



**PRESS RELEASE**  
Paris, April 7, 2009

## 2008 Results

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DANE-ELEC Memory, which manufactures and distributes digital products (Dram, external hard drives and handled products), has published its 2008 annual results.

### Highlights

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In 2008, Dane-Elec Memory saw a number of developments, notably at sales and marketing level, which have impacted the year's financial results:

- Industry climate. The electronics industry has not been spared from the effects of the widespread slowdown in household consumption. In addition, the large-scale increase in global production capacity in recent years has led to over-production, severely depressing prices. In the space of 12 months, the average price for Dram modules and Flash memories has fallen by almost 60%.
- New products. 2008 saw the ramp-up of new products developed by the group and initially marketed in Europe. So by Dane-Elec external hard drives, the *Zpen* digital pen and the *Dane-Elec Music* range of digital players generated revenues of €22.1 million, or over 13% of total group sales.
- Innovation. To pursue its strategy of competitive differentiation by marketing innovative products, Dane-Elec Memory increased the resources allocated to R&D in France, Israel and China. In 2008, R&D spending amounted to €1 million, compared with €650 million in 2007.
- Sales under licence. In parallel with this innovation policy, Dane-Elec Memory developed another avenue of differentiation by signing a global licensing agreement with Duracell. As a result, the group began selling a range of mass storage products including memory cards and USB drives in the United States under the Duracell brand name. These products contributed to the extension of our distribution network with 11 new distributors in North America, and increased market share.
- Sales network. In 2008, Dane-Elec Memory reallocated its commercial resources towards regions offering the greatest growth potential. Offices were accordingly opened in Turkey and Dubai, while activities in Germany and Italy are now run by other subsidiaries.

## Income Statement

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Eur million	2008	2007
<b>Revenues</b>	<b>161.8</b>	<b>202.7</b>
Gross margin	19.6	28.1
% of revenues	12.1%	13.9%
Recurrent operating income	(9.3)	1.0
Operating income	(9.8)	1.0
Net interest charges	(0.8)	(0.3)
Tax	3.1	(0.6)
<b>Net income</b>	<b>(7.5)</b>	<b>0.2</b>

In 2008, the Dane-Elec Memory group posted revenues of €161.8 million that can be analysed as follows:

- The dollar's depreciation against the euro had a negative impact of €5.1 million;
- The rise in sales volumes was offset by the fall in average prices for commoditised products (Drams and Flash memories),
- There were substantial differences from one country to another, with strong performance in the United States and Spain mainly counterbalanced by lower activity in France.

In addition, retail activity via Intervalle was hit by the sudden halt to sales of hand-held GPS systems by ViaMichelin, cutting revenues by €5.3 million.

The 1.8 point reduction in gross margin can largely be explained by:

- Increased transport costs for component purchases (up 1.2 points),
- Substantial fourth-quarter dollar volatility.

Increased payroll costs and external charges were due to:

- The return to strongly seasonal sales, requiring the deployment of additional resources in the shape of external service providers, advertising, transport, etc., for a total of €1 million;
- The in-depth reorganisation of the group, leading to a one-off increase in direct and indirect personnel costs amounting to approximately €610,000;
- Higher, non-activated R&D costs amounting to €350,000.

The group made an operating loss of €9.8 million. The increase in interest charges can be attributed to the rise in net debt. After factoring in a €3.1 million tax credit, the group ended the year on a net loss of €7.5 million.

## Balance sheet and net equity

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Eur million	31/12/2008	31/12/2007
Non-current assets (PP&E)	4.6	3.0
Stocks	20.9	22.6
Trade receivables	46.1	42.1
Other current assets	8.9	7.9
<b>Total assets</b>	<b>80.4</b>	<b>75.6</b>
Shareholders' equity	35.8	42.7
Non-current liabilities	5.5	0.5
Trade payables	23.6	16.3
Other current liabilities	15.6	16.1
<b>Total liabilities</b>	<b>80.4</b>	<b>75.6</b>

The working cash flow requirement fell slightly over the year. Changes in the product mix due to the increase in the proportion of new products limited the fall in inventories. At the same time, the strong activity levels seen at year-end, notably in Spain, explain the increase in trade receivables and payables.

