

DIGITAL ANGEL CORPORATION AND SUBSIDIARIES
Preliminary
Consolidated Balance Sheets Data
(in thousands, except par values)

	March 31, 2010	December 31, 2009
Assets	(unaudited)	
Current assets		
Cash and cash equivalents.....	\$ 2,819	\$ 1,895
Restricted cash	—	202
Accounts receivable, net.....	8,448	7,220
Note receivable.....	121	450
Inventories.....	9,338	9,531
Other current assets	2,046	2,064
Current assets of discontinued operations.....	1,117	2,334
Total current assets.....	23,889	23,696
Property and equipment, net.....	6,843	7,349
Goodwill and intangibles, net.....	14,351	14,790
Note receivable	482	596
Other assets, net	537	599
Other assets of discontinued operations	—	14
Total assets.....	\$ 46,102	\$ 47,044
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current maturities of long-term debt ...	\$ 7,446	\$ 9,297
Accounts payable.....	8,111	8,083
Advances from factors.....	2,225	1,241
Accrued expenses.....	6,510	6,580
Deferred gain on sale.....	1,081	960
Deferred revenue	741	548
Current liabilities of discontinued operations	1,552	2,555
Total current liabilities	27,666	29,264
Long-term debt and notes payable	301	392
Other liabilities.....	1,804	1,445
Total liabilities	29,771	31,101
Total stockholders' equity (noncontrolling interest of \$15 and \$4 respectively	16,331	15,943
Total liabilities and stockholders' equity.....	\$ 46,102	\$ 47,044

DIGITAL ANGEL CORPORATION AND SUBSIDIARIES
Preliminary
Consolidated Statements of Operations Data
(in thousands, except per share data)

	For the quarter ended March 31,	
	2010	2009
	(Unaudited)	
Revenue	\$ 12,255	\$ 13,866
Cost of sales	<u>6,978</u>	<u>8,371</u>
Gross profit	5,277	5,495
Selling, general and administrative expenses	5,403	6,540
Research and development expenses	273	305
Severance and separation expenses	<u>141</u>	<u>—</u>
Operating loss	(540)	(1,350)
Interest and other income (expense), net	(472)	20
Interest expense	<u>(352)</u>	<u>(527)</u>
Loss from continuing operations before income tax provision	(1,364)	(1,857)
Provision for income taxes	<u>(10)</u>	<u>(4)</u>
Loss from continuing operations	(1,374)	(1,861)
Income from discontinued operations attributable to Digital Angel Corporation	<u>259</u>	<u>655</u>
Net loss	(1,115)	(1,206)
Loss (income) attributable to the noncontrolling interest, continuing operations	8	(2)
Income attributable to the noncontrolling interest, discontinued operations	<u>(2)</u>	<u>(10)</u>
Net loss attributable to Digital Angel Corporation	<u>\$ (1,109)</u>	<u>\$ (1,218)</u>
(Loss) income per common share – basic and diluted		
Loss from continuing operations	\$ (0.05)	\$ (0.11)
Income from discontinued operations	0.01	0.04
Net loss	<u>\$ (0.04)</u>	<u>\$ (0.07)</u>

DIGITAL ANGEL CORPORATION AND SUBSIDIARIES
Preliminary
Reconciliation to Non-GAAP Financial Information
(in thousands) (unaudited)

	For the quarter ended March	
	2010	2009
Operating (loss)	\$ (540)	\$ (1,350)
Depreciation and amortization	848	998
EBITDA	308	(352)
Severance and separation expenses	141	—
Adjusted EBITDA¹	\$ 449	\$ (352)

¹Adjusted EBITDA is regular EBITDA with the severance and separation expenses backed out.

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