



PRESS RELEASE
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2009 First half results: cut in costs and debt against a complex market backdrop

DANE-ELEC Memory, manufacturer and distributor of digital products (Dram memory chips and mass storage and hand-held products) has released its figures for the first half of 2009.

Since the second quarter of 2009, Dane-Elec Memory has had to tackle a particularly complex economic environment marked by repeated increases in purchasing prices that have proven difficult to pass on to its major clients. Accordingly, the group has tightened its strict operating cost control and continued to cut back on debt, whilst at the same time stepping up its R&D. These measures will not only cushion Dane-Elec Memory against the crisis, but will also enable it to actively prepare for the launch of new, innovative products.

Breakdown of results

€m (audited data)	H1 2008	H1 2009
Revenues	78.1	72.1
Gross margin	10.0	9.8
% of revenues	12.8%	13.6%
Recurrent operating income	(3.7)	(3.0)
Operating income	(3.8)	(3.0)
Net interest charges	(0.4)	(0.1)
Other financial charges	(0.1)	-
Tax	(0.5)	-
Net income	(4.8)	(3.1)

Dane-Elec Memory generated consolidated revenues of €72.1 million in the first half of 2009. The strong success of its new product ranges (particularly hard drives and digital players) and the positive impact of changes in exchange rates (€4.1 million), were not, however, sufficient to fully offset the drop in average sales prices for Dram and Flash memories. What is more, the distribution of hand-held products (Intervalle) continues to suffer from the market withdrawal of its two main suppliers (Palm and ViaMichelin).

Dane-Elec Memory is nonetheless beginning to reap the rewards of its cost-cutting measures. General and administrative costs have dropped €1.1 million in the space of one year. The group has also reduced its recurrent operating losses (€3.0 million as against €3.7 million), but still remains in deficit as, for the time being, its gross margin is insufficient.

Financial expenses included, consolidated net income stood at €-3.1 million compared to €-4.8 million for the first six months of 2008.

Financial position

At June 30, 2009, Dane-Elec Memory's equity amounted to €32.2 million.

The sharp reduction in its working capital requirement during the first half (€7.6 million) meant that the group was able to rein back its net debt to €8.5 million from €13.1 million on December 31, 2008.

Moreover, at June 30, Dane-Elec Memory also disposed of various unused credit lines for a total of €5.9 million versus €3.8 million on December 31, 2008.

Strategy & Outlook

In the months to come, Dane-Elec Memory will continue to focus on the development of its new product lines (sales under license and multimedia products) by broadening their distribution networks. The group is also preparing for the end-of-year market launch of a new and highly innovative offering (code name: *NLHD*). The new product range perfectly reflects the group's new strategy to design innovative solutions that marry electronic hardware with value-added services, and is expected to have a very positive impact on business volumes and margins as of 2010.

At the same time, the group also intends to heighten its cost savings, and the cutbacks in personnel and external expenses (minimum of €1 million over a full year) already announced and partially reported in the first half are ongoing. Dane-Elec Memory will also streamline its global sales network with potential savings estimated at € 1.5 million per year.

Dane-Elec Memory's half-yearly report as at June 30, 2009 is now available to the public and has been filed with the French market authorities, the *Autorité des marchés financiers*.

Next publication: Q3 2009 results on Monday 9 November after the close of trading.

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 specializes in the manufacture and distribution of digital products: Drams, external hard drives and hand-held 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, Asia, and the Middle East. The group has a Dram manufacturing and assembly plant in Ireland, three assembly units in the United States, Ireland and France, and two packaging logistics platforms in the United States and France, making it extremely responsive to demand.

Dane-Elec Memory also has a hand-held product distribution subsidiary, Intervalle, in France.

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

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

All our financial information at www.dane-elec.fr or www.actus-finance.com

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