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## **Interim report for the period 1 July – 30 September 2011**

### **Summary**

- As expected, Danionics reported a loss for the third quarter of DKK 0.3 million.
- The company reiterates its full-year forecast of a loss of DKK 3 million before recognition of the share of the profit/loss or value adjustment in Danionics Asia.
- The situation in the joint venture developed negative.

### **Management's report**

#### **Financial performance in the third quarter of 2011**

As expected, Danionics reported a loss for the third quarter of DKK 0.3 million. The loan capital to Danionics Asia was not written down in the period because no expense was incurred on behalf of Danionics Asia in the third quarter of 2011. Apart from the writedown in 2010, the third quarter financial performance was approximately DKK 0.3 million better than in the same period last year. The improvement was attributable to lower administrative expenses.

The loan capital to Danionics Asia was recognised in the amount of DKK 0 at 30 September 2011, which is unchanged compared to the third quarter of 2010.

Cash amounted to DKK 4.3 million. Equity amounted to DKK 4 million at the end of the third quarter, up from DKK 2 million at 31 December 2010. The change in equity corresponds to the loss for the period with the addition of the capital increase carried out in the second quarter.

#### **The joint venture**

The development in the business during 3<sup>rd</sup> quarter was negative. The sole supplier status to the largest customer was unfortunately lost, as they entered into agreement with a second supplier. A new large customer delayed taking delivery of batteries ordered and produced because a wire was too long. The attempts to sell large batteries so far also failed, as the market favored products for Apple and Samsung rather than those from Danionics potential customers in Taiwan.

Because of continued cost cutting and increased sales in July, August and September the losses in the third quarter were halved compared to the quarter before.

Sales in October collapsed to only 35.000 batteries and the orders so far received for the rest of the year are the lowest ever. This is not only the situation in Danionics, but the whole industry is feeling the effect of lower sales and built-up of stocks due to the general economy situation.

Danionics joint venture partner has approached Danionics A/S suggesting that a major strategic review of the future of the joint venture is made, studying also ways of reconstructing the business.

### **Outlook for 2011**

Danionics retains the forecast for 2011 presented in the annual report for 2010 released on 9 March 2011. The financial results for 2011 will be impacted by marketing and sales costs related to the joint venture and administrative expenses of approximately DKK 3 million. Overall, Danionics therefore expects an overall loss in the region of DKK 3 million after interest income but before recognition of the share of the profit/loss or value adjustment in Danionics Asia Ltd.

Moreover, the company may continue to generate sales revenue should the sales efforts undertaken by Danionics A/S result in the inflow of new orders.