As at 31 December 2008, Dane-Elec Memory's shareholders' equity stood at €35.8 million. Net long-term debt stood at €13.1 million. The group renegotiated part of its credit lines with its financial partners. An outstanding debt of €6.5 million was transformed into a non-current debt with a repayment schedule running to June 2011.

At 31 March 2009, Dane-Elec Memory had unused credit lines amounting to €10.2 million.

## Strategy and outlook

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In line with the strategy implemented from 2006, Dane-Elec Memory will continue to focus its sales efforts on competitively-differentiating and innovative products such as Zpen, Notesearch, and NoLimitMemory. Among its development priorities, the group is targeting the telecoms operators market, as seen in the 2008 distribution agreement signed with Orange in France.

In 2009, Dane-Elec Memory will benefit from the impact of full-year sales of its new products, whose range is steadily expanding, and from an extended sales network. Multimedia products (external hard drives, digital pen and music players) are to be distributed on the North American market, for example, while products marketed under license with Duracell will progressively be marketed in Europe.

In parallel, measures implemented in 2008 to lower the break-even point should gradually start to bear fruit, both in terms of profitability and of changes in the net financial position.

**The next date for your diary is Tuesday 12 May after close of trading, for the condensed first-quarter 2009 accounts, when the group will provide a detailed update on its situation and outlook.**

### About DANE-ELEC Memory

Founded in France in 1985 by David Haccoun and Nessim Bodokh, Dane-Elec Memory is an international company headquartered near Paris. The company specialises in the manufacture and distribution of digital products: Drams, external hard drives and handled products.

Since it was founded, the group has seen steady growth and is a European leader in its sector. As a global player, Dane-Elec Memory operates in Europe, the United States, and Asia (China - Taiwan). The group has a Dram manufacturing and assembly plant in Ireland and a packaging logistics platform in France, making it extremely responsive to demand.

In parallel, Dane-Elec Memory also has a handled product distribution subsidiary (via Intervalle).

In 2008, Dane-Elec Memory generated revenues of 162 million euros.

Dane-Elec Memory is listed on Euronext Paris, Segment C.  
ISIN: FR000036774, Mnemo: DAN, REUTERS: DEMY.

**Full financial information at [www.dane-elec.fr](http://www.dane-elec.fr) or at [www.actus-finance.com](http://www.actus-finance.com)**

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DANE-ELEC MEMORY SA  
CONSOLIDATED FINANCIAL STATEMENTS-IFRS  
AUDITED DATA

Income Statement

Eur 000s	<b>31/12/08</b>	<b>31/12/07</b>
<b>Sales</b>	<b>161 786</b>	<b>202 715</b>
Other revenues	624	1 182
Cost of good sold	(142 231)	(174 635)
Personnel costs	(14 303)	(13 605)
Other sales, administrative and general costs	(12 904)	(11 708)
Local taxes	(646)	(774)
Depreciation and amortization	(1 610)	(2 183)
<b>Current operating income</b>	<b>(9 284)</b>	<b>992</b>
Other operating income and charges	(495)	46
<b>Cost of bank lending</b>	<b>(754)</b>	<b>(321)</b>
Other financial income and expenses	(52)	62
Taxes on income	3 083	(608)
Share of income from companies consolidated on an equity basis	0	0
Income before discontinued activities or Operations in the course of being sold	(7 502)	171
<b>Net income</b>	<b>(7 502)</b>	<b>171</b>

