Unaudited Preliminary Results - Replacement

14-FEB-2011

RNS Number : 2150B
Dialight PLC
14 February 2011

The following amendment has been made to the 'Unaudited Preliminary Results for the Year ended 31 December 2010' announceme
07:00 under RNS No 1392B

Record date changed from 6th April 2011 to 8th April 2011

All other details remain unchanged.

14 February 2011

Dialight plc

Unaudited Preliminary Results for the Year ended 31 December 2010

Dialight plc ('Dialight' or the 'Group'), the UK based leader in Applied LED Technology, announces its unaudited preliminary results for
2010.

Highlights

- Profit before tax of £11.3m (2009: £5.3m)
- Full year Revenues grew 28.3% to £99.2m (2009: £77.3m)
- Signals/Illumination segment revenues increased 31.7% to £61.1m (2009: £46.4m)
- Lighting sales more than doubled to £11.6m (2009: £5.5m)
- Two international initiatives completed
- Strong operating cash flow leading to net cash of £10.4m (2009: £9.1m)
- Final dividend of 5.2 pence (2009 Second Interim: 4.3 pence)

Roy Burton, Group Chief Executive, said:

"A very satisfactory performance in Solid State Lighting and indeed in the whole Signals/Illumination segment gives us confidence in ou
prospects for the coming years."

Harry Tee CBE, Chairman, said:

"2010 has seen the strengthening of Dialight's management team at both the corporate and operational levels in order to prepare the Grc

For further information:

Roy Burton, Group Chief Executive and Mark Fryer, Group Finance Director, Dialight plc, Tel: 01638 778640

Simon Bridges, Canaccord Genuity Limited, Tel: 020 7050 6500

Robert Speed, Kreab Gavin Anderson, Tel: 020 7074 1800, dialight@kreabgavinanderson.com
There will be an analyst and investor meeting at 09.30 hours this morning at Kreab Gavin Anderson, Scandinavian House, 2-6 Cannon S

A slide presentation of the event will be available at 09.30 hours on http://www.dialight.com

Internet users will be able to view this announcement, together with other information about Dialight at the company's web site http://www

Financial results

Revenue in 2010 grew by 28.3% to £99.2m compared with £77.3m in 2009. This is a strong performance and is particularly pleasing
growth in each of the reported market segments and in each of the major reported territories. Contribution margins have increased from
benefit of significant investment in product re-engineering and cost reduction. Overall Group operating profit has more than doubled to £
and with tight working capital control, the Group have generated operating cash flow of £14.0m leading to a year-end cash balance
provide a solid base for future growth and continued commercial and technical investment will support that growth for the coming years.

Dividend

In line with the Group's progressive dividend policy the Board has recommended a final dividend of 5.2 pence per share (2009: Second
total dividend of 8.0 pence (2009: 6.6 pence) which is an increase of 21.2%. Dividend cover is 3.0 times. Subject to approval by the

General Meeting on 20 April 2011, this dividend will be paid on 6th May 2011 to shareholders on the register at close of business on 8th
on a paid basis in respect of 2010 is 7.1 pence (2009: 6.6 pence per share).

Board changes

In the middle of 2010, Robert Jeens retired from the Board after over nine years of service and Bob Lambourne joined the Board as his r
2010 Mark Fryer joined the Board as Group Finance Director and consequently George Ralph, who had been serving as Interim Financ
Board and left the Company.

Business Review

Whilst global economic conditions showed modest recovery, our Signals/Illumination business saw full year revenues increase by 3
Lighting revenues doubling versus 2009 as well as doubling half on half within 2010. Both Obstruction Lighting and European Traffic dem
also. Our strategy in this segment of focussing on defensible niche markets is proving to be effective.

Revenues in the LED Indication components segment had been affected by the global economic downturn in the early part of 2009. This
although inventory build in the first half of this year was reversed in the second with revenues overall well ahead of 2009.

Sales of Electromagnetic components grew single digit on 2009 but significantly we secured a new customer for Electromagnetic Discon
major US meter manufacturer.

Of the more than £20m of growth in 2010, 65% came from the Signals/Illumination segment. As the efficiencies and cost of LED
Dialight's product offerings to this market will provide even stronger financial returns for our customers whilst at the same time con
environment through significant reduction in energy consumption.

Signals/Illumination Segment

	2010	2009
Sales	£61.1m	£46.4m
Segment profit	£8.7m	£3.3m

Overall growth of more than 30% for the year with significant gains in Lighting, Obstruction Products and European Traffic Lights - ou
markets - is a very pleasing result. Lighting in particular with sales of over £7.5m in the second half is showing an accelerating trend
coming years. Once again margins strengthened showing better than five percentage point's improvement over 2009.