### **For additional information, please contact:**

Henning O. Jensen, Chief Executive Officer, tel. +45 88 91 98 70

## Financial figures and key ratios (unaudited)

DKK '000 except financial ratios	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Full year 2010
<b>Income statement:</b>					
Revenue	988	224	1,681	325	325
Production costs	-938	-213	-1,597	-309	-309
Gross profit/(loss)	50	11	84	16	16
Administrative expenses	-382	-607	-1,900	-2,272	-4,593
Operating profit/(loss) (EBIT)	-332	-596	-1,816	-2,256	-4,577
Profit/(loss) from joint venture	0	0	0	0	0
Writedown of investment, joint venture	0	-179	-310	-5,430	-5,605
Net financial income/expenses)	6	4	10	14	28
Profit/(loss) before tax	-326	-771	-2,116	-7,672	-10,154
Tax on the profit/(loss) for the period	0	0	0	0	0
Net profit/(loss) for the period	-326	-771	-2,116	-7,672	-10,154
<b>Balance sheet</b>					
<b>Assets</b>					
Loan capital, associate	0	0	0	0	0
Other investments	0	0	0	0	0
<b>Total non-current investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Receivables and accruals	820	1,519	820	1,519	42
Cash	4,279	3,405	4,279	3,405	2,637
<b>Total current assets</b>	<b>5,099</b>	<b>4,924</b>	<b>5,099</b>	<b>4,924</b>	<b>2,679</b>
<b>Total assets</b>	<b>5,099</b>	<b>4,924</b>	<b>5,099</b>	<b>4,924</b>	<b>2,679</b>
<b>Equity and liabilities</b>					
Total equity	4,007	4,471	4,007	4,471	1,989
Total short-term liabilities other than provisions	1,092	453	1,092	453	690
<b>Total equity and liabilities</b>	<b>5,099</b>	<b>4,924</b>	<b>5,099</b>	<b>4,924</b>	<b>2,679</b>
<b>Cash flow statement:</b>					
Net cash flow from/to operating activities	-661	-295	-2,182	-2,655	-3,248
Net cash flow from/to investing activities	0	-179	-310	-5,430	-5,605
Net cash flow from/to financing activities	0	0	4,134	4,812	4,812
<b>Capital investment:</b>					
Investments	0	179	310	5,430	5,605
Total capital investments	0	179	310	5,430	5,605
Depreciation, amortisation and impairment (excl. inventory write down)	0	179	310	5,430	5,605
<b>Financial Ratios:</b>					
Equity ratio (%)	78.6	90.8	78.6	90.8	74.2
Net asset value per share (DKK)	0.25	0.29	0.25	0.29	0.13
Market price per share, end of period (DKK)	2.92	2.92	2.92	2.92	3.18
Average number of employees	1	1	1	1	1
Earnings per share (EPS)	-0.02	-0.05	-0.13	-0.52	-0.68
Diluted earnings per share (EPS-D)	-0.02	-0.05	-0.13	-0.52	-0.68

## Statement of changes in equity (unaudited)

DKK'000	Share capital	Retained earnings, incl. share premium account	Total
<b>Equity</b>			
1 January 2010	13.965	-6.634	7.331
Capital increase	1.395	3.417	4.812
Net loss	0	-7.672	-7.672
<b>Equity at 30 September 2010</b>	<b>15.360</b>	<b>-10.889</b>	<b>4.471</b>
<b>Equity</b>			
1 January 2011	15.360	-13.371	1.989
Capital increase	1.534	2.600	4.134
Net loss	0	-2.116	-2.116
<b>Equity at 30 September 2011</b>	<b>16.894</b>	<b>-12.887</b>	<b>4.007</b>

### Statement by the Management Board and the Board of Directors

The Board of Directors and the Management Board have today considered and approved the interim report of Danionics A/S for the period 1 January – 30 September 2011.

The interim report, which is unaudited and has not been reviewed, is presented in accordance with the Danish Executive Order on interim financial reporting and additional Danish disclosure requirements for listed companies. The interim report is presented in accordance with the recognition and measurement provisions of the International Financial Reporting Standards (“IFRS”) as adopted by the EU.

We consider the accounting policies to be adequate, the accounting estimates to be reasonable and the overall presentation of the interim report to be appropriate. In our opinion, the interim report gives a true and fair view of the company’s assets and liabilities and financial position at 30 September 2011 and of the results of the company’s operations and cash flows for the period 1 July – 30 September 2011.

Furthermore, in our opinion the management’s report contains a fair review of developments in the company’s operations and financial situation, the results for the period under review and the company’s financial position in general and describes the most significant risk and uncertainty factors that may affect the company.

Copenhagen, 25th November 2011

#### Management Board

Henning O. Jensen

#### Board of Directors

Karsten Borch  
Chairman

Frank Gad

Edward Lam

Henrik Ottosen

## **Notes to the financial statements (unaudited)**

### **Accounting policies**

Effective 1 January 2009, Danionics A/S implemented the International Financial Reporting Standards ("IFRS") as adopted by the EU. Previously, the company presented its financial statements in accordance with the provisions of the Danish Financial Statements Act. The change in accounting policies has not led to any changes in the basis of preparation as regards recognition and measurement.