

Unaudited half yearly report for the period  
1 January to 30 June 2008

**DDD GROUP PLC**

**Registered Number: 4271085**

## FINANCIAL REVIEW

DDD Group plc ("DDD" or "the Company"), the 3D software and content company, announces its unaudited half yearly report for the six months ended 30 June 2008.

### *Highlights*

#### Financial

- Turnover of £354,000 (2007: £91,000)
- Loss before tax of £609,000 (2007: £743,000)
- Loss before tax, net of IFRS2 (share based payments) implementation of £603,000 (2007: £728,000)
- Net cash outflow from operating activities of £391,000 (2007: £600,000)
- Net cash as at 30 June 2008 of £207,000 (2007: £722,000)

#### Operational

- Launch of Hyundai IT 46" 3D LCD HDTV with embedded DDD processor in retail stores in Japan with support for Nippon BS Broadcasting Company's 3D television broadcasts
- Completion of development agreement with Samsung Electronics for next generation 3D TV chip based on DDD's real time 2D to 3D conversion technologies
- Extension of TriDef 3D Experience software license agreement with Samsung Electronics to include Samsung 3-D Ready Plasma HDTVs launched at the Consumer Electronics Show

### *Subsequent to the period end - highlights*

- Commenced 5 year license agreement with Samsung Electronics for the use of DDD real time 2D to 3D conversion solution in custom Samsung chip for Samsung's range of next generation 3D HDTVs
- Hyundai IT selected the TriDef 3D Experience as the gaming and video content solution for Hyundai IT 22" and 24" 3D PC monitors
- Expanded range of 3D TVs supported by TriDef Core embedded HDTV processor to include 32" Hyundai LCD TV

**CHAIRMAN'S STATEMENT**

"It is pleasing to see that the licensing relationships in the 3D Television market that were the focus of the Company's development efforts in 2007 are yielding promising results. The Company has recorded its strongest ever first half year revenues, largely driven by growing license and development agreements in the 3D Television market.

We have seen consistent demand for the TriDef 3D Experience software from Samsung 3D HDTV users since its launch in October 2007. We have now shipped in excess of 13,000 licenses of the TriDef 3D Experience, making it DDD's most successful software product to date. Samsung broadened their range of 3D Ready HDTVs in early 2008 to include two plasma models and selected the TriDef 3D Experience as the content solution that now forms part of Samsung's own 3D HDTV accessory pack.

Consistent with the Company's goal of making the 3D television experience as simple as the present day 2D TV experience for the consumer, the Company secured a development agreement with Samsung Electronics to embed the real time 2D to 3D conversion solution into Samsung's own TV chip in preparation for Samsung's next generation 3D plasma and LCD HDTVs. This will mean that, very soon, consumers will be able to use the new Samsung TVs for viewing any content in both 2D and 3D (switchable between both modes) as they will come pre-equipped with DDD's technologies.

DDD also continued the development of the TriDef Core, an embedded 3D processor aimed at the emerging 3D television market. This was successfully launched in Japan in March when Hyundai IT introduced a 46" LCD HDTV based on Arisawa Manufacturing Company's 3D optical materials. The 3D LCD TV is sold in Bic Camera consumer electronics retail stores around Japan. In addition to DDD's built-in 2D to 3D conversion capabilities, the Nippon BS Broadcasting Corporation is broadcasting specially filmed 3D content on the BS-11 3D satellite channel.

In April, the Company completed a debt offering, raising £510,000 before expenses. This has allowed the Company to raise additional working capital without issuing further equity. The debt was placed to our largest shareholder, Arisawa Manufacturing, and several of the directors of the Company. I would like to take this opportunity to express our thanks to Arisawa for their continued support of the Company.

In summary, during the first half of this year, the business development activities in the emerging 3D television market began to bear fruit resulting in an increase in revenues from development and licensing activities that lifted gross margins by approximately 8% over the 2007 levels. We have continued to carefully control costs resulting in no material increase in operating expense from 2007 to 2008, despite the additional costs that were incurred in the 2008 debt placing.

Recent activity by standards bodies towards establishing standards for the delivery of 3D content to the home indicates that the 3D market will continue to develop at a meaningful pace over the coming months. DDD is now well positioned to capitalise on these opportunities and in doing so, to continue to grow the licensing and royalty revenue streams.