During the year we were able to take advantage of the increased capacity in the white LED supply chain to reduce the prices we pay
reduction along with a spectacular improvement in the efficiencies available, has allowed us in some cases to reduce the LED cost in our
We anticipate that this will be a long term trend and will both improve our margins and open up more applications where Solid State Ligh
customers.

Traffic Signals

Sales into the European Traffic market grew by over 34% with over half of that growth coming from the UK. We continue to conduct ou
systems OEMs such as Siemens who supply a complete system to towns and cities throughout Europe. Whilst the UK provided the m
2010 the rest of Western Europe also demonstrated significant improvement. Adoption levels in Europe remain low and we expect incre
to continue.

As previously reported, the market for LED traffic signals in the US is mature, much of the traffic light infrastructure having already
Although we do not expect to see sales growth in this market, 2010 saw some modest improvement in sales despite the lack of any majo
the end of the year we moved assembly of our Traffic Light products from our Mexican plant to our facility in North Carolina. This move g
this significantly reduced our supply chain costs but also allowed us to claim "Buy American" status relating to the US stimulus prograr
and Reinvestment Act). Structurally there has been no change to the business and our extensive and exclusive dealer network remains a

As probably the largest supplier of LED Traffic Lights in the world, Dialight continues to improve both the performance and cost of the
more value to our customers. Our latest offering for the European market for example uses only a single LED with the same performanc
five years life.

Obstruction Lighting

For many years, tall structures of all kinds have been marked by red lights and white strobes as a collision warning for nearby aircraft. Th
a source of challenge to maintain since their location is by its nature difficult to access and maintenance is of course essential if they are

Dialight first produced LED versions of these lights back in 2002 using over a thousand red LEDs for the largest lights. Constant impro
has produced the latest versions using only twenty four LEDs and using only 20 watts compared to over 1400 watts for the conventiona
consumption is not the main driver for the use of LEDs in this application; maintenance can be an expensive and risky business and Di
on its products is a major saver for our customers.

Whilst there exists an extensive installed base of Obstruction Lights, two specific applications offer Dialight substantial potential for gro
structures over 199 feet require a white daytime strobe light and the cellular telephone network uses many of these towers. In tot
structures requiring such lighting and Dialight's LED strobe replaces an unreliable xenon based strobe tube. This market represents
dollar opportunity for the Company and we remain the only qualified supplier of this product in the United States. In 2009 the Compa
strobes and in 2010 this number grew to almost two and a half thousand units. To date less than 5% of the current installed base of
replaced with our high reliability LED product. The LED Strobe is guaranteed for five years of use although it is quite possible that our str
itself! Dialight has supplied to eight of the top ten tower operators in the US in 2010 as well as many smaller users and growth in this
continue to be strong.

The second growth market for Obstruction Lighting is in the Wind Turbine market for both on and offshore use. Whilst Dialight has beer the North American Wind Turbine market - all of which has been onshore - we had been less successful in penetrating the European m offshore portion of that. In April of 2010 we acquired the Danish company; BTI Light Systems A/S ('BTI'). BTI has strong ties to a number manufacturers and supplies a lighting system for offshore application. As one might expect, offshore installations can be a hazard to s and BTI opens up a new market to Dialight for not only its existing products but also LED products for the marine market. Although the been depressed on both sides of the Atlantic in 2010, the long term future for wind energy and associated lights is promising and the B long term success in this market outside of North America.

As ever we continue to be at the cutting edge of solid state lighting technology and through BTI, in late 2010 we demonstrated a 100,00 very tall turbine tower in Sweden. This was not only five times brighter than our current strobe but will spend most of its life turned off a radar which will detect the presence of nearby aircraft and only then activate our strobe. This is a prime example of BTI's channel pr technology to a market which would otherwise have been difficult to access.

Sales in Obstruction Lighting grew by over 70% in 2010 to £12.3m and by almost 50% even excluding the acquisition of BTI. Dialigh should generate strong growth over the next several years.

Solid State Lighting
In recent years many lighting suppliers have concentrated on Architectural and Entertainment applications as the first uses of Solid S Dialight has looked for those applications which deliver immediate value to our customers and has chosen lighting for hazardou applications as the primary thrust. Lights for these markets frequently need to be qualified to exacting international standards. The ye really a period of foundation building for this strategy when not only product needed to be developed, but also sales teams were being re awareness was being created and channels to market developed. The last year's results clearly demonstrate that our preparation has sta and Dialight can surely claim to be the clear market leader in Solid State Lighting for industrial applications.

