

DENSITRON TECHNOLOGIES PLC

PRELIMINARY UNAUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2009

Densitron Technologies plc (“Densitron” or the “Company” or the “Group”), the designer and developer of electronic displays is pleased to announce its preliminary unaudited results for the year ended 31st December 2009.

A very difficult trading environment saw a fall in sales and orderbook, but due to careful management of administrative expenses the Group remained profitable.

- Revenue decreased by 17% from £18.3million in 2008 to £15.1 million in 2009.
- Profit from continuing operations decreased by £0.2 million to £0.2 million in 2009.
- Bank borrowings substantially reduced from £3.7 million in 2008 to £1.9 million in 2009.
- Orderbook at 31st December 2009 was £8.1 million.
- Pipeline of new business opportunities strengthened during the year and into 2010.
- Key customers retained despite a difficult trading environment.
- £1.2m received following a capital reduction in Evervision.

	2009 £millions	2008 £millions
Revenue	15.1	18.3
Profit from operations	0.2	0.4
Basic earnings per share	0.18p	0.25p
Gearing	4%	24%
Order Book	8.1	10.4

Jan G Holmstrom, Chairman of Densitron, commented:

“Despite a very difficult trading environment, which saw a fall in sales and orderbook, careful management of administrative expenses has enabled the Group to remain profitable. With the trading environment improving I believe Densitron is well positioned for the future.”

Enquiries:

Densitron
Grahame Falconer / Tim Pearson
Tel: 0207 648 4200

Westhouse Securities
Tim Metcalfe / Martin Davison
Tel: 020 7601 6100

Chairman's Statement

Having weathered the recession and managed to retain customers, suppliers and staff alike I believe that Densitron is in a good position to build on the platform that had been set already in 2008. In my Chairman's Statement in the 2008 Annual Report I wrote that 2009 was expected to be a difficult year for all businesses and so it proved. The extent of the recession was such that it was impossible not to have been affected by it.

Densitron Displays

The displays business entered 2009 with a solid foundation having grown significantly during the previous 12 months. We had seen a slowdown in orders in the final quarter of 2008 in the US, but the rest of the Group had been largely unaffected. During the first quarter of 2009 we saw a gradual reduction in orders throughout the Group and by the middle of the year saw the consequential reduction in sales. Due to the lead times involved in converting an order into a sale the Group was able to identify the fall off in sales and margin early enough to take remedial action. This, along with a modest increase in sales in the second half, enabled the business to generate a small profit for the year as a whole.

Evervision Electronics Co. Ltd (Evervision)

Evervision is a Taiwanese display manufacturer with factories in Taiwan and mainland China, in which Densitron owns 24.48% of the share capital.

In my 2008 Chairman's Statement I reported that Evervision had rationalised its business by reducing the number of factories it operated from and moving parts of its manufacturing capability to its factory in Kunshan, China, which is fully owned. With the worldwide recession experienced during 2009 Evervision had placed itself to withstand much of the pressures that this inevitably put on the company. It was again, modestly loss making during the year but generated cash from its operations.

At the beginning of 2009 Evervision had approximately £13.5 million of its assets in cash but because it had no distributable reserves it remained unable to pay dividends to its shareholders. In June 2009, as a response to this situation, the Board of Evervision made the decision to return some of this cash to shareholders by way of a capital reduction. This resulted in Densitron receiving a cash payment of £1.2 million from Evervision in December 2009.

Despite the capital reduction completed in December, Evervision continues to hold a significant amount of cash and Densitron will seek a further capital reduction by Evervision in 2010.

Land at Blackheath

Following the disposal of the playing fields at Blackheath, London, to the local Council the Group has retained ownership of a piece of land totalling 1.25 acres. The land is an infill site in a residential area of Blackheath and it is the intention of the Board to seek planning permission for residential development.

The land, along with the disposed playing fields, is subject to a Metropolitan Open Land Order which prevents development. It is the Board's intention to contend that this designation is no longer appropriate and that sensitive development would enhance rather than detract from the local area.

The planning application, along with the required surveys and other documentation should be ready for submission in the next few weeks. The land is currently held in the books of the Group at cost and should satisfactory planning consent be obtained the Board believes that the value would be significantly enhanced. The Board will keep shareholders informed when there are any significant developments with the land.