**Paul Kristensen**  
**Chairman**  
**8th September 2008**

## OPERATIONAL UPDATE

- **Executive Summary**

3D movies continue to set box office records with the February release of Disney's Hannah Montana/Miley Cyrus: Best of Both Worlds Tour setting a Superbowl weekend box office record with an opening weekend gross of \$31 million from only 683 3D screens\*. The film ultimately grossed a total of \$65m from its domestic release on 687 screens in the US\*. In July, Intel Corporation announced a strategic alliance with DreamWorks Animation to use Intel's latest processors to efficiently develop the slate of 3D movies that DreamWorks is producing.

The Society of Motion Picture and Television Engineers (SMPTE), Consumer Electronics Association (CEA) and the Advanced Television Systems Committee (ATSC) have all formed groups of industry executives to evaluate the most effective means of delivering 3D content to the home, through a variety of means including optical media, broadcast and broadband. These groups will define the standards through which 3D is delivered to consumers. DDD already participates in some of these groups.

Consumer electronics companies including Samsung, Hyundai IT and Mitsubishi have continued their commitment to bringing 3D to their customers. In addition to the Samsung and Mitsubishi 3D Ready rear projection HDTVs that were launched in the US in 2007, Samsung introduced 3D Ready plasma TVs into their worldwide retail channel in February and Hyundai IT launched a 3D LCD TV in Japan in March. Consumers can now enjoy high definition 3D entertainment on all types of flat screen TVs including rear projection, plasma and LCD.

DDD's focus has been to expand on its market leadership and evolve the Company's 3D TV solutions from external PC software into firmware for 3D chips that are embedded in the TV set. The world's first integrated 3D HDTV was delivered by Hyundai IT in March, based on the TriDef Core hardware solution. This was followed by a development and licensing agreement with Samsung Electronics whereby Samsung has implemented DDD's 3D technologies on their own chip.

DDD's high quality real time 2D to 3D conversion solution continues to be a key feature since it assures consumers that they will be available to view all their favourite 2D shows and movies in 3D on their 3D ready HDTVs. DDD's real time 3D conversion is complemented by the ability to play back conventional 3D movie formats, yielding a comprehensive solution for consumer electronics companies and studios alike.

As the market for easy-to-use 3D TVs emerges, the Company is also preparing to deliver content to consumers who own 3D TVs. The production of DDD's 3D content is likely to rely on DDD's 2D to 3D conversion tools that allow large libraries of existing animated and live action content to be reformatted for presentation in 3D. This approach broadens the revenue available to the Company by creating the opportunity to share in the revenue derived from the ongoing consumption of content delivered using optical media, broadcast and broadband.

The Company expects to continue to place the bulk of the business development and technical emphasis on securing additional customers in the 3D TV market and will focus on products and services that increase the profit per licensed device.

- **Business Review**

DDD is presently pursuing the adoption of its patented software, hardware and content conversion/creation solutions on four main platforms as follows:

*Consumer Television*, refers to flat screen HDTV displays being developed and marketed by major consumer electronics companies where DDD's real-time 2D to 3D content conversion solution provides an important bridge towards mass-market consumer adoption of 3D capable televisions.

\* Source: Boxofficemojo.com

*Desktop PC Displays*, refers primarily to business users, government agencies and universities and studios who use 3D monitors, and DDD's related software, to enhance visual data in the scientific visualization sectors as well as in the production of 3D movies.

*Consumer Handheld Devices*, refers to the emerging market for 3D mobile telephones, personal digital assistants and personal media players where the DDD Mobile™ suite of software can be used to convert, present, download and share popular mobile content such as wallpapers, animations and video in glasses-free 3D.

*3D Conversion*, refers to the process of using DDD's content conversion solution to convert existing 2D productions to 3D and supplement existing 3D content production techniques.

- **Consumer Television**

In January, Samsung demonstrated their 42" and 50" 3D Ready plasma televisions at the Consumer Electronics Show in Las Vegas, further extending their 3D HDTV product line. In February, DDD announced that Samsung had selected the TriDef 3D Experience as the 3D content solution that is supplied with Samsung's 3D HDTV accessory pack.

During February, DDD also announced a £107,000 development agreement with Samsung whereby Samsung's engineers integrated DDD's real time 2D to 3D conversion technologies into Samsung's prototype next generation 3D HDTVs. The project was completed on schedule in June. Post balance sheet, Samsung confirmed their intent to manufacture a custom chip containing the DDD technologies, and a license agreement yielding per chip royalties became effective resulting in an advance royalty payment of approximately £165,000.

