

3D DIAGNOSTIC IMAGING PLC
(“3D” or “the Company”)
(PLUS ticker 3DDP)

Preliminary Results for the Period Ended 30 June 2009

3D , a holding company whose wholly owned subsidiary, CarieScan Limited (“CarieScan” and together “the Group”), is a leading producer of handheld devices for the early detection and monitoring of tooth decay, today announces its maiden preliminary results for the period ended 30 June 2009.

Subsequent to the period end the Company has agreed in principle a private placement for new shares with existing shareholders, amounting to a gross sum of £750,000. The Company anticipates announcing the successful completion of the Placing immediately post release of the attached unaudited preliminary results. The Directors intend that the net proceeds from the Placing will be applied to cover the costs of producing stock for resale, to fund ongoing design development of the PRO sensors, for marketing support and for general working capital purposes.

Highlights

- Successfully joined the PLUS-quoted market in April 2009, raising £2m from investors
- Lead product CarieScan PRO dental caries detection device already in receipt of CE Mark approval and an application for FDA 510K approval has been made
- First distribution deal agreed in the UK with Clark Dental over 3 years
- Initial sales of CarieScan PRO achieved
- Discussions with a number of international distributors ongoing
- CarieScan addresses the growing global trend towards preventive dental care with significant benefits to patients and dentists alike
- Confident outlook for the coming year

James Noble, Non-executive Chairman of 3D Diagnostic Imaging said: “2009 has been an excellent year for the Company. We have completed two significant fundraisings, achieved a PLUS listing and created a high degree of interest among potential users of the CarieScan Pro. This has already resulted in a distribution agreement being signed for the UK. We are now focusing on securing FDA approval,

which would open up the large US market to CarieScan and would provide a basis for securing a distribution partner there too. I look forward to reporting further progress throughout the rest of the year.”

The directors accept responsibility for the content of this announcement

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Chairman’s Statement

I am delighted to announce our first preliminary results as a publicly quoted company. The period to 30 June 2009 was a landmark period during which the Company joined the PLUS-quoted market, which raised its profile and enabled us to progress our strategy to become a leading supplier of dental assessment devices.

Business overview

Building on the technology base acquired in the period, CarieScan, the Company’s operating subsidiary, has been able to introduce to the marketplace a revolutionary dental caries detection device – the CarieScan PRO.

The forerunner of the CarieScan PRO had already received ‘CE’ mark approval enabling it to be sold both in the UK and in Europe. During the year CarieScan has successfully retained the required Quality Systems approval (EN13485) which means that the product continues to have ‘CE’ mark approval.

Additionally, the CarieScan PRO has now met the necessary licence requirements for the Canadian market and an application for Section 510(k) approval from the U.S. Food and Drug Administration has been filed.

CarieScan plans to sell and market the CarieScan PRO through distribution partners and on 16 July 2009 announced that it had signed an exclusive distribution agreement for the UK with Clark Dental, a leading specialist in the marketing and distribution of dental equipment. Under the terms of the agreement, Clark Dental has exclusive distribution rights within the UK market for the CarieScan PRO over 3 years and has begun to make some early sales.

Further discussions are currently underway with a number of distributors within Canada, the US, Europe, the Far East and Japan.

The product, technology and its application

The product consists of a handpiece, the CarieScan PRO, and a disposable single patient sensor, which resembles a small toothbrush. The sensor is held against the tooth for a few seconds, and the result is displayed on a small screen on the front of the device. The whole process takes about 4 seconds. During the process, a tiny electrical current, which is extremely low and cannot be felt by the patient and does not cause any damage to the tooth enamel, is passed through the tooth. As tooth enamel is such a highly ordered structure, the healthy tooth impedes electrical currents considerably. However, as a tooth begins to decay beneath the surface, larger pores are formed within it and the electrical current passes through more easily. It is this change that is detected and displayed on the CarieScan PRO enabling the dentist to make early treatment decisions.

The tufted sensor is used for measuring occlusal and accessible smooth surfaces of teeth. Each sensor pack is single patient use and disposable, comprising a tufted sensor and a lip clip. The disposable design of the sensor always ensures high precision measurements, accurate positioning, practice and patient confidence about cross-infection control.

The device is currently configured to assess the occlusal (biting) surfaces and the free-smooth surfaces (those nearest to the cheek and tongue) of teeth. The entire system is battery operated and complies with all required medical safety standards.

Dental focus

The focus for most dental practices is still predominantly on restorative treatment, where cavities are filled as they are identified. There remains a significant unmet clinical need for a reliable, simple and safe means of accurately detecting dental decay as both visual inspection and X-rays have been shown to lack sensitivity and specificity and in the case of X-ray is limited by safety concerns and restrictions on how frequently it can be used.

With the growing trend towards preventive dental care, CarieScan PRO provides practitioners with more opportunity to arrest or even reverse decay. Caries detection using the CarieScan PRO is more comfortable for the patient, will correctly detect more lesions than will be found on radiographs and also minimises false positives. As a system using only tiny electrical currents to detect decay, CarieScan PRO has none of the inherent risks associated with ionising radiation.