Banking arrangements

The Group continues to maintain close links to its primary banker, Barclays Bank PLC, with regular meetings held to update the bank on results and expected future prospects. Due to changes in the banking environment during 2009 Barclays expressed their desire to reduce the level of facilities available to the Group. This was in line with what the executive directors were already in the process of doing, having put in place a program to reduce the level of debt within the group following the disposal of its loss making businesses.

The £1.2 million received following the capital reduction in Evervision was used to repay a loan in Taiwan that was being guaranteed by Barclays in the UK and to assist with working capital in our Taiwanese branch.

At the end of 2009 the level of bank borrowings within the group had fallen to £1,934,000 (2008: £3,674,000) which represented a very significant improvement.

Outlook and strategy

The outlook for the business remains encouraging and we have seen a significant growth in the order book in the first quarter of 2010. There is no doubt that the market for displays continues to grow and the Group has positioned itself to take advantage of this, whilst maintaining a wide range of technologies and product solutions for its customers. Our strategy of organic growth coupled with strategic acquisitions should they arise, remains unchanged.

Finally I would like to thank the directors and staff at Densitron for their commitment during an extremely difficult period for the Company, during which many employees have made sacrifices. Additionally I would like to thank shareholders for their continuing support.

Jan G Holmstrom

Chairman

Densitron Technologies plc
 Consolidated income statement
 For the year ended 31 December 2009

	2009	2008
	£000	Restated £000
Continuing operations		
Revenue	15,123	18,287
Cost of sales	<u>(10,188)</u>	<u>(12,783)</u>
Gross profit	4,935	5,504
Other operating income	269	184
Distribution costs	(50)	(49)
Administrative expenses	<u>(4,908)</u>	<u>(5,268)</u>
Profit from operations	246	371
Financial income	28	140
Financial expenses	<u>(115)</u>	<u>(194)</u>
Profit before tax	159	317
Income tax expenses	<u>(48)</u>	<u>(123)</u>
Profit for the period	<u>111</u>	<u>194</u>
Attributable to:		
Equity holders of the parent	122	175
Non-controlling interests	<u>(11)</u>	<u>19</u>
	<u>111</u>	<u>194</u>
Basic and diluted earnings per share	<u>0.18p</u>	<u>0.25p</u>

Densitron Technologies plc
 Consolidated statement of comprehensive income
 For the year ended 31 December 2009

	2009	2008
	£000	Restated £000
Profit for the year	<u>111</u>	<u>194</u>
Other comprehensive income		
Available for sale investments:		
Valuation gains on available for sale investments	54	-
Exchange (losses)/gains on translation of foreign operations	(354)	526
Total other comprehensive income	<u>(300)</u>	<u>526</u>
Total comprehensive income for the year	<u>(189)</u>	<u>720</u>
Total comprehensive income attributable to:		
Owners of the parent	(171)	684
Non-controlling interests	(18)	36
	<u>(189)</u>	<u>720</u>

Densitron Technologies plc
Consolidated Balance Sheet
At 31 December 2009

	2009 £000	2008 £000
Non current assets		
Property, plant and equipment	235	246
Goodwill	143	143
Financial assets	5,100	6,393
Deferred tax assets	47	60
	<u>5,525</u>	<u>6,842</u>
Current assets		
Inventories	667	1,432
Trade and other receivables	3,681	5,296
Financial assets	393	495
Income tax recoverable	128	76
Cash and cash equivalents	1,626	1,812
	<u>6,495</u>	<u>9,111</u>
Total assets	<u>12,020</u>	<u>15,953</u>
Current liabilities		
Short term borrowings and overdrafts	1,934	3,362
Trade and other payables	2,248	4,194
Current tax payable	70	55
Provisions	34	84
	<u>4,286</u>	<u>7,695</u>
Non current liabilities		
Borrowings	-	312
Provisions	178	188
Deferred tax liabilities	-	5
	<u>178</u>	<u>505</u>
Total liabilities	<u>4,464</u>	<u>8,200</u>
	<u>7,556</u>	<u>7,753</u>
Equity		
Share Capital	3,483	3,483
Retained earnings	3,752	3,428
Special reserve	188	390
Available for sale reserve	54	-
Translation reserve	34	381
Equity attributable to shareholders of Densitron	<u>7,511</u>	<u>7,682</u>
Non-controlling interests	45	71
Total equity	<u>7,556</u>	<u>7,753</u>

