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PARIS
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CONSOLIDATED RESULTS AS AT DEC, 31, 2008

Net profit as at December, 31, 2008

Major, but anticipated drop in sales because of the supply shortage due to the fire and weaknesses in some strategic areas due to the global economic crisis, partly compensated by a strong increase in gross margin and a tight control over overheads

I – KEY INDICATORS

Key indicators as at Dec, 31, 2008 are as follow:

Euros millions	Quarter 3		Year-to-date	
Consolidated	08-09	Variation	08-09	Variation
Sakes	17.0	- 31.7 %	47.7	- 22.4 %
Gross Margin	8.6	- 30.5 %	26.1	- 15.7 %
%	50.5 %	+ 0.9 pts	54.7 %	+ 4.3 pts
EBIT	- 3.4	- 5.7 M€	1.3	- 0.7 M€
Net Result	- 2.9		1.1	
%	- 17.2 %		2.2 %	

Sales dropped significantly for the 3rd quarter because of the combined impact of the supply shortage after the fire, the stopping of deliveries to Russia because of the economical situation of the country and the overall impact of economical crisis in other areas with the exception of Honk-Kong/China that is still growing in a sustainable way. On cumulative basis, the decrease in sales is less material as only the consequences of the fire impacted the sales in the first half-year.

Sales per activity:

If lighters and writing instruments were impacted by the fire, leather goods were deeply concerned by the crisis in Eastern Europe, one of the major markets for this activity.
Royalties are increasing over the quarter thanks to the exchange rate impact.

Results

- Rate of gross margin is significantly higher than last year (+4.3 points cumulative) because of the cost cutting actions implemented in previous years and the decision to re-launch in priority production of higher margins products.
  Almost all the subsidiaries are showing an increase in gross margin percentage.
- Overheads are increasing by +4.3%.
- Non recurring items include the impact of the fire. It shall be pointed out that no income has been recorded for the 3rd quarter regarding the operational loss indemnity. Negotiations with insurance companies are going on and the claim shall be closed by the end of March 2009.

The reconstruction of the plant ended in December 2008.
Because of the economical crisis, cost cutting actions aiming at matching cost to the level of sales have been implemented in quarter 3. They should bear their effect during the 4th quarter and all along the next fiscal year.

EBIT as at Dec, 31, 2008 amounts +1.3 M€ (vs. +2.1 M€ last year).
Net profit amounts +1.1 M€ vs. +0.7 M€ as at Dec, 31, 2007.

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