.9m in 2008 to £6.0m in 2009.
- A decrease in the total orderbook of £1.9m since 31 December 2008 from £10.4m to £8.5m at 30 June 2009.
- Net debt reduced by £0.7m from £1.9m at 31 December 2008 to £1.2m at 30 June 2009.
- Cost reduction program implemented in the first half which is expected to aid profitability in the second half.

Financial Highlights on continuing operations

	6 months to 30 <sup>th</sup> June 2009 Unaudited	6 months to 30 <sup>th</sup> June 2008 Unaudited
Revenue	£7.25m	£8.29m
(Loss)/profit from operations	£(0.14)m	£0.16m
(Loss)/profit before taxation	£(0.19)m	£0.08m
(Loss)/earnings per share	(0.28)p	0.01p
Gearing	17%	32%
Orderbook	£8.50m	£9.00m

## Chairman's Statement

With the current recession in mind we knew that it was going to be a difficult year. We saw signs in the latter part of 2008 that the US business was slowing down but little evidence through the remainder of the group. However, we have seen a reduction in orders received through the first half of the year across the Group as customers have been holding surplus inventory and have not therefore needed to place new orders. We have also seen customers with "call off" orders deferring "call off" until later in the year and other customers trying to delay previously confirmed orders. Against this background it was inevitable that the results for the first half were going to suffer and we have seen a reduction in revenue from £8.3m for the same period in 2008 to £7.3m in 2009. This has led to a reduction in gross profit from £2.6m in 2008 to £2.5m in 2009. We believe that we have turned the corner and June was the Company's best month in terms of orders booked since November 2008.

Administrative expenses have increased from £2.5m for the same period in 2008 to £2.7m in 2009. It should be noted that converting the administrative expenses incurred in 2008 at the exchange rates used in 2009 they would have been £2.9m. In view of the reduced level of orders received in the first half a number of cost saving measures have been undertaken and the full extent of these will be seen in the second half of the year.

We have further reduced the level of net debt within the Group from £1.9m at 31 December 2008 to £1.2m at 30 June 2009 with a consequential reduction in the level of gearing from 24% at the end of 2008 to 17% at the end of June 2009.

### Operational review

*The Group's operations are primarily the design, development, marketing and selling of electronic displays, the electronics that drive them and the plastics that house them.*

**European business** – The European business has had mixed fortunes during the first half of 2009. The UK and Nordic regions have been significantly adversely affected by the recession while France has managed to achieve a significant growth in order input compared with the same period in 2008 and Germany has achieved increasing sales revenues. It has been necessary to reduce the level of administrative expenses in the UK and delay the planned expansion into certain geographical locations that are currently served by distributors. The cost savings will be seen in the second half of the year.

Overall, the European businesses achieved orders of £3.8m in the first half of 2009 compared with £6.1m in the same period in 2008. Sales revenue was £3.8m compared with £4.5m in the first half of 2008 and gross profit was £1.3m compared with £1.4m in 2008.

The European subsidiaries continue to have a significant order pipeline which will underpin the recovery in the second half of the year.

**US business** – The US business began to see a slowdown in order input during the final quarter of 2008 which has continued into 2009. It was clear that despite a good first quarter, revenues would not be able to be sustained for the remainder of the year and consequently steps were taken to make significant cost savings. As a result of these actions we are confident that the US business will be able to generate a return to the Group for the year, albeit on reduced revenues.

In the US, orders for the first six months were £1.6m compared with £3.4m in 2008, a reduction of 53%. Sales in 2009 were £2.7m compared with £3.0m for the same period in 2008. Gross profit was £0.7m compared with £0.8m in 2008.

**Asian business** – The Asian business is made up of Densitron Asia and Densitron Corporation of Japan. In the six months to 30 June 2009 orders were £0.7m compared with £0.5m in 2008, an increase of 40%. Sales were the same at £0.8m and gross profit was £0.5m compared with £0.3m in 2008, an increase of 67%.

Both the Asian subsidiaries have performed well in the first half of the year. While Densitron Asia's primary function is to support the rest of the Group by providing the link to Taiwanese and Chinese

factories, Densitron Japan has continued to perform well in a very competitive market and has some significant opportunities in its pipeline.

### **Evervision Electronics Corporation**

*Evervision is the Group's 24.48% investment in a Taiwanese display manufacturing company.*

Evervision continues to be modestly loss making, due partly to the level of depreciation being recognised in the accounts. It remains significantly cash rich and we are continuing to work with the Board of Evervision to provide a return to its shareholders.