## Balance sheet

<b>ASSETS</b>	<b>31/12/08</b>	<b>31/12/07</b>
	<b>NET</b>	<b>NET</b>
<b><u>NON-CURRENT ASSETS</u></b>		
Intangible assets	46	92
Tangible assets	1 885	1 802
Financial assets	1 748	953
Deferred tax assets	920	196
<b>TOTAL</b>	<b>4 599</b>	<b>3 043</b>
<b><u>CURRENT ASSETS</u></b>		
Inventories	20 878	22 559
Trade notes and accounts receivable	46 105	42 116
Other receivables	5 974	2 198
Cash and equivalents	2 878	5 682
<b>TOTAL</b>	<b>75 835</b>	<b>72 555</b>
<b>TOTAL ASSETS</b>	<b>80 434</b>	<b>75 598</b>

<b>LIABILITIES</b>	<b>31/12/08</b>	<b>31/12/07</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>		
Capital	8 179	8 179
Treasury shares	(2 189)	(2 553)
Financial instruments shareholders' equity	767	767
Bonuses	14 519	14 519
Reserves	24 706	25 211
Conversion reserves	(2 723)	(3 624)
Income (loss) for the period	(7 502)	171
<b>TOTAL GROUP LIABILITIES</b>	<b>35 757</b>	<b>42 670</b>
Minority interests	(2)	(2)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>35 755</b>	<b>42 668</b>
<b><u>NON CURRENT LIABILITIES</u></b>		
Financial liabilities	4 867	308
Provisions	649	241
<b>TOTAL</b>	<b>5 516</b>	<b>549</b>
<b><u>CURRENT LIABILITIES</u></b>		
Financial liabilities	11 105	10 701
Trade notes and accounts payable	23 561	16 308
Other debt	4 497	5 372
<b>TOTAL</b>	<b>36 163</b>	<b>32 381</b>
<b>TOTAL LIABILITIES</b>	<b>80 434</b>	<b>75 598</b>

## CHANGES IN NET CASH POSITION

	31/12/08	31/12/07
<b>Pre-tax consolidated net income</b>	(10 586)	779
Net depreciation and provisions	1 159	732
Unrealized gains and losses due to changes in fair value	0	0
Capital gains/losses on disposals	74	(72)
<b>Cash flow from operations after cost of long-term debt and tax</b>	<b>(9 353)</b>	<b>1 439</b>
Cost of net long-term debt	754	321
Tax (including deferred tax)	3 083	(608)
<b>Cash flow from operations before cost of long-term debt and tax</b>	<b>(5 516)</b>	<b>1 152</b>
Change in working capital requirement from operations	532	1 733
<b>Net cash flow from operations</b>	<b>(4 984)</b>	<b>2 885</b>
Disbursements for acquisitions of tangible and intangible fixed assets	(841)	(1 120)
Proceeds from sale of tangible or intangible fixed assets	9	78
Disbursements for acquisitions of equity interests	(141)	0
Change in loans and advances	(750)	251
<b>Net cash flows from investment activities</b>	<b>(1 723)</b>	<b>(791)</b>
Proceeds from shareholders for capital increases	0	0
Proceeds from exercise of stock options		243
Treasury share sales and buybacks	(313)	(1 484)
Debt issuance	6 821	
Restatement of leasing contracts as debt	(94)	127
Debt repayment	(20)	(65)
Cash flow on current accounts		(18)
Net interest income	(754)	(321)
<b>Net cash flow from financing activities</b>	<b>5 640</b>	<b>(1 518)</b>
Impact of exchange rate variations	198	(2 240)
<b>Change in net cash and equivalents</b>	<b>(869)</b>	<b>(1 664)</b>
<b>Beginning balance of cash and equivalents</b>	<b>(4 942)</b>	<b>(3 278)</b>
<b>Ending balance of cash and equivalents</b>	<b>(5 811)</b>	<b>(4 942)</b>
Active/positive cash flow	2 878	5 682
Non current financial liabilities		0
Current financial liabilities	(8 689)	(10 624)
<b>Ending balance of cash and equivalents</b>	<b>(5 811)</b>	<b>(4 942)</b>