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## **DDD Group plc**

### **Placing**

**16 November 2006**

### **Introduction**

DDD Group plc (“DDD” or the “Company”) announces that on 15 November 2006 it entered into an agreement to place 16,300,000 ordinary shares of 10 pence each in the capital of the Company (“Placing Shares”) at a placing price of 10 pence per share to raise £1,630,000 before expenses (the “Placing”), conditional upon shareholder approval and admission of the Placing Shares to AIM.

Commenting on the Placing, Paul Kristensen, Chairman of DDD said:

“It is a great satisfaction to note the interest investors have shown in participating in this placing and I am particularly appreciative of the strong support received from Arisawa Manufacturing.

Recent developments with the Company’s existing 3D mobile phone software licensee and the Company’s first agreement to supply 3D content for mobile phones via SIM cards are important milestones towards the expected launch of a 3D mobile phone incorporating DDD’s software in 2007.

The Company is also making excellent progress in addressing other large consumer markets, namely 3D television and 3D digital cinema, and intends to play an important role in transforming the visual experience with 3D software and content across all major consumer electronic devices.”

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### **The Placing**

Firm commitments have been received from placees in respect of all the Placing Shares. The issue of the Placing Shares will result in a 28.0% increase in the Company’s existing issued share capital and, when issued, will rank *pari passu* in all respects with all other existing issued shares in the capital of the Company.

The Placing is subject to the approval of DDD’s shareholders at an Extraordinary General Meeting to be held on 11 December 2006 (“EGM”). A circular will be dispatched to DDD’s shareholders on 17 November 2006 to enable it, *inter alia*, to allot the Placing Shares at 10 pence per share, representing a 13.0% discount to the closing mid market price of 11.5 pence

per share on 15 November 2006 (being the latest practicable date before this announcement), for an aggregate subscription price of £1,630,000. It is expected that admission will take place on or around 12 December 2006.

The net proceeds from the Placing of approximately £1.5m will allow the Company to continue to develop its business activities with a particular focus on existing software and content licensing projects and the expansion of DDD's product range to address the growing number of 3D platforms including mobile telephones, television and digital cinema.

Two of the Directors of DDD have agreed to acquire Placing Shares. The number of Placing Shares that they have agreed to acquire and their subsequent shareholdings are set out in the table below:

<b>Director</b>	<b>Existing shareholding</b>	<b>Number of Placing Shares to be acquired</b>	<b>Resultant holding assuming completion of the Placing</b>	<b>% interest in the enlarged share capital of DDD assuming completion of the Placing</b>
Christopher Yewdall	991,508	104,710	1,096,218	1.47%
Hans Roger Snook	1,818,182	482,120	2,300,302	3.09%

Arisawa Manufacturing Co., Ltd. ("Arisawa"), currently a holder of 25.0% of the existing issued ordinary share capital of the Company has agreed to acquire 6,798,170 Placing Shares (the "Transaction"). This will increase Arisawa's interest to 21,314,807 ordinary shares representing 28.6% of the enlarged issued ordinary share capital of DDD.

The Transaction is a related party transaction for the purpose of AIM rule 13, Arisawa being a related party within the meaning of the AIM rules. The Directors of the Company, other than Dr Sanji Arisawa, consider, having consulted with the Company's nominated adviser, that the terms of the Transaction are fair and reasonable insofar as the shareholders are concerned.

Irrevocable undertakings to vote in favour of the proposed resolution required to effect the Placing at the forthcoming EGM have been received from all of DDD's Directors who own shares and certain shareholders in DDD who, together with those Directors, hold approximately 53.1% of the existing issued share capital of DDD.

In the event that the Placing (the only outstanding conditions of which are the passing of the resolution at the EGM and admission of the Placing Shares to trading on AIM) is not successfully completed, the Company would be required to seek alternative sources of funding to maintain its viability as a going concern.

### **Current trading**

Since the announcement of the interim results on 29 September 2006, the Company has made two significant commercial announcements. The first relates to the renewal of exclusive rights by one of the world's top five mobile phone manufacturers for DDD's real time 2D to 3D conversion software for use on 3D mobile phones in their domestic market. The Company currently expects that the licensee will launch their 3D mobile phone in 2007. The second relates to the provision of 3D content on SIM cards to be distributed by a European mobile phone network operator for which DDD shall earn a net royalty of US\$4 per SIM card.