### **Land at Blackheath**

*This is a 1.25 acre strip of land in Blackheath, London, which the Company has owned for a number of years.*

I reported in the Chairman's statement in the 2008 Annual Report that planning consultants had been appointed to manage the planning process. A report has been produced detailing the strategy that would give the best chance of obtaining planning permission. However, it has recently come to our attention that the timescales for the Local Development Framework (LDF), the body that has been set up to review all areas of undeveloped land, have been extended and they now expect to conclude the review process in the first half of 2012 although there is no guarantee of this. Consequently we are in the process of reviewing the options of how to proceed.

### **Outlook**

I remain confident that the Company will return to profitability in the second half of the year and that the Company will return a small profit for the year as a whole. There are signs that the economies in which our subsidiaries operate are slowly recovering and exiting recession. I believe that full recovery will take time but that the Company is well positioned to take advantage of opportunities as they arise.

Jan Holmstrom  
7 September 2009

**Unaudited Condensed Consolidated Income statement**  
**For the six months ended 30th June 2009**

	<b>6 months to 30<sup>th</sup> June 2009 £000</b>	<b>6 months to 30th June 2008 £000</b>	<b>Year to 31st December 2008 Audited £000</b>
<b>Continuing operations</b>			
Revenue	7,252	8,289	18,287
Cost of sales	<u>(4,760)</u>	<u>(5,717)</u>	<u>(12,783)</u>
<b>Gross profit</b>	<b>2,492</b>	<b>2,572</b>	<b>5,504</b>
Other operating income	103	59	281
Distribution costs	(25)	(19)	(49)
Administrative expenses	<u>(2,710)</u>	<u>(2,455)</u>	<u>(5,268)</u>
<b>(Loss)/profit from operations</b>	<b>(140)</b>	<b>157</b>	<b>468</b>
Financial income	20	26	43
Financial expenses	<u>(69)</u>	<u>(103)</u>	<u>(194)</u>
<b>(Loss)/profit before tax</b>	<b>(189)</b>	<b>80</b>	<b>317</b>
Income tax expense	<u>(9)</u>	<u>(63)</u>	<u>(123)</u>
<b>(Loss)/profit for the period</b>	<b><u>(198)</u></b>	<b><u>17</u></b>	<b><u>194</u></b>
<b>Attributable to:</b>			
Equity holders of the parent	(196)	4	175
Minority interests	<u>(2)</u>	<u>13</u>	<u>19</u>
	<b><u>(198)</u></b>	<b><u>17</u></b>	<b><u>194</u></b>
<b>Basic and diluted earnings per share</b>			
(Loss)/earnings per share from continuing and discontinued operations	<u>(0.28)p</u>	<u>0.01p</u>	<u>0.25p</u>
(Loss)/earnings per share on continuing operations	<u>(0.28)p</u>	<u>0.01p</u>	<u>0.25p</u>

**Unaudited Condensed Statement of comprehensive income  
For the six months to 30th June 2009**

	<b>6 months to 30th June 2009 £000</b>	6 months to 30th June 2008 £000	Year to 31st December 2008 Audited £000
(Loss)/profit for the period	<b>(198)</b>	17	194
<b>Other comprehensive income:</b>			
Foreign currency translation differences for foreign operations	<b>(325)</b>	(72)	509
Total comprehensive income for the period	<u><b>(523)</b></u>	<u>(55)</u>	<u>703</u>
Attributable to:			
Equity holders of the parent	<b>(521)</b>	(68)	684
Minority interests	<b>(2)</b>	13	19
	<u><b>(523)</b></u>	<u>(55)</u>	<u>703</u>

