

To the members

Supplementary note to the 31 December 2006 financial statements

This supplementary note revises, in certain respects, the original financial statements of the company approved on 27 June 2007 and is to be treated as forming part of those financial statements. The original financial statements did not comply with the Companies Act 1985 ("the Act") by virtue of not disclosing details of a material related party transaction. In accordance with the Act, the financial statements have been revised as at the date of the original financial statements and not as at the date of this revision. Accordingly they do not deal with events between those dates. The Act requires that where a supplementary note is issued, a revised auditors' report is issued and this is attached.

Directors' responsibilities

In addition to the directors' responsibilities described in the original annual financial statements, under s245 of the Act the directors have authority to revise annual financial statements, the directors' report or directors' remuneration report if they do not comply with the Act. The revised financial statements or reports must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 1990 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

Statement of revision

The effect of the revision is to include the following paragraphs within the existing note 25 to the original financial statements.

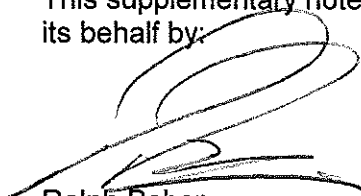
25. Related party transactions

In June 2006 the Group entered into an agreement with the Company's largest shareholder, Peter Gyllenhammar and Förvaltnings AB Bronsstädet for the provision of a loan of £1.5 million in order to provide additional working capital. The loan attracts an interest rate of 10% in the first year rising to 13% per annum on the first anniversary of the loan. In addition Förvaltnings AB Bronsstädet has been granted warrants to subscribe to 5 million new ordinary shares at 5p each which expire on 20 June 2008.

The loan is for a two year term and is secured by a first charge on the investment that the Company has in VBest Electronics Ltd and a second charge on all other assets of the Company.

The details of the repayment profile of the loan are shown in note 14 to the accounts under other loans. This note should read repayable between one and two years.

This supplementary note was approved by the board of directors on 13 August 2007 and signed on its behalf by:



Ralph Baber
Interim Chairman

Auditors' report to the shareholders of Densitron Technologies Plc

We have audited the revised financial statements of Densitron Technologies Plc for the year ended. The revised financial statements replace the original financial statements approved by the directors on 27 June 2007 and consist of the attached supplementary note together with the original financial statements which were circulated to members on 3 July 2007.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities.

It is our responsibility to form an independent opinion, based on our audit, on these revised financial statements and to report our opinion to you. We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the revised financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the revised financial statements.

Opinion

In our opinion the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and company's affairs as at 31 December 2006 and of the group's loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990.

In our opinion the original financial statements for the year ended 31 December 2006 failed to comply with the requirements of the Companies Act 1985 in that they did not disclose details of a material related party transaction as identified by the directors in the supplementary note.



BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
13 August 2007