Competitive advantage

The CarieScan PRO has a number of advantages over other measuring/visualisation systems. The absence of X-rays has safety advantages and allows increased frequency of monitoring. Most importantly the accuracy of results sets the CarieScan PRO apart

from other diagnostic methods. CarieScan PRO is 92.5% accurate at detecting both sound and carious teeth, minimising false positive or false negative results.

| Diagnostic method | Sensitivity % | Specificity % |
|--------------------------------------|---------------|---------------|
| CarieScan PRO ^{tm1} | 92.5 | 92.5 |
| Clinical Visual ² | 37 - 66 | 69 - 87 |
| Laser Fluorescence (LF) ³ | 74 - 86 | 52 - 81 |
| Bitewing X-ray ² | 30 - 53 | 76 - 83 |

The CarieScan PRO is the first dental diagnostic tool to use ac impedance spectroscopy to measure the carious state of teeth early enough to initiate remedial (preventive) treatment. This IP protected technology enables earlier and more accurate detection of “early” caries lesions which are not clearly visible to the human eye. It also enables detection of the more extensive “hidden” lesions extending into dentine which can be missed by even the most careful examiner. Unlike competitors, the CarieScan PRO is not affected by optical factors such as staining or discoloration of the tooth. The CarieScan PRO provides a qualitative value based directly on the disease state, rather than the indirect optical properties of the tooth or surrogate markers such as bacterial breakdown products.

Benefits to Dentists

The ability for dentists to accurately detect the presence of decay and treat accordingly enables a far more individual treatment of each patient. With the ability to accurately monitor advancing and regressing decay, the visit frequency for each patient can be optimised, rather than fixed intervals between visits. So that if patients need more frequent treatment, the reasons are clear and expected by the patient. Costs per test are low, allowing billing to cover not just the test cost but also add value to patient visit charges.

Benefits to Patients

For a patient there is no pain, no sensation, no ionising radiation – only the touch of the sensor on a patient’s tooth. Readings are clear and easily understood by patients, making explanation of the need for treatment easy. Cost per test is low – lower than comparative X-rays and the single patient disposable eliminates potential cross infection issues.

Financial Results

During the period ended 30 June 2009, the Company reported a consolidated loss of £ 1.1m reflecting the costs of continued research and development investment in the product as well as the preparations within the business to commence selling product. As at the year end the Group had consolidated net assets of £0.6m and cash of £0.4m.

Upon raising the additional funding, the directors have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the preliminary financial information.

Growth Strategy and Outlook

Within the dentistry market, the initial focus will be on achieving wide-scale adoption of the CarieScan PRO by dental practitioners in the UK and North America markets, which the Directors believe will in turn lead to a growing demand for the supply of the disposable sensors.

Further opportunities within, Europe, the Far East and Japan are currently at discussion stages, with market clearance by the FDA in the US expected over the coming months.

The Directors are confident of the Group's prospects for the coming year.

James Noble

Non-executive Chairman

18 November 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT (unaudited)

| | 13 months to 30 June £ |
|--|---------------------------------------|
| Turnover | 5,871 |
| Cost of sales | (1,062) |
| Gross profit | <u>4,809</u> |
| Administrative Expenses | (1,124,409) |
| Operating loss | <u>(1,119,600)</u> |
| Net interest receivable | 210 |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | <u>(1,119,390)</u> |
| Tax on loss on ordinary activities | - |
| Loss for the financial period | <u><u>(1,119,390)</u></u> |

CONSOLIDATED BALANCE SHEET (unaudited)

| | 2009 £ |
|---|-----------------------|
| FIXED ASSETS | |
| Tangible assets | 43,714 |
| Intangible assets | - |
| | <u>43,714</u> |
| CURRENT ASSETS | |
| Stocks | 160,910 |
| Debtors | 74,721 |
| Cash at bank and in hand | 391,954 |
| | <u>627,585</u> |
| CREDITORS: amounts falling due within one year | <u>(87,735)</u> |
| NET CURRENT ASSETS | <u>539,850</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>583,564</u> |
| NET ASSETS | <u><u>583,564</u></u> |

CAPITAL AND RESERVES

| | |
|----------------------------------|----------------|
| Called-up share capital | 97,929 |
| Share premium | 1,605,025 |
| Profit and loss account | (1,119,390) |
| | <hr/> |
| TOTAL SHAREHOLDERS' FUNDS | 583,564 |
| | <hr/> <hr/> |

CONSOLIDATED CASHFLOW STATEMENT (unaudited)

| | |
|---|--------------------|
| | 2009 |
| | £ |
| Net cash outflow from operating activities | (1,103,933) |
| Returns on investments and servicing of finance | 210 |
| Taxation | - |
| Capital expenditure and financial investment | (207,277) |
| | <hr/> |
| Cash outflow before management of liquid resources and financing | (1,311,000) |
| Management of liquid resources | - |
| Financing | 1,702,954 |
| | <hr/> |
| Increase in cash in the year | 391,954 |
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