In March, Hyundai IT launched a 46" 3D LCD HDTV based on Arisawa's x-Pol™ optical materials. X-Pol allows consumers to watch LCD TVs in 3D using glasses that are similar to those used in the majority of 3D digital cinemas. The Hyundai IT 46" LCD TV is the first 3D TV that utilizes DDD's TriDef Core onboard 3D processor to simplify the end user experience. When the viewer decides to watch in 3D, they simply activate the 3D functions using their remote control and put on a pair of 3D glasses.

The 46" 3-D LCD HDTVs are available in Bic Camera consumer electronics retail stores in cities around Japan, including Tokyo, Osaka, Nagoya, Hokkaido and Fukuoka. Delivery of 3D broadcast content began this year in Japan on the BS11 network, with specially made 15-minute 3-D programming including sports, fitness and travel shows already being broadcast daily.

As interest has grown with studios and broadcasters seeking to deliver in-home 3D, DDD has been involved in a number of demonstrations using the 46" Hyundai LCD HDTV. The comfortable, lightweight glasses, wide field of view and vibrant HD image have made the Hyundai 46" 3D LCD TV a firm favorite resulting in sales of the monitor to various studios for consumer market research and 3D movie production. Post balance sheet, Hyundai IT and DDD signed a development agreement to extend the range of 3D TVs to include a new 32" model that is expected to become available in Japan in October. The DDD TriDef Core will be expanded to be compatible with Japan, US and European broadcast formats.

Sales of the TriDef 3D Experience to early adopter customers in the 3D TV market have continued at a consistent level since introduction in October 2007. Recent licensing agreements have widened distribution beyond the Company's online store and by late August, over 13,000 copies of this software have been delivered, with the majority being delivered to customers in the emerging 3D TV market. The Company has also continued to increase the number of supported PC games that are 3D enabled using the TriDef 3D Experience in line with popular releases from major games publishers.

In the near term, the Company is actively pursuing additional agreements in the emerging 3D television market that yield one-time development revenues and enable ongoing licensing and royalty revenues over the lifetime of the license agreement. The Company is also actively engaged in discussions with the Hollywood studios to ensure that DDD's embedded 3D HDTV architecture can be used to enable the delivery of the latest 3D movies on standard and high definition DVD disc and over broadcast and broadband networks using the formats that are expected to be nominated by the various standards bodies currently evaluating the 3D consumer market.

- ***Desktop PC Displays***

DDD continues to resell desktop PC 3D monitors and additional TriDef software applications to international business users, primarily comprised of the Hyundai IT 24" high resolution PC 3D display based on Arisawa's X-pol™ optical solution.

With the growing number of 3D movies in production, sales to studios and movie production companies have supplemented sales to scientific users. Key features of the Hyundai IT display for 3D movie makers include its high resolution image and compatibility with 3D digital cinema glasses.

Post balance sheet, Hyundai IT and DDD entered into a license agreement allowing Hyundai IT to bundle DDD's TriDef 3D Experience software with Hyundai's range of 3D PC monitors. The price of high quality PC monitors continues to decrease, placing them within the budget of the consumer for use with games and 3D movies. A minimum license commitment of approximately £171,000 is payable in the first year of the agreement with approximately £26,000 of licenses recognized in the first half.

- ***Consumer Handheld Devices***

Following Samsung's successful launch of the SCH-B710 3D handset in Korea during 2007, several other mobile phone networks and handset makers are showing interest in delivering 3D equipped handsets.

The Company continues to follow these projects that are in their formative stages. As has been the case, the Company will continue to seek additional development, licensing and royalty opportunities in this segment from handset makers and will endeavour to secure ongoing revenue streams through participating in the delivery of premium 3D content to 3D subscribers.

During the period the Company recognised license revenue from the two-year exclusive license for the Korean market that was granted to Samsung in late 2006.

- ***3D Conversion***

With the imminent arrival of the next generation 3D HDTVs, the Company has been focusing on increasing revenue streams from 3D enabled consumer devices. Historically, the Company has used its 2D to 3D conversion software tools as a service to third parties seeking one time conversion of existing material.

Despite the success of 3D cinema movies, few are available on DVD or Blu-Ray at this stage and if all the recent 3D digital cinema movies were released in either format, there would still be less than ten for consumers to choose from.

