



PRESS RELEASE
Paris - May 13, 2010

Financial information for the first quarter of 2010 Preparation for the launch of new products

DANE-ELEC Memory, manufacturer and distributor of digital products (Dram memory chips and storage and hand-held products) has released its results for the first quarter of 2010.

Activity

In €m (non audited figures)	Q1 2009	Q1 2010
Europe	19.1	17.3
United States	12.6	15.7
Asia / Middle East	1.3	1.2
Revenue	33.0	34.2
Storage products	28.9	30.1
Dram	2.2	2.0
Distribution of hand-held products	1.9	2.1

Dane-Elec Memory had a mixed start to the year, which was marked by the ongoing commercial success of its storage products in the United States (Flash memories), but also by sales that fell shy of the group's budgets in Europe, particularly in March.

Hand-held products distributed by group subsidiary, Intervalle, showed some signs of recovery, particularly after the signing of new names including computer manufacturer, Dell.

Results

In €m (non audited figures)	Q1 2009	Q1 2010
Revenue	33.0	34.2
Gross margin	5.8	4.4
as a % of revenue	17.5%	12.7%
Recurrent operating income	(0.6)	(2.5)
Operating income	(0.6)	(2.5)
Cost of net financial debt	(0.1)	(0.0)
Other financial income and expenses	(0.4)	0.4
Tax expense	-	0.1
Net income (Group share)	(1.1)	(1.9)

2010 first-quarter revenues amounted to € 34.2 million, up 3.6% year-on-year. At constant exchange rates, sales grew 6.3%.

In order to prepare for the commercialization of its new product ranges as of the second quarter of 2010, Dane-Elec began reducing its inventories of certain products at the start of the year. This

triggered a temporary drop in gross margin to 12.7%, which nonetheless remains higher than the rate achieved over the whole of 2009 (12.1%).

The group's proactive tactic to step up both its marketing and its research and development ahead of the product launches also led to a slight increase in operating expenses, bringing its recurrent operating income for the period to €-2.5 million.

Dane-Elec is to implement a new cost-cutting program across Europe in order to substantially reduce its break-even point. The aim is to gradually switch from direct sales through its own sales teams to the use of distributors in each country. This strategy, which is now a viable option thanks to the group's unique product range that sets it apart from the competition (products under license, innovative products), will primarily mean a reduction in fixed overheads.

After financial expenses and tax, group net income came to € -1.9 million at the end of March.

Financial position

Dane-Elec Memory's equity stood at € 35.0 million on March 31, 2010.

The company has begun rolling out its new policy to purchase electronic components (Wafer) upstream of the production cycle, which not only enables it to buy at competitive prices but also to widen its potential market via the commercialization of part of its production as OEM products.

As this strategic decision prolongs the holding periods for the group's products, and in light of its forecasts of an upturn in activity, Dane-Elec's net inventories amounted to € 40.2 million at the end of March compared to € 23.2 million on December 31, 2009.

The group's net financial debt stood at € 15.3 million on March 31, 2010.

Strategy & Outlook

After a disappointing month in March, Dane-Elec Memory made an impressive recovery in April, with strong business volumes essentially linked to its Flash memory products.

In May, the group launched its 1st generation of *myDitto*, a new zero configuration USB key that allows users to access secure data stored on an external hard disk at their home or office from anywhere in the world. This high value-added offer developed by the group's R&D teams will enable Dane-Elec Memory to increase its sales and improve its results.

Next publication: HI 2010 revenue on Wednesday 28, July, 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: Dram memories and storage and hand-held products.

As a global player, Dane-Elec Memory operates in Europe, the United States, Asia, and the Middle East. The group has a 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 2009, Dane-Elec Memory generated revenues of € 180 million.

Dane-Elec Memory is listed on Segment C of Euronext Paris and has been awarded the label of Innovative Company by France's National Agency for Industrial Innovation, OSEO innovation.
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