In 2009, Dialight sold approximately three thousand light fixtures in industrial markets, twice as many as in 2008. At the close of 2010 w as many units with sales accelerating throughout the year. Much of this growth has come from the Durosite High Bay light which wa although our original Safesite continued to grow in sales in spite of being superceded in the beginning of 2011 by an improved version. C comprised over three hundred companies in diverse industries from Oil and Gas to Pharmaceuticals to Power Generation to Cold Stor Many of these customers are still at the trial stage with our products and it is possible to view many of these sales as merely "seeding" th

As always our products are in a mode of continuous improvement and the Durosite Highbay which was initially introduced as a device w 150 watts is now available with 12,000 lumens at the same wattage and with the added features of being dimmable and with the optic even more efficiency. Our main strategy in this market is to offer immediate value to our customers and we are regularly calculating payb year in installations where lighting is heavily used.

During the year we introduced a number of new products as well as improving existing fixtures. As mentioned earlier, LED performanc over the year and we now have three viable suppliers of the best performing LEDs. At the end of 2009 we were using 100 lumen/watt de now have a good supply at close to 140 lumens/watt with 160 not too far away. This allows us either to downsize a given fixture with the or improve the output at little to no extra cost.

Throughout 2010, most of our sales have been in North America having successfully set up an extensive network of Dialight Sale Manufacturers Representatives and Electrical Distributors. During the latter part of 2010 we introduced product more specifically for the E markets and made some key recruitment decisions to drive our sales into these geographies. We now have an Industrial Lighting orga with Dialight Sales Managers in the UK, France, Germany, Dubai and Singapore. In addition to these appointments we have recently ac an Australian lighting distributor to address this sizeable industrial and mining marketplace.

Having enjoyed a successful 2010, we look forward to continued strong growth and a good return on the organisation investment we hav

LED Indication Components Segment

	2010	2009
Sales	£23.5m	£17.6m
Segment profit	£5.6m	£3.2m

The LED Indication business consists of the supply of small LED assemblies for status indication for use by major OEMs in the profe This market has been a strong profit and cash generator for Dialight over many years. This is a niche business which we do not expect t but rather to fluctuate with the general market. More than half of our sales are channeled through electronics distributors who add customers. The balance of the business goes through contract manufacturers who build for our major OEM customers like IBM, Cisco, During the first half of 2010 we saw continuation of the strong finish to 2009. This resulted in a build up of inventory in the distributor c correction in the second half of the year. Encouragingly sales by our distributors to end users remained flat throughout the year. There the business continues to be fundamentally sound but is also expected to continue to follow the fluctuations of the general electronics ma

Electromagnetic Components Segment

	2010	2009
Sales	£14.6m	£13.3m
Segment profit	£0.1m	£0.7m

Sales in this segment grew by approximately 10%. All of that growth came from sales into the utility market driven by demand for high cu in "Smart Meters" for the United States. A key event for Dialight in 2010 was the signing of a supply agreement with a third major mete market. Shipments to this new customer were modest in 2010 but we expect more significant revenues in the coming year. Although sho "Smart Metering" market are strongest in the United States with over 100 million meters to be converted, the rest of the world is al conversion to smart metering. We are working on geographical expansion of this business where we believe we can generate long term

As commented last year, although the growth potential is significant, margins are and will remain tight in this market.

Operations and Engineering

Once again our Engineering and Operations units have been an important factor in the success of Dialight. Timely new product develop and performance improvements can be seen in both the volume of sales for the Signals/Illumination segment and in the further e Contribution margins improved by over three percentage points following the 6% improvement in 2009.

In 2010 we filed 29 new patents, 16 were granted and 61 are pending. Continuous innovation and the refusal to accept that status quo is in the thought processes of our technical staff and this driven approach is fundamental to our continued success.

Operationally we continue to tighten our supply chains and expand capacity ahead of the expected demands for our products. Investm and Newmarket facilities has brought our manufacturing closer to our customers as well as reducing our dependence on third party s remained nicely under control in spite of the increased volumes going through our factories and we are well prepared for the challeng bring in 2011.

Summary

2010 both started and ended very strongly as our innovative products begin to penetrate their individual markets bringing savin maintenance and improved safety to our customers. Our strategy of selecting niche markets with strong growth potential for our product sustained improvements in the Group's revenues along with the demonstrated margin improvement in our Signals/Illumination business. be effective in delivering both top and bottom line growth and we see the exciting performance of our ultra efficient lighting business accelerating adoption of this technology in our chosen markets.

Current trading and outlook

Our Signals/Illumination business is delivering the level of growth and profit that we had forecasted and is no longer merely a business w are however still at the early stages of what the Board believes will be a period of continued high growth. Improvements in LED technol them into even stronger value propositions for our customers represents an exciting opportunity for the Company over the coming years.

Our LED Indication business recovered somewhat from the downturn of 2009 and delivered its usual strong profits. Once again "smart and we look forward to continued expansion in this market.