Densitron Technologies plc
Consolidated Statement Cash Flow Statement
For the year ended 31 December 2009

	2009	2008
	£000	£000
Cash flows from operating activities		
Profit before taxation	160	317
Adjustments for:		
Depreciation	50	51
Net finance expense	92	151
	<u>302</u>	<u>519</u>
Change in financial assets	(446)	(221)
Change in inventories	654	(600)
Change in trade and other receivables	1,423	(2,153)
Change in trade and other payables	(1,681)	1,858
Change in provisions	(60)	34
	<u>192</u>	<u>(563)</u>
Income tax paid	(79)	(187)
Net cash from operating activities	<u>113</u>	<u>(750)</u>
Cash flows from investing activities		
Interest received	23	43
Proceeds from sale of property, plant and equipment	-	17
Proceeds from capital reduction of available for sale investment	1,139	-
Disposal of discontinued operation	495	568
Acquisition of property, plant and equipment	(54)	(68)
Net cash generated from investing activities	<u>1,603</u>	<u>560</u>
Cash flows from financing activities		
Purchase of own shares	-	(25)
Inception of new loans	16	345
Repayment of borrowings	(1,015)	(693)
Interest paid	(115)	(196)
Payment of finance lease liabilities	(5)	(21)
Change in invoice discounting creditor	(251)	354
Change in letters of credit	(281)	131
Dividend paid to non-controlling interests	(8)	(17)
Net cash used in financing activities	<u>(1,659)</u>	<u>(122)</u>
Net decrease in cash and cash equivalents	57	(312)
Cash and cash equivalents at 1 st January	1,202	872
Effect of exchange rate fluctuations on cash held	(154)	642
Cash and cash equivalents at 31st December	<u>1,105</u>	<u>1,202</u>

Densitron Technologies plc
Statement of changes in equity
For the year ended 31 December 2009

	Share Capital	Translation reserve	Special reserve	Available for sale reserve	Retained earnings	Total attributable to equity holders of parent	Non- controlling interest	Total Equity
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 st December 2008	3,483	(128)	478	-	3,190	7,023	52	7,075
Total comprehensive income	-	509	-	-	175	684	36	720
Purchase of own shares	-	-	-	-	(25)	(25)	-	(25)
Distribution to non- controlling interest	-	-	-	-	-	-	(17)	(17)
Transfer from special reserve	-	-	(88)	-	88	-	-	-
Balance at 31 st December 2008	<u>3,483</u>	<u>381</u>	<u>390</u>	<u>-</u>	<u>3,428</u>	<u>7,682</u>	<u>71</u>	<u>7,753</u>
Balance at 1 st December 2009	3,483	381	390	-	3,428	7,682	71	7,753
Total comprehensive income	-	(347)	-	54	122	(171)	(18)	(189)
Distribution to non- controlling interest	-	-	-	-	-	-	(8)	(8)
Transfer from special reserve	-	-	(202)	-	202	-	-	-
Balance at 31 st December 2009	<u>3,483</u>	<u>34</u>	<u>188</u>	<u>54</u>	<u>3,752</u>	<u>7,511</u>	<u>45</u>	<u>7,556</u>

The 2008 consolidated statement of comprehensive income and the 2008 statement of changes in equity have been amended to show the cost of the purchase of the Company's own shares separately and incorporate the exchange movement of non-controlling interests within total comprehensive income.

Densitron Technologies plc
Notes to the Consolidated Financial Statements
For the year ended 31 December 2009

1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (Adopted IFRSs) and are in accordance with IFRS as issued by the IASB.

The accounting policies applied are consistent with those set out in the financial statements of Densitron Technologies plc for the year ended 31st December 2008. The financial information in the announcement is unaudited and does not constitute the company's statutory accounts for the years ended 31st December 2009 or 2008. The financial information for the year ended 31st December 2008 is derived from the statutory accounts for that year, which were prepared under IFRSs as adopted by the EU, which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under the Companies Act 1985, s 237(2) or (3).