**Unaudited Condensed Consolidated Balance Sheet**  
As at 30th June 2009

	30th June 2009	30th June 2008	31st December 2007 Audited
	£000	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	201	211	246
Goodwill	143	143	143
Financial assets	6,185	6,331	6,393
Deferred tax assets	63	23	60
	<u>6,592</u>	<u>6,708</u>	<u>6,842</u>
<b>Current assets</b>			
Inventories	1,084	799	1,432
Trade and other receivables	2,396	3,959	5,296
Financial assets	391	589	495
Income tax recoverable	95	60	76
Cash and cash equivalents	1,450	1,446	1,812
	<u>5,416</u>	<u>6,853</u>	<u>9,111</u>
<b>Total assets</b>	<u>12,008</u>	<u>13,561</u>	<u>15,953</u>
<b>Current liabilities</b>			
Borrowings	2,432	3,374	3,362
Trade and other payables	1,851	2,607	4,194
Current tax payable	31	3	55
Provisions	84	-	84
	<u>4,398</u>	<u>5,984</u>	<u>7,695</u>
<b>Non-current liabilities</b>			
Borrowings	240	271	312
Provisions	154	283	188
Deferred tax liabilities	4	8	5
	<u>398</u>	<u>562</u>	<u>505</u>
<b>Total liabilities</b>	<u>4,796</u>	<u>6,546</u>	<u>8,200</u>
	<u>7,212</u>	<u>7,015</u>	<u>7,753</u>
<b>Equity</b>			
Share Capital	3,483	3,483	3,483
Retained earnings	3,281	3,305	3,428
Special reserve	340	367	390
Translation reserve	56	(200)	381
<b>Equity attributable to shareholders of Densitron</b>	<u>7,160</u>	<u>6,955</u>	<u>7,682</u>
Minority interests	52	60	71
<b>Total equity</b>	<u>7,212</u>	<u>7,015</u>	<u>7,753</u>

**Unaudited Condensed Statement of Changes in Shareholders Equity  
For the 6 months to 30th June 2009**

	Share capital £000	Translation reserve £000	Special reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2008	3,483	(128)	478	3,190	7,023
Total comprehensive income for the period	-	(72)	-	4	(68)
Transfer from special reserve	-	-	(111)	111	-
Balance at 30 June 2008	3,483	(200)	367	3,305	6,955
Total comprehensive income for the period	-	581	-	146	727
Transfer to special reserve	-	-	23	(23)	-
Balance at 31 December 2008	3,483	381	390	3,428	7,682
Total comprehensive income for the period	-	(325)	-	(197)	(522)
Transfer from special reserve	-	-	(50)	50	-
<b>Balance at 30 June 2009</b>	<b>3,483</b>	<b>56</b>	<b>340</b>	<b>3,281</b>	<b>7,160</b>

**Unaudited Condensed Consolidated Cash flow Statement  
For the 6 months ended 30th June 2009**

	<b>6 months to 30th June 2009 £000</b>	6 months to 30th June 2008 £000	Year to 31st December 2008 Audited £000
<b>Cash flows from operating activities</b>			
(Loss)/profit before taxation	(189)	80	317
<b>Adjustments for:</b>			
Depreciation	30	23	51
Net finance expense	49	77	151
Exchange adjustments	(138)	(69)	(119)
	<u>(248)</u>	<u>111</u>	<u>400</u>
Change in financial asset	(98)	-	(102)
Change in inventories	180	(139)	(600)
Change in trade and other receivables	2,531	(1,431)	(2,153)
Change in trade and other payables	(1,928)	664	1,858
Change in provisions	(34)	5	34
	<u>403</u>	<u>(790)</u>	<u>(563)</u>
Income tax paid	(59)	(110)	(187)
<b>Net cash from/(used in) operating activities</b>	<u>344</u>	<u>(900)</u>	<u>(750)</u>
<b>Cash flows from investing activities</b>			
Interest received	3	26	43
Proceeds from sale of plant, property and equipment	-	-	17
Disposal of discontinued operation	410	434	568
Acquisition of plant, property and equipment	(3)	(22)	(68)
	<u>410</u>	<u>438</u>	<u>560</u>
<b>Cash flows from financing activities</b>			
Purchase of own shares	-	-	(25)
Inception of new loans	-	250	345
Repayment of borrowings	(57)	(394)	(693)
Interest paid	(52)	(132)	(196)
Payment of finance leases	(5)	(10)	(21)
Change in trade finance creditor	(567)	154	354
Change in letters of credit	(316)	80	131
Dividends paid to minorities	(9)	(10)	(17)
<b>Net cash used in financing activities</b>	<u>(1,006)</u>	<u>(62)</u>	<u>(122)</u>
Net decrease in cash and cash equivalents	(252)	(524)	(312)
<b>Cash and cash equivalents at 1<sup>st</sup> January</b>	<b>1,202</b>	872	872
Effect of exchange rate fluctuation on cash held	(238)	49	642
<b>Cash and cash equivalents at the end of the period</b>	<u>712</u>	<u>397</u>	<u>1,202</u>

**Notes to the Unaudited Condensed Financial Statements  
For the six months ended 30th June 2009**

**1. General information**

Densitron Technologies plc is a public limited company (“the Company”) incorporated in the United Kingdom under the Companies Act 1985 (registration number 1962726).