The Board's continued confidence in the group's excellent prospects is supported by the strong performance in 2010 and in particula efficient lighting and signalling.

Roy Burton, Group Chief Executive. Harry Tee CBE, Chairman.

14 February 2011

Principal risks and uncertainties

The following section sets out the principal risks and uncertainties facing the Group. There may be other risks and uncertainties which a are currently considered to be immaterial but later turn out to have a material impact. Some of the areas set out will be outside of any in may exert. Should any of the risks actually materialise then Dialight's business, financial condition, prospects and share price could be affected.

Macro-economic conditions

A continuing significant slowdown in economic conditions globally and in certain territories such as North America could have a ma operating profit in particular for the LED Indication business. Management of the LED Indication business monitor the general electronics industry forecasts so as to become aware of market trends. In addition the monthly Point of Sales data which is provided by US cu monthly basis as this is also considered to provide valuable information on market demand.

Increasing inflationary pressures on areas such as raw material and sub-contract costs may have an adverse impact on operating margir

The current adverse economic conditions may cause both private and public organisations to reduce and/or defer their capital spending b on sales of almost all of our products.

Changes in government legislation or policy

National and local policies with regard to energy savings in a number of areas such as transport and communication are constantly ev Dialight's efforts in growing sales in some key niche current and potential opportunities identified by the Signals/Illumination business.

Additionally legislation may introduce new higher and more exacting specifications for existing products which will require product re certification. It is Dialight policy to operate in highly regulated markets which require suppliers to achieve compliance with demandin design and engineering departments have a proven track record in technical ability evidenced by strong working relationships with boards, the design and introduction of new products and the portfolio of registered IPR. Therefore changes in product specifications shou us an advantage over competition.

Competitive environment

We operate in competitive markets and there exists a threat that existing competitors or potential new entrants will be successful in taking may, for example, come from an extremely aggressive pricing policy for larger traffic contract bids in US and Europe.

Our focus on identifying, developing and maintaining sales routes to market, servicing strong customer relationships, competitive a portfolios and cost efficient manufacturing plants supports Dialight as a major player in our chosen markets and helps to reduce the risk competition.

Laws and regulations

The Group's operations are subject to a wide range of laws and regulations including employment, environmental and health and sa companies have an employee handbook detailing employment practices and staff who receive the appropriate training and support to o site has a health and safety manager responsible for compliance and performance in this area.

Strategy for revenue growth - LED technology

The strategy of the Board includes the following financial goals:

1. To grow sales by compound double-digit percentage
2. Compound EPS growth in the mid teens

The achievement of the goals is dependent on growing sales in the chosen markets within the Signals/Illumination business such as inc adoption by the market of LEDs for new applications is principally dependent on the increased efficiency and reduced cost of LEDs ve such as Fluorescent or High Intensity Discharge. The achievability of the Group's longer term sales growth would be seriously at r developing the LEDs did not achieve the expected progress such that new applications did not become feasible.

Additionally within the fast changing technology world that exists there is a possibility of a technology being developed that supersedes actively contributing by their presence on industry related boards, attendance and presentations at industry seminars etc, so as to be keep abreast of developments on a regular basis.

Intellectual property

The development and ownership of intellectual property is critical in underpinning the growth potential for the business. The Group ope the sharing of know how with third-parties as well as having a well defined policy on the in house identification and registration of patents unable to protect, maintain and enforce its existing intellectual property, it may result in the loss of the Group to the exclusive right processes which are included or used in its businesses. Over the last couple of years a plan to improve the quality of the New Product In the businesses has been implemented with good progress being made as evidenced by the expanding Patent portfolio.

Product liability risks

If a product of the Group does not conform to agreed specifications or is otherwise defective, the Group may be the subject to claims by end-product defects or other such claims. The Group carries product liability insurance. The Group is currently aware of a Signalling/Illumination customer which cannot be quantified.

Financial markets

Recent turmoil in global financial markets could pose risks to the financial position of both our customers and suppliers and also to t renegotiate bank facilities.

Customers are subject to credit checks and there is very close review of trade debtors, day's outstanding and overdue amounts. Purc customers.

There are ongoing reviews of supplier bases to ensure wherever possible that there is not over-reliance on one specific supplier.

The Group has a new relationship with the principal Group bankers Barclays. Currently the Group has no draw down against the existin will be kept with the banks to ensure that they understand the business and its requirements.

Currency exchange rate risk

The Group is exposed to translation exchange rate risk as a significant proportion of the Group's results and assets and liabilities are Euros and are therefore subject to translation to Sterling for incorporation into the Group's results. In addition, transactions are carried o currencies other than Sterling leading to transactional foreign exchange risk. Where possible the Group's nets such exposures a programme utilising foreign exchange forward contracts and currency overdrafts to cover specific contracts and such proportion of other can be estimated with reasonable certainty.