The statutory accounts for the year ended 31st December 2009, prepared in accordance with IFRSs as adopted by the EU, will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

2. Other income

	2009 £000	2008 £000
Commissions receivable	5	11
Royalties receivable	186	101
Rent receivable	5	6
Deferred consideration receivable	70	63
Other	3	3
	<u>269</u>	<u>184</u>

3. Financial income and expense

	2009 £000	2008 £000
<i>Financial income</i>		
Exchange gains	5	97
Bank deposit interest	2	9
Interest on deferred consideration	21	34
	<u>28</u>	<u>140</u>
<i>Financial expenses</i>		
Bank borrowings	102	146
Hire purchase and finance leases	-	2
Invoice discounting charge	12	21
Other loan interest payable	1	25
	<u>115</u>	<u>194</u>

4. Business and geographical segments

The Chief operating decision maker in the organization is made up of an Executive Committee comprising the Executive Directors and Chairman, they have determined the operating segments detailed within this report and on which the business is managed. The Group is managed on a geographical basis determined by the location in which subsidiaries are located and resources are allocated as required on this basis.

The Group is managed by the geographical location of its subsidiaries:

- *Europe* – The European market, being so diverse, is serviced by subsidiaries based in four locations:
 - UK – the UK is responsible for business conducted in the UK, management of the Group's distribution network and sales into other locations where the Group does not have a physical presence. The UK business contributed 23% (2008: 26%) to Group revenues.
 - France – the subsidiary in France is responsible for business conducted in France and with French customers whose manufacturing operations maybe located elsewhere in the world. The French business contributed 14% (2008: 12%) to Group revenues.
 - Nordic – Densitron Nordic is the Group's subsidiary located in Finland and servicing business locally along with Sweden and customers located in the Baltic region. The Finnish business contributed 4% (2008: 7%) to Group revenues.
 - Germany – Densitron Deutschland is the Group's subsidiary based in Germany. It is responsible for business conducted in Germany, Switzerland and Austria and through the Group's distributor based in Germany. The German business contributed 15% (2008: 9%) to Group revenues.

In total the European region represented the largest part of the business contributing 56% (2008: 54%) to Group revenues.

- *US* – the US segment is responsible for business conducted in the US, Canada and Central and South America. It represents 34% (2008: 38%) of the Group total revenues.
- *Asia* – The Asian segment is made up of subsidiaries located in Japan and Taiwan.
 - Japan – Densitron Japan is responsible for sales into Japan. It contributed 9% (2008: 7%) to Group revenues.
 - Taiwan - Densitron Asia is the Group's subsidiary located in Taiwan. It is primarily a facilitating function for the rest of the Group managing suppliers located in Taiwan and China. It contributed 1% (2008: 1%) to Group revenues.

Inter-segment transfer pricing is based on the level of work carried out and the risk encountered by each party in order to make a third party sale.

	UK £000	France £000	Finland £000	Germany £000	US £000	Japan £000	Asia £000	Total £000
2009								
Revenue								
Total	4,960	2,084	677	2,245	5,224	1,576	3,811	20,577
Intercompany	(1,503)	(37)	-	-	(25)	(265)	(3,624)	(5,454)
Revenue from external customers	3,457	2,047	677	2,245	5,199	1,311	187	15,123
Profit/(loss) before tax	(29)	(15)	(57)	74	244	59	15	291
Balance Sheet								
Assets	1,043	703	366	971	1,758	951	552	6,344
Liabilities	(1,485)	(345)	(79)	(139)	(874)	(199)	(438)	(3,559)
Net assets	(442)	358	287	832	884	752	114	2,785
Other								
Interest payable	54	2	1	-	9	1	30	97
Capital expenditure								
- Property, plant and equipment	-	1	-	-	52	-	-	53
- Depreciation	2	2	2	1	32	-	3	42
	UK £000	France £000	Finland £000	Germany £000	US £000	Japan £000	Asia £000	Total £000
2008								
Revenue								
Total	5,704	2,403	1,271	1,615	6,927	1,361	4,199	23,480
Intercompany	(1,023)	(92)	-	-	(36)	(114)	(3,928)	(5,193)
Revenue from external customers	4,681	2,311	1,271	1,615	6,891	1,247	271	18,287
Profit/(loss) before tax	69	63	130	53	432	4	84	835
Balance Sheet								
Assets	2,009	1,142	641	968	2,221	1,448	693	9,122
Liabilities	(2,111)	(376)	(137)	(132)	(1,279)	(354)	(2,647)	(7,036)
Net assets	(102)	766	504	836	942	1,094	(1,954)	2,086
Other								
Interest payable	76	7	-	-	9	2	36	130
Capital expenditure								
- Property, plant and equipment	18	5	4	2	44	-	-	73
- Depreciation	3	2	3	1	21	-	3	33