The Company is domiciled in the United Kingdom and its registered address is 5<sup>th</sup> Floor, 145 Cannon Street, London, EC4N 5BP. The Company’s Ordinary Shares are traded on the Alternative Investment Market (“AIM”). The Group’s principal activities are the design, development and delivery of electronic display and display related technologies.

**2. Basis of preparation**

This unaudited consolidated interim financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union collectively EU IFRSs). The principal accounting policies used in preparing the interim results are those it expects to apply in its financial statement for the year ended 31 December 2009 and are unchanged from those disclosed in the group’s Annual Report for the year ended 31 December 2008.

The financial information for the six months ended 30 June 2009 and 30 June 2008 is unreviewed and unaudited and does not constitute the group’s statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2008 has, however, been derived from the audited statutory financial statement for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditors’ report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

The financial information in the Interim Report is presented in Sterling and all values are rounded to the nearest thousand pounds (£’000) except when otherwise indicated.

**3. Revenue**

	<b>6 months to 30th June 2009 Unaudited £000</b>	6 months to 30th June 2008 Unaudited £000	Year to 31st December 2008 Audited £000
<b>Revenue by location of reporting entity</b>			
Europe	<b>3,797</b>	4,503	9,878
USA	<b>2,681</b>	3,006	6,891
Asia	<b>774</b>	780	1,518
	<b>7,252</b>	8,289	18,287
<b>Gross profit by location of reporting entity</b>			
Europe	<b>1,294</b>	1,428	3,021
USA	<b>747</b>	802	1,732
Asia	<b>451</b>	342	751
	<b>2,492</b>	2,572	5,504

#### 4. Segmental analysis

	Displays division	Head office	Total
	6 months to 30 <sup>th</sup> June 2009 Unaudited £000	6 months to 30 <sup>th</sup> June 2009 Unaudited £000	6 months to 30 <sup>th</sup> June 2009 Unaudited £000
<i>Revenue</i>			
Total	10,002	-	10,002
Intercompany	(2,750)	-	(2,750)
External	7,252	-	7,252
<i>(Loss) before tax</i>			
Continuing operations	(68)	(121)	(189)
	6 months to 30 <sup>th</sup> June 2008 Unaudited £000	6 months to 30 <sup>th</sup> June 2008 Unaudited £000	6 months to 30 <sup>th</sup> June 2008 Unaudited £000
<i>Revenue</i>			
Total	10,447	-	10,447
Intercompany	(2,158)	-	(2,158)
External	8,289	-	8,289
<i>Profit/(loss) before tax</i>			
Continuing operations	371	(291)	80
	Year to 31 <sup>st</sup> December 2008 Audited £000	Year to 31 <sup>st</sup> December 2008 Audited £000	Year to 31 <sup>st</sup> December 2008 Audited £000
<i>Revenue</i>			
Total	23,480	-	23,480
Intercompany	(5,193)	-	(5,193)
External	18,287	-	18,287
<i>Profit/(loss) before tax</i>			
Continuing operations	683	(366)	317

#### 5. Taxation

Taxation for the 6 months ended 30<sup>th</sup> June 2009 has been calculated by applying the estimated tax rate for the current financial year ending 31<sup>st</sup> December 2009.

#### 6. Dividend

No dividend is to be paid in the period (2008: Nil).

#### 7. Earnings per share

	<b>6 months to 30th June 2009 Unaudited £000</b>	6 months to 30th June 2008 Unaudited £000	Year to 31st December 2008 Audited £000
<b>(Loss)/profit attributable to ordinary shareholders</b>			
Continuing operations	<b>(196)</b>	4	175
<b>Weighted average number of ordinary shares</b>			
Issued at 1 January 2009	<b>69,669,106</b>	69,669,106	64,669,106
Effect of purchase of Treasury shares on 23 <sup>rd</sup> October 2008	<b>(500,000)</b>	-	(94,521)
Weighted average number of ordinary shares at 30 <sup>th</sup> June 2009	<b>69,169,106</b>	69,669,106	69,574,585

### 9. Copies of Interim report

The Interim report is available to view and download from the Company's website at [www.densitron.com](http://www.densitron.com). If shareholders would like a hardcopy of the interim report they should contact the Company Secretary, Tim Pearson.