Acquisition strategy

The Group's acquisition strategy may not achieve its goals due to an inability to identify suitable acquisition targets and to integra businesses into the Group.

The Board plans to make acquisitions of businesses if the targets fit appropriately into the strategy by strengthening our product range a offering new and attractive sales routes to markets, have high performance and motivated management, and have a proven profit record.

The successful implementation of our acquisition strategy depends on our ability to identify targets, in completing the transaction, achi rate of return, and a successful and timely integration post acquisition.

Responsibility statement

The Directors confirm that to the best of their knowledge:

(i) the financial statements contained herein have been prepared in accordance with the applicable set of accounting standards and g the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a wh

(ii) This announcement includes:

(a) an indication of important events that have occurred during the financial year, and their impact on the financial statements contain

(b) a description of the principal risks and uncertainties; and

(c) details of any related party transactions that have taken place during the financial year and that have materially affected tha performance of the Group.

By order of the Board
Nick Giles
Company Secretary
Exning Road
Newmarket
Suffolk
CB8 0AX
14 February 2011

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2010

	Note	2010 £'000 (unaudited)	2009 £'000 (audited)
Continuing operations			
Revenue	1	**99,183**	77,304
Cost of sales		(71,897)	(58,621)
Gross profit		**27,286**	18,683
Distribution costs		(7,212)	(6,078)
Administrative expenses		(8,891)	(7,150)
Results from operating activities	1	**11,183**	5,455
Financial income		1,937	1,711
Financial expense		(1,821)	(1,884)
Net financing income/(expense)		116	(173)
Profit before income tax		**11,299**	5,282
Income tax expense	3	(3,846)	(1,990)
Profit from continuing operations		**7,453**	3,292
Prior periods discontinued operations			
Adjustment to profit from businesses sold in prior years	4	-	2,140
Profit for the year		**7,453**	5,432
Earnings per share			
Basic	5	**23.8p**	17.5p
Diluted	5	**23.2p**	17.1p
Earnings per share - continuing operations			
Basic	5	**23.8p**	10.6p
Diluted	5	**23.2p**	10.4p

The accompanying Notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

	2010 £'000 (unaudited)	2009 £'000 (audited)
Other comprehensive Income		
Exchange difference on translation of foreign operations	**319**	(2,398)
Actuarial (losses)/gains on defined benefit pension schemes	**(1,810)**	1,844
Income tax on actuarial (losses)/gains on defined benefit pension schemes	**631**	(663)
Other comprehensive income for the period, net of tax	**(860)**	(1,217)
Profit for the period	**7,453**	5,432
Total comprehensive income for the period attributable to equity holders of the Company	**6,593**	4,215

The accompanying Notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

	Share capital £'000	Merger reserve £'000	Translation reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2010	591	546	3,088	2,232	33,647	40,104
Profit for the period attributable to equity holders of the Company	-	-	-	-	7,453	7,453
Shares issued on acquisition	6	903	-	-	-	909
Other comprehensive income						
Foreign currency	-	-	319	-	-	319
Defined benefit plan actuarial losses, net of taxes	-	-	-	-	(1,179)	(1,179)
Dividends to shareholders	-	-	-	-	(2,228)	(2,228)
Unpaid dividends returned from shareholders	-	-	-	-	6	6
Share-based payments (net of tax)	-	-	-	-	785	785
Balance at 31 December 2010	597	1,449	3,407	2,232	38,484	46,169
At 1 January 2009	591	546	5,486	2,232	28,649	37,504

Profit for the period attributable to equity holders of the Company	-	-	-	-	5,432	5,432
Other Comprehensive Income						
Foreign currency	-	-	(2,398)	-	-	(2,398)
Defined benefit plan actuarial gains, net of taxes	-	-	-	-	1,181	1,181
Dividends to shareholders	-	-	-	-	(1,937)	(1,937)
Share-based payments (net of tax)	-	-	-	-	322	322
Balance at 31 December 2009	591	546	3,088	2,232	33,647	40,104

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2010

	2010	2009
	£'000	£'000
	(unaudited)	(audited)
Assets		
Property, plant and equipment	**8,218**	7,248
Intangible assets	**10,488**	8,589
Deferred tax assets	**3,162**	1,914
Total non-current assets	**21,868**	17,751
Inventories	**9,187**	9,194
Trade and other receivables	**18,856**	18,186
Cash and cash equivalents	**10,359**	9,092
Total current assets	**38,402**	36,472
Total assets	**60,270**	54,223
Liabilities		
Trade and other payables	**(11,265)**	(11,015)
Provisions	**(694)**	-
Tax liabilities	**(239)**	(1,083)
Total current liabilities	**(12,198)**	(12,098)
Employee benefits	**(1,441)**	(948)
Provisions	**(462)**	(1,073)
Total non-current liabilities	**(1,903)**	(2,021)
Total liabilities	**(14,101)**	(14,119)
Net assets	**46,169**	40,104
Equity		
Issued share capital	**597**	591
Merger reserve	**1,449**	546
Other reserves	**5,639**	5,320
Retained earnings	**38,484**	33,647
Total equity attributable to equity shareholders of the parent company	**46,169**	40,104