Reconciliation of reportable segments, profit and loss, assets and liabilities to the Group's corresponding amounts:

	2009 £000	2008 £000
Revenue		
Total revenue for reported segments	20,577	23,480
Elimination of inter-segmental revenues	<u>(5,454)</u>	<u>(5,193)</u>
Group's revenue per consolidated statement of comprehensive income	<u>15,123</u>	<u>18,287</u>
	2009 £000	2008 £000
Profit after income tax expense		
Total profit for reporting segments	291	835
Costs associated with head office	(132)	(518)
Income tax expenses	<u>(48)</u>	<u>(123)</u>
Profit after income tax expense	<u>111</u>	<u>194</u>
	2009 £000	2008 £000
Assets		
Total assets for reportable segments	6,344	9,122
Assets attributable to Head Office	517	589
Land at Blackheath	49	49
Evervision investment	5,100	6,185
Other non segmental assets	<u>10</u>	<u>8</u>
Group assets	<u>12,020</u>	<u>15,953</u>
	2009 £000	2008 £000
Liabilities		
Total liabilities for reportable segments	3,559	7,036
Liabilities attributable to Head Office	<u>905</u>	<u>1,164</u>
Group liabilities	<u>4,464</u>	<u>8,200</u>

The analysis of the Group's segmental information by geographical location is:

	External revenue by location of customers		Non current assets by location of asset		Capital expenditure by location of assets	
	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2008 £000
<i>Total operations</i>						
UK	1,968	3,085	212	430	1	18
Europe	5,571	5,661	13	19	-	11
USA	4,791	7,181	179	204	52	44
Asia	2,333	2,153	5,121	6,189	-	-
Rest of the world	460	207	-	-	-	-
	<u>15,123</u>	<u>18,287</u>	<u>5,525</u>	<u>6,842</u>	<u>53</u>	<u>73</u>

5. Tax expense

	2009 £000	2008 £000
<i>Current tax expense</i>		
UK corporation tax and income tax of overseas operations on profits for the year	8	116
Adjustments for (over)/under provision in prior periods	<u>30</u>	<u>12</u>
	38	128
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	<u>10</u>	<u>(5)</u>
Total tax charge	<u>48</u>	<u>123</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2009 £000	2008 £000
Profit before tax	<u>159</u>	<u>317</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 28% (2008: 30%)	45	95
Losses carried forward	96	62
Disallowed expenses	4	16
Non taxable income	(3)	(7)
Movement in unprovided deferred tax assets	3	7
Utilisation of tax losses brought forward	(133)	(51)
Adjustments for overseas rate	6	(11)
Adjustments to prior years tax charge	<u>30</u>	<u>12</u>
	<u>48</u>	<u>123</u>

6. Earnings per share

The calculation of basic earnings per share at 31 December 2008 was based on the profit attributable to ordinary shareholders of £122,000 (2008: £175,000) and a weighted average number of ordinary shares outstanding of 69,169,106 (2008: 69,574,585).

	2009 £000	2008 £000
Weighted average number of ordinary shares		
Issued ordinary shares at 1 st January	69,669,106	69,669,106
Effect of purchase of Treasury shares on 23 October 2008	<u>(500,000)</u>	<u>(94,521)</u>
Weighted average number of ordinary shares at 31 December 2009	<u>69,169,106</u>	<u>69,574,585</u>