DDD's licensees have a clear requirement for expanding the access to high quality 3D content for their customers and the Company is focused on meeting this need using its expertise and tools in 3D content creation and conversion.

During 2007, the TriDef Media Creator was delivered to enable efficient conversion of content for consumer platforms including 3D HDTV. The Company is in the process of redirecting the resources that have supported the 3D conversion service. The Company expects to use these resources to assist content owners and publishers in repackaging a wide variety of animated and live action content for distribution in 3D to TV users in a number of formats including DVD, Blu Ray, broadcast and broadband internet.

**Chris Yewdall**  
**Chief Executive Officer**  
**8th September 2008**

**Consolidated income statement**

		6 months to 30 June 2008 £'000 (unaudited)	6 months to 30 June 2007 £'000 (unaudited)	12 months to 31 Dec 2007 £'000
	Notes			
Revenue		354	91	327
Cost of sales		(79)	(37)	(93)
Gross profit		275	54	234
Administration expenses		(886)	(813)	(1,606)
Other income		12	9	158
Share based payment		(6)	(15)	(26)
Operating loss		(605)	(765)	(1,240)
Finance income		4	22	37
Finance expense		(8)	-	-
Loss before tax		(609)	(743)	(1,203)
Taxation		15	(6)	(17)
Loss for the period		(594)	(749)	(1,220)
<b>Loss per share</b>				
Basic and diluted (pence per share)	3	(0.80)	(1.01)	(1.64)

**Consolidated balance sheet**

		30 June 2008 £'000 (unaudited)	30 June 2007 £'000 (unaudited)	31 Dec 2007 £'000
	Notes			
<b>Assets</b>				
Non-current assets				
Property, plant and equipment		36	54	43
Intangible assets	4	393	374	441
Deposit		1	1	1
<b>Total non-current assets</b>		<b>430</b>	<b>429</b>	<b>485</b>
Current assets				
Trade and other receivables		153	105	111
Inventory		13	9	13
Cash and bank balances		207	722	286
<b>Total current assets</b>		<b>373</b>	<b>836</b>	<b>410</b>
<b>Total assets</b>		<b>803</b>	<b>1,265</b>	<b>895</b>
<b>Equity and liabilities</b>				
Capital and reserves				
Issued capital		7,442	7,442	7,442
Share premium		4,612	4,612	4,612
Merger reserve		13,279	13,279	13,279
Other reserve		-	37	-
Option reserve		221	204	215
Foreign exchange reserve		(51)	(61)	(55)
Retained earnings		(25,528)	(24,500)	(24,934)
<b>Total equity</b>		<b>(25)</b>	<b>1,013</b>	<b>559</b>
Non-current liabilities				
Financial liabilities	5	510	-	-
Deferred tax liabilities		108	112	123
<b>Total non-current liabilities</b>		<b>608</b>	<b>112</b>	<b>123</b>
Current liabilities				
Trade and other payables		210	140	213
<b>Total current liabilities</b>		<b>210</b>	<b>140</b>	<b>213</b>
<b>Total liabilities</b>		<b>818</b>	<b>252</b>	<b>336</b>
<b>Total equity and liabilities</b>		<b>803</b>	<b>1,265</b>	<b>895</b>

**Consolidated cash flow statement**

	6 months to 30 June 2008 £'000 (unaudited)	6 months to 30 June 2007 £'000 (unaudited)	12 months to 31 Dec 2007 £'000
<b>Cash flows from operating activities</b>			
Loss for the period	(594)	(749)	(1,220)
Finance costs in the income statement	4	(22)	(37)
Tax in the income statement	(15)	14	17
Depreciation of non-current assets	13	15	32
Amortisation	238	109	254
Share based payments	6	15	26
Decrease / (increase) in inventory	-	(9)	(2)
Decrease / (increase) in trade and other receivables	(42)	22	4
(Decrease) / increase in trade and other payables	3	(17)	50
Net cash (used in) / generated from operations	(387)	(622)	(876)
Interest received	4	22	37
Interest paid	(8)	-	-
Income tax paid/received	-	-	(8)
Net cash (used in) / generated by operating activities	(391)	(600)	(847)
<b>Cash flows from investing activities</b>			
Payments for property plant and equipment	(6)	(15)	(20)
Payments for intangible assets	(190)	(130)	(342)
Net cash (used in) / generated by investing activities	(196)	(145)	(362)
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity shares	-	-	-
Issue costs	-	-	-
Loan note issue	510	-	-
Net cash (used in) / generated by financing activities	510	-	-
Net increase in cash and cash equivalents	(77)	(745)	(1,209)
Exchange gains / (losses)	(2)	-	28
Total increase in cash and cash equivalents	(79)	(745)	(1,181)
Cash and cash equivalents at the start of the period	286	1,467	1,467
Cash and cash equivalents at the end of the period	207	722	286