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 31 December 2010

	2010	2009
	£'000	£'000
	(unaudited)	(audited)
Operating activities		
Profit for the year	**7,453**	5,432
Adjustments for:		
Financial income	**(1,937)**	(1,711)
Financial expense	**1,821**	1,884
Income tax expense	**3,846**	1,990
Share based payments	**312**	197
Adjustment to profit on sale of businesses in prior years	**-**	(2,140)
Depreciation of property, plant and equipment	**2,012**	1,525
Amortisation of intangible assets	**1,588**	1,143
Operating cash flow before movements in working capital	**15,095**	8,320
Decrease in inventories	**847**	2,882
Increase in trade and other receivables	**(233)**	(240)
Increase/(Decrease) in trade and other payables	**(424)**	1,342
Pension contributions in excess of the income statement charge	**(1,269)**	(1,305)
Cash generated from operations	**14,016**	10,999
Income taxes paid	**(4,657)**	(1,581)
Interest paid	**(25)**	-
Net cash from operating activities	**9,334**	9,418
Investing activities		
Acquisition of Subsidiary, Net of Cash Acquired	**(2,074)**	-
Interest received	**23**	12
Capital expenditure	**(2,767)**	(1,576)

Capitalised expenditure on development	**(1,208)**	(966)
Sale of tangible fixed assets	**12**	22
Net cash used in investing activities	**(6,014)**	(2,508)
Financing activities		
Dividends returned	**6**	-
Dividends paid	**(2,228)**	(1,937)
Net cash used in financing activities	**(2,222)**	(1,937)
Net increase in cash and cash equivalents	**1,098**	4,973
Cash and cash equivalents at beginning of the year	**9,092**	4,145
Effect of exchange rates on cash held	**169**	(26)
Cash and cash equivalents at end of year	**10,359**	9,092

Notes to the financial statements for the year ended 31 December 2010

Basis of preparation

The summary financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instrun fair value.

The financial information set out in this announcement does not constitute the company's statutory accounts for the years ended 31 Dec financial information for 2009 is derived from the statutory accounts for 2009 which have been delivered to the registrar of companies. T on the 2009 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew atter without qualifying their report and (iii) did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. The statut befinalisedon the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to t in due course.

Full financial statements for the year ended 31 December 2010, will be posted to shareholders on 21 March 2011, and delivered to the General Meeting on 20th April 2011.

1. Operating Segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic units offer c require different technology and marketing strategies. For each of the units the Group CEO reviews internal monthly reports monthly. Th describes the operations in each of the Group's reportable segments.

The Group comprises the following business segments:

- Signals/Illumination which addresses the increasing demands for Energy Efficient Lighting solutions through the use of high brightness number of associated technologies. Areas of business include Traffic and Rail Signals, Obstruction Lights and Solid State Lighting proc
- LED Indication components businesses whose sales are primarily to Electronics OEMs for status indication; and
- Electromagnetic components which supplies smart meter disconnect switches which are used by utility companies to manage remotely residential and business premises.

There is no inter-segment revenue.

All revenue relates to the sale of goods. Segment results, assets and liabilities include items directly attributable to a segment as v allocated on a reasonable basis. Unallocated expenses comprise corporate costs including share-based payments and unallocated asse cash, borrowings, taxation and pension fund liabilities.

1. Operating Segments continued

Reportable segments

2010	**Electro magnetic components**	**LED Indication components**	**Signals/ Illumination**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	14,645	23,450	61,088	99,183
Contribution	2,516	12,406	25,753	40,675
Overhead costs	(2,443)	(6,809)	(17,079)	(26,331)
Segment results	73	5,597	8,674	14,344
Unallocated expenses				(3,161)
Operating profit				11,183
Net financing income				116
Profit before tax				11,299
Income tax expense				(3,846)
Profit after tax				7,453

2009	Electro magnetic components	LED Indication components	Signals/ Illumination	Total
	£'000	£'000	£'000	£'000
Revenue	13,333	17,576	46,395	77,304
Contribution	3,167	9,257	17,979	30,403
Overhead costs	(2,445)	(6,102)	(14,707)	(23,254)
Segment results	722	3,155	3,272	7,149

Unallocated expenses	(1,694)
Operating profit	5,455
Net financing income	(173)
Profit before tax	5,282
Income tax expense	(1,990)
Profit after tax	3,292

Note: Contribution is revenue less direct materials, direct labour, freight and sales commission.