## NOTES TO EDITORS

DDD, also known as Dynamic Digital Depth, is transforming the viewing experience with software applications for glasses-free 3D displays. Its patented technologies enable 3D viewing without glasses; simple integration of computer graphics applications with 3D displays; supply of 3D content through 2D to 3D conversion; and 3D content transmission over existing networks. DDD is quoted on the London Stock Exchange's AIM market (AIM: DDD).

### Background

- A new category of flat screen LCD and plasma displays are being developed and marketed by major consumer electronics companies that provide stereoscopic 3D images without the need for the viewer to wear glasses. Stereoscopic 3D images appear to have natural in and off-screen depth. 3D displays have already been included in mobile phones in Japan and in desktop PC displays and notebook computers in North America and Japan.
- DDD's solutions provide an important bridge between conventional two-dimensional (2D) software applications and content and the new 3D displays. Normal 2D pictures, video and computer graphics images are manipulated by DDD's patented software enabling them to be displayed on 3D displays without requiring the content to be created specially for a 3D display. DDD's solutions also enable automatic conversion of virtually any media from 2D to 3D without any pre-processing of the 2D image.
- DDD licenses these software applications, marketed under the TriDef® and DDD Mobile™ brand names, to consumer electronics manufacturers for inclusion with the 3D display products supplied to their end users. DDD also licenses its software directly to end users who already own 3D displays and through an international sales channel.

### PC

- In September 2003, DDD entered into a three-year, non-exclusive software licensing agreement with Sharp which allows them to include five of DDD's 3D software applications with their Actius range of switchable 2D/3D notebook PCs sold in Japan and North America.

### Mobile Phone

- In 2003 and 2004, DoCoMo introduced two models of Sharp mobile phones that included 3D LCD displays developed by Sharp. DoCoMo sold approximately 2.8 million glasses-free 3D mobile phones in Japan.
- In July 2005, DDD entered into a two-year, non-exclusive, DDD Mobile software licensing agreement and a development agreement with one of the world's top five mobile phone manufacturers for a second-generation, glasses-free 3D mobile phone. The licensing arrangements are expected to yield per unit royalties once the licensee launches their 3D mobile phone.
- In October 2006, the abovementioned DDD Mobile licensee renewed its exclusive rights for DDD's real time 2D to 3D conversion capabilities for use on 3D mobile phones in their domestic market.
- DDD expects to license its DDD Mobile software library to additional mobile phone manufacturers who wish to include 3D LCD displays in a variety of wireless devices, including next generation smartphones and PDAs. The licensing arrangements are expected to yield per unit royalties. These projects may also include one-time development fees for assisting the manufacturer with the integration of DDD's software into the 3D wireless device.

#### Mobile Content

- In July 2005, DDD entered into a memorandum of understanding with Jamster! for the 2D to 3D conversion of images and animations from Jamster!'s mobile content library using DDD's offline content conversion process for subsequent download by 3D mobile phone owners.
- In October 2006, DDD secured its first agreement to supply 3D content for mobile phones with a leading mobile phone SIM card manufacturer. The 3D content bundle consists of six still images, five Multimedia Messaging Service (MMS) animations and five short video clips.
- DDD intends to enter into revenue sharing agreements with mobile phone network operators (carriers) and content providers for the conversion and delivery of existing libraries of premium wallpaper, animations and movies to wireless subscribers who download 3D content that has been converted from 2D to 3D by DDD.

#### Television

- In September 2004, DDD entered into a hardware development agreement with Arisawa for the TriDef Vision+ 3D set top box. DDD's set top box, combined with Arisawa's polarising materials applied to a large LCD television, allows for the real-time conversion of virtually any media from 2D to 3D for viewing on the switchable 2D/3D television. DDD and Arisawa intend to license this solution to global television manufacturers.

#### Digital Cinema

- DDD is currently investigating IP licensing opportunities in the 3D digital cinema market.