**Consolidated statement of changes in equity**

	Share capital £'000	Share premium £'000	Merger reserve £'000	Option reserve £'000	Other reserve £'000	Foreign exchange £'000	Retained earnings £'000	Total equity £'000
At 1 January 2007	7,442	4,612	13,279	189	85	(76)	(23,799)	1,732
Exchange differences on translation of foreign operations						15		15
<b>Net income recognised directly in equity</b>						15		15
Loss for the year							(749)	(749)
Total recognised income and expense						15	(749)	(734)
Transfer between reserves					(48)		48	-
Equity settled share options				15				15
<b>At 30 June 2007</b>	<b>7,442</b>	<b>4,612</b>	<b>13,279</b>	<b>204</b>	<b>37</b>	<b>(61)</b>	<b>24,500</b>	<b>1,013</b>
Exchange differences on translation of foreign operations						6		6
<b>Net income recognised directly in equity</b>						6		6
Loss for the year							(471)	(471)
Total recognised income and expense						6	(471)	(465)
Transfer between reserves					(37)		37	-
Equity settled share options				11				11
<b>At 31 December 2007</b>	<b>7,442</b>	<b>4,612</b>	<b>13,279</b>	<b>215</b>	<b>-</b>	<b>(55)</b>	<b>(24,934)</b>	<b>559</b>
Exchange differences on translation of foreign operations						4		4
<b>Net income recognised directly in equity</b>						4		4
Loss for the year							(594)	(594)
Total recognised income and expense						4	(594)	(590)
Equity settled share options				6				6
<b>At 30 June 2008</b>	<b>7,442</b>	<b>4,612</b>	<b>13,279</b>	<b>221</b>	<b>-</b>	<b>(51)</b>	<b>(25,528)</b>	<b>(25)</b>

## 1. The Company

Dynamic Digital Depth Group Plc (“the Company”) is principally involved in the development and licensing of software, the conversion of content from 2D to 3D and the supply of hardware services and IP to enable the viewing of 3D images.

The Company is a public limited liability company incorporated and domiciled in England and Wales. The address of its registered office is 22 Melton Street, London, NW1 2BW, United Kingdom.

The Company has its listing on the Alternative Investment Market (“AIM”) of the London Stock Exchange.

The Company’s consolidated statutory accounts for the year ended 31 December 2007 have been filed with the Registrar of Companies. Those accounts have received an unqualified audit report and did not contain statements or matters to which the auditors drew attention under the Act.

## 2. Basis of preparation

This unaudited consolidated half yearly report is for the six month period ended 30 June 2008. It does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2007, which were prepared under International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

The consolidated financial statements have been prepared under the historical cost convention except for share based payments which are valued at the date of grant.

These interim consolidated financial statements have been prepared in accordance with accounting policies consistent with those set out in the Group’s financial statements for the year ended 31 December 2007, which were prepared in accordance with IFRS as adopted by the EU.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group’s statutory financial statements for the year ended 31 December 2007, prepared under IFRS, have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.

**3. Loss per share**

	6 months to 30 June 2008 £'000 (unaudited)	6 months to 30 June 2007 £'000 (unaudited)	Year to 31 December 2007 £'000
Loss for the year attributable to equity shareholders	(594)	(749)	(1,220)
<b>Loss per share</b>			
Basic and diluted (pence per share)	(0.80)	(1.01)	(1.64)
	Shares	Shares	Shares
Issued ordinary shares at start of the period	74,416,547	74,416,547	74,416,547
Ordinary shares issued in the period	-	-	-
Issued ordinary shares at end of the period	74,416,547	74,416,547	74,416,547
Weighted average number of shares in issue for the period	74,416,547	74,416,547	74,416,547

The diluted loss per share does not differ from the basic loss per share as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33.