Other Information	**Electro magnetic components**	**LED Indication components**	**Signals/ Illumination**	**2010 Total**
	£'000	**£'000**	**£'000**	**£'000**
Capital Additions	550	459	2,851	3,860
Depreciation and amortisation	(395)	(627)	(2,374)	(3,396)

Other Information	Electro magnetic components	LED Indication components	Signals/ Illumination	2009 Total
	£'000	£'000	£'000	£'000
Capital Additions	402	208	1,822	2,432
Depreciation and amortisation	(380)	(527)	(1,746)	(2,653)

Not included above are central asset additions of £115,000 (2009: £2,000) and depreciation/amortisation of £14,000 (2009: £16,000) not allocated to a

1. Operating Segments continued

Balance Sheet - Assets	**Electro magnetic components**	**LED Indication components**	**Signals/ Illumination**	**2010 Total**
	£'000	**£'000**	**£'000**	**£'000**
Segment assets	10,795	8,379	30,011	49,185
Unallocated assets				11,085
Consolidated total assets				60,270

Balance Sheet - Liabilities	**Electro magnetic components**	**LED Indication components**	**Signals/ Illumination**	**2010 Total**
	£'000	**£'000**	**£'000**	**£'000**
Segment liabilities	(3,716)	(1,832)	(6,276)	(11,824)
Unallocated liabilities				(2,277)
Consolidated total liabilities				(14,101)

Balance Sheet - Assets	Electro magnetic components	LED Indication components	Signals/ Illumination	2009 Total
	£'000	£'000	£'000	£'000
Segment assets	9,089	9,135	27,235	45,459
Unallocated assets				8,764
Consolidated total assets				54,223

Balance Sheet - Liabilities	Electro magnetic components	LED Indication components	Signals/ Illumination	2009 Total
	£'000	£'000	£'000	£'000
Segment liabilities	(3,943)	(1,782)	(7,357)	(13,082)
Unallocated liabilities				(1,037)
Consolidated total liabilities				(14,119)

The Components and Signals/Illumination segments are managed on a worldwide basis, but operate in three principal geographic areas, UK, Euro following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods. All revenue relates to the sale

Analysis by geographical market

	2010	2009
	£'000	£'000
North America	**68,156**	52,717

UK	**10,138**	7,790
Rest of Europe	**11,161**	8,436
Rest of world	**9,728**	8,361
	99,183	77,304

Continuing operations	Segmental assets		Non current assets	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
North America	**31,588**	30,472	**6,457**	6,178
UK	**17,830**	15,307	**7,516**	5,141
Rest of Europe	**10,852**	8,444	**7,895**	6,432
	60,270	54,223	**21,868**	17,751

2. Acquisition of subsidiary

On 28 April 2010, the Group acquired 100% of the issued share capital of BTI Light Systems A/S ("BTI"), a Danish company offering signalling and saf marine and airport industries. BTI was acquired from its management for an initial consideration of £3.0m, £2.1m of which was payable in cash with the issue of 360,730 ordinary shares of 1.89p at a share price of 252.4 pence. In addition contingent consideration of £193,000 has beenrecognised. This i the vendors and is contingent upon any claims made against the company in relation to events prior to the date of acquisition.

The acquisition enhances the Group's rapidly growing signalling business, providing a strong channel to the growing European Offshore Wind market. Group's already significant North American penetration of the Wind Turbine market and strengthens presence in Europe.

BTI contributed £1,886,000 to revenue and a loss of £115,000 to profit before tax for the period between the date of acquisition and the balance sheet £87,000, in making the acquisition have been expensed as required under the revised standard.

If the acquisition of BTI had been completed on the first day of the financial year Group revenues for the period would have been £100.3m and the Gro have been £11.6m.

Recognised amounts of identifiable assets acquired and liabilities assumed at fair value	**£'000**
Property, plant and equipment	117
Intangible assets	-
Deferred tax	66
Current assets	1,563
Current liabilities	(1,123)
Net assets acquired	623
Allocation to Customer relationships	1,804
Allocation to Order Book	17
Allocation to Goodwill	804
Total Consideration	**3,248**
Satisfied by:	
Fair value of shares issued	909
Cash and cash equivalents	2,146
Contingent consideration	193
	3,248
Net cash outflow arising on acquisition	
Cash and cash equivalents acquired	72
Directly attributable costs	(87)
	(15)

3. Income tax expense

Recognised in the income statement

	2010	2009
	£'000	£'000
Current tax expense		
Current year	**3,677**	1,945
Adjustment for prior years	**(2)**	-
	3,675	1,945
Deferred tax expense		
Origination and reversal of temporary differences	**326**	288
Adjustment for prior years	**(155)**	(243)
Income tax expense	**3,846**	1,990

