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Announcement No. 4/2010

Danionics A/S
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Interim report – first quarter of 2010

Summary

- As expected, Danionics reported a loss for the first quarter of DKK 0.6 million before recognition of a DKK 0.2 million value adjustment in Danionics Asia.
- The company reiterates its full-year forecast of a loss of DKK 2-3 million before recognition of the share of the profit or loss or value adjustment in Danionics Asia.
- Danionics incurred costs of DKK 0.2 million on behalf of Danionics Asia during the first quarter.
- Earlier today, Danionics made a directed issue to Surplus Enterprise Ltd., Hong Kong.

First quarter 2010 financial performance

As expected, Danionics reported a loss for the first quarter of DKK 0.6 million before recognition of a DKK 0.2 million writedown of the loan capital to Danionics Asia. The writedown equals the sales and marketing costs Danionics incurred on behalf of Danionics Asia in the first quarter. Apart from the writedown, the Q1 2010 financial performance was on a level with the result achieved in Q1 2009.

The loan capital to Danionics Asia is recognised in the amount of DKK 0, which is unchanged from 31 March 2009.

Cash amounted to DKK 5.6 million. Equity amounted to DKK 6.5 million at 31 March 2010, down from DKK 7.3 million at 31 December 2009. The reduction in equity corresponds to the net loss for the period.

The joint venture

Battery sales to the Bluetooth market have been disappointing.

The company has therefore resolved to develop an additional market segment for larger sized batteries. The plan is to remain in the high end of the bluetooth market, where customers are willing to pay for top quality and reliability and for certified production

Comprehensive efficiency improvements are being implemented at the factory, including the installation of semi-automatic and automatic production equipment and enhanced processes. This has led to a substantial fall in the number of hours used per 1,000 batteries manufactured, and costs as a percentage of revenue are also declining.

On 26 April 2010, Danionics made a directed issue to Surplus Enterprise Ltd., Hong Kong, a member of the GP Batteries Group. The proceeds net of costs will be provided as a loan to the Danionics Asia Ltd. joint

venture. The GP Batteries Group will contribute a corresponding amount. This strengthened capital base is intended to support the joint venture's operations for the next six months.

This agreement was confirmed at the board meeting of the Danionics Asia Ltd. joint venture held in London on 25 April 2010.

Outlook for 2010

Danionics retains the forecast for 2010 presented in the annual report for 2009 released on 11 March 2010. The result for 2010 will be affected by marketing and sales costs related to the joint venture and administrative expenses of around DKK 2.5 million. Overall, Danionics expects a loss in the range of DKK 2-3 million after interest income but before recognition of the share of the profit/loss for the year or value adjustments 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.

Danionics A/S expects to have sufficient capital to continue in business for the next 12 months.

For additional information, please contact:

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Financial figures and key ratios (unaudited)

DKK'000 except financial ratios	Q1 2010	Q1 2009	FY 2009
Income statement:			
Revenue	101	0	219
Production costs	-96	0	-208
Gross profit/loss	5	0	11
Administrative expenses	-629	-536	-3,038
Operating loss (EBIT)	-624	-536	-3,027
Profit/loss from joint venture	0	0	0
Writedown relating to joint venture	-234	-2,871	-3,020
Net financial expenses/income	8	89	188
Loss before tax	-850	-3,318	-5,859
Tax on profit/loss for the period	0	0	0
Net loss	-850	-3,318	-5,859
Balance sheet:			
Assets			
Investment in joint venture	0	0	0
Loan capital in joint venture	0	0	0
Total other non-current assets	0	0	0
Receivables and accruals	1,261	954	1,055
Cash	5,616	9,192	6,678
Total current assets	6,877	10,146	7,733
Total assets	6,877	10,146	7,733
Equity and liabilities			
Total equity	6,481	9,872	7,331
Total current liabilities	396	274	402
Total equity and liabilities	6,877	10,146	7,733
Cash flow statement:			
Cash flows, operating activities	-828	-552	-2,917
Cash flows, investing activities	-234	-2,871	-3,020
Cash flows, financing activities	0	0	0
Capital investments:			
Financial assets	234	2,871	3,020
Total investments	234	2,871	3,020
Depreciation, amortisation and impairment	234	2,871	3,020
Financial ratios:			
Equity ratio (%)	94.2	97.3	94.8
Net asset value per share (DKK)	0.46	0.71	0.52
Market price per share, end of period (DKK)	3.00	2.25	3.71
Average number of employees	1	1	1
Earnings per share (EPS)	-0.06	-0.24	-0.42
Diluted earnings per share (EPS-D)	-0.06	-0.23	-0.41

Statement of changes in equity (unaudited)

DKK '000	Share capital	Retained earnings, incl. share premium account	Total
Equity			
1 January 2009	13,965	-775	13,190
Net loss	0	-3,318	-3,318
Equity at 31 March 2009	13,965	-4,093	9,872
Equity			
1 January 2010	13,965	-6,634	7,331
Net loss	0	-850	-850
Equity at 31 March 2010	13,965	-7,484	6,481

Statement by the Management

The Board of Directors and the Management Board have today considered and adopted the interim report of Danionics A/S for the period 1 January – 31 March 2010.

The interim report is presented in accordance with IAS 34 on interim financial reporting and additional Danish disclosure requirements for listed companies. The accounting policies applied in the interim report are unchanged from those applied in the annual report for 2009.

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 31 March 2010 and of the results of the company's operations and cash flows for the period 1 January – 31 March 2010.

The interim report is unaudited.

Copenhagen, 26 April 2010

Management Board

Henning O. Jensen

Board of Directors

Karsten Borch
Chairman

Frank Gad

Henrik Ottosen