**4. Intangible assets**

	Capitalised development costs £'000	Patents £'000	Total £'000
<b>Cost</b>			
At January 1 2007	454	192	646
Additions	130	-	130
At 30 June 2007	584	192	776
Additions	212	-	212
At 31 December 2007	796	192	988
Additions	190	-	190
At 30 June 2008	986	192	1,178
<b>Amortisation</b>			
At January 1 2007	101	192	293
Charge for the year	109	-	109
At 30 June 2007	210	192	402
Charge for the year	145	-	145
At 31 December 2007	355	192	547
Charge for the year	238	-	238
At 30 June 2008	593	192	785
<b>Net book value</b>			
At January 1 2007	353	-	353
At 30 June 2007	374	-	374
At 31 December 2007	441	-	441
<b>At 30 June 2008</b>	<b>393</b>	<b>-</b>	<b>393</b>

## 5. Convertible loan notes

On April 23<sup>rd</sup>, 2008, the Company issued Convertible Loan Notes ("Notes") totalling £510,000 to certain Directors of the Group and to Arisawa, pursuant to the existing authorities granted to the board of Directors. The Notes have an annual interest rate of 8%. The Notes can be converted by the holders into ordinary shares of 10 pence each in the capital of the Company ("Shares") at a conversion price of 10 pence nominal amount of Notes per Share. The Company has the option to redeem the Notes at any time at a 5% premium to their nominal value plus accrued interest. Any Notes outstanding on 17 April 2010 will at the option of the Company be repaid in cash or settled by the issue of Shares at the conversion price; in both cases accrued interest will be payable in cash.

The loan notes have conversion rights to equity and mature in 2 years. As such they are treated as compound instruments. The valuation of the liability is achieved by discounting the maturity value of the note at the rate available to the Group on a simple loan. The residual value is the equity element of the instrument. The present value of the convertible bond's equity element is considered an immaterial amount at the time of the establishment of the loan and therefore the financial liability element is £510,000. Included in the valuation of the financial liability is an element of derivative value for the ability to settle the liability early as described by the Loan Note schedule.

## 6. Related party transactions

Arisawa, currently a holder of 28.64% of the existing issued ordinary share capital of the Group acquired £425,000 of the Notes (the "Transaction").

Upon full conversion, this would increase Arisawa's current interest to 25,564,807 ordinary shares representing 32.13% of the enlarged issued ordinary share capital of the Group (assuming full conversion of all the Notes).

The Transaction is a related party transaction for the purpose of AIM rule 13, Arisawa and certain Directors being related parties within the meaning of the AIM rules. The Directors of the Company, other than Messrs. Yewdall, Littlefield and Snook and 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.

In view of the potential for the transaction to result in Arisawa's future ownership of more than 30% of the issued shares of the Company that would require Arisawa to tender an offer for the outstanding shares of the Company, the Company's nominated adviser has discussed whether Rule 9 of the Takeover Code applies to the Company with the Takeover Panel. The Takeover Panel has confirmed to the Company's nominated adviser that the Company is not subject to the Takeover Code (including Rule 9) since the Company's central management and control is based outside the United Kingdom.

## 7. Events after the balance sheet date

On July 15th, 2008 the Company announced that Samsung Electronics Company Ltd. ('Samsung') confirmed that it is proceeding with the development and manufacture of a low cost 3-D chip based on DDD's TriDef® 3-D functions for Samsung's next generation 3-D HDTVs. The license agreement was announced in February 2008 and allows Samsung to design and mass manufacture the low cost chip based upon DDD's TriDef real-time 2-D to 3-D conversion and 3-D image processing architecture. The chip can be used in a variety of 3-D HDTVs including plasma, LCD and DLP televisions. Under the terms of the license agreement the Company received an advance royalty of approximately £165,000 in August.

On July 21st, 2008 the Company announced that it had signed a five-year license agreement with Hyundai IT Corporation ('Hyundai') to supply DDD's TriDef 3D Experience software package for Hyundai's range of 3-D desktop PC monitors. A minimum license commitment of approximately £171,000

is payable in the first year of the agreement with approximately £26,000 of licenses already delivered and fully paid for in the current year.

On August 27<sup>th</sup>, 2008 the Company announced that it had signed a development agreement with Hyundai to expand Hyundai's range of 3D HDTVs that incorporate DDD's TriDef® Core embedded hardware solution. Under the terms of the agreement, DDD will integrate the TriDef Core with Hyundai's range of 32" LCD TVs. The new 32" models are scheduled for launch during October in Japan to support the BS11 3D television programming from Nippon BS Broadcasting Corporation. DDD will also deliver a version of the TriDef Core compatible with European broadcast formats.