Reconciliation of effective tax rate

	2010	**2010**	2009	2009
	%	**£'000**	%	£'000
Profit from continuing operations		**7,453**		3,292
Total income tax expense		**3,846**		1,990
Profit excluding income tax		**11,299**		5,282
Income tax using the UK corporation tax rate of 28% (2008: 28%)	**28.0**	**3,164**	28.0	1,479
Effect of tax rates in foreign jurisdictions	**8.3**	**943**	9.2	487
Change in tax rate	**0.6**	**65**	-	-
Non-deductible expenses	**0.5**	**60**	0.8	41
Unrecognised losses carried forward	**-**	**-**	4.3	226

Losses now recognised	**(2.0)**	**(229)**	-	-
Over provision in prior years	**(1.4)**	**(157)**	(4.6)	(243)
	34.0	**3,846**	37.7	1,990

Deferred tax recognised directly in equity	**2010**	2009
	£'000	£'000
Share based payments	**473**	124

4. Adjustment to profit from businesses sold in prior years

There is no adjustment to profit in 2010, the adjustment to profit in 2009 from businesses sold in prior years comprises two non-cash items being a rele
for a business sold in 2003 and a release of a tax provision of £1.7million in connection with the disposal of businesses in 2005, which are no longer re

5. Earnings per share

Basic earnings per share
The calculation of basic earnings per share at 31 December 2010 was based on the profit for the year of £7,453,000 (2009: £5,432,000) and a weighted avera
outstanding during the year ended 31 December 2010 of 31,286,691(2009: 30,983,501).

Diluted earnings per share
The calculation of diluted earnings per share at 31 December 2010 was based on profit for the year of £7,453,000 (2009: £5,432,000) and a weighted average numbe
during the year ended 31 December 2010 of 32,081,365 (2009: 31,788,206) calculated as follows: -

Weighted average number of ordinary shares (diluted)	**2010**	2009
	'000	'000
Weighted average number of ordinary shares	**31,287**	30,984
Effect of share options on issue	**794**	804
Weighted average number of ordinary shares (diluted)	**32,081**	31,788

Underlying earnings per share are highlighted below as the Directors consider that this measurement of earnings gives valuable information on the performance of the

	2010	2009
Basic earnings per share (pence)	**23.8**	17.5
Profit from businesses sold in prior years (note 4) (pence)	**-**	(6.9)
Underlying earnings per share (pence)	**23.8**	10.6
Diluted earnings per share (pence)	**23.2**	17.1
Profit from businesses sold in prior years (note 4) (pence)	**-**	(6.7)
Underlying diluted earnings per share (pence)	**23.2**	10.4

6. Dividends

The following dividends were paid in the year:

	2010	2009
	£'000	£'000
2nd Interim - 4.3p (2008 Final: 3.9p) per ordinary share	**1,343**	719
Interim - 2.8p per ordinary share (2009: 2.3p)	**885**	1,218
	2,228	1,937

After the balance sheet date the following dividends were recommended by the Directors. The dividends have not been provided for and there are no
consequences.

	2010	2009
	£'000	£'000
Final proposed dividend		
5.2p per ordinary share (2009: 2nd Interim 4.3p)	**1,627**	1,343

-ENDS-

About Dialight
Dialight plc is leading the lighting revolution for industrial users across the world. Applying leading edge LED technology it produces retro-fittab
specifically for hazardous locations, obstruction lighting, traffic and rail signalling to vastly reduce maintenance, save energy, improve safety and ease
high specification luminaries are also produced for more general commercial, industrial and outdoor situations.

Dialight comprises the following business segments:

- Signals/Illumination which addresses the increasing demands for Energy Efficient Lighting solutions through the use of high brightness LEDs a associated technologies. Areas of business include Traffic and Rail Signals, Obstruction Lights and Solid State Lighting products.
- LED Indication components whose sales are primarily Electronic OEMs for status indication; and
- Electromagnetic components which supplies smart meter disconnect switches which are used by utility companies to manage remotely electr business premises.

The company is headquartered in the UK and listed on the London Stock Exchange (LSE:DIA.L,GB0033057794) with operating locations in the UK, U
Mexico. More information is available at www.dialight.com.

Cautionary statement

This announcement contains certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the management of future ope subsidiaries is not warranted or guaranteed. These statements typically contain words such as 'intends', 'expects', 'anticipated', 'estimates' and wor nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the believes that the expectations will prove to be correct. There are a number of factors, many of which are beyond the control of Dialight plc, which co developments to differ materially from those expressed or implied by such forward-looking statements.
