

July, 2, 2010

**CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH, 31, 2010**

**Strong resistance in sales despite the economical crisis (-3.1%).**

**Major decrease in inventories (-8.4 M€)**

**Restructuring had been implemented in the 4th quarter and will bear its full effect in 2010-2011**

**Excluding non recurring items, EBIT improves by +4.5 M€.**

**Net result for the year: - 8.8 M€ (vs. + 3.3 M€ as at March, 31, 2009).**

Key indicators for the year ended march, 31, 2010 are as follows:

Euros million	31/03/2010	31/03/2009
Sales (products)	54.5	56.2
Sales (total)	60.0	61.3
Gross Margin	29.4	32.0
( % )	49.0%	52.2%
EBIT	(4.6)	5.1
Financial expenses	(1.4)	(1.8)
Net result	(8.8)	3.3
Net result per share (€)	(0.021)	0,008
Net financial Resources/(Debt)	(11.0)	(9,8)
Equity	15.0	23,5

Despite the economical crisis, sales are increasing (6.5%) in markets where we operate directly or via a subsidiary (Western Europe and Asia). This is noticeable for France (+16.0%), Western Europe (+10.5%) or in the Hong-Kong/China area (+8.6%).

On the contrary, in countries where we operate through distributors, we suffered from the financial crisis or the high level of inventory in our distributors' hands (Eastern Europe and Middle-East) that shows a -23.6% decrease in sales. In order to cope with this high level of inventory, distributors tended to decrease, or even stop, their purchases. This is especially true for Russia (-92%), Middle-East (-29%) or Eastern Europe (-24%).

We noticed the beginning of a recovery for these markets as from early 2010, together with the continuation of the previous trends on other markets.

Per sector of business, the launches of new products (Défi pens, Défi leather goods) were a real success. Overall, sales increase for lighter and pens is +5.5% while leather goods and accessories decreased by -11.0% as Russia and Middle East are two major markets for this sector of business.

**Results:**

The 2 years are not really comparable because of non recurring items. As a matter of facts, last year results included a profit on insurance indemnity (+10.5 M€), the end of a litigation with a distributor (1.9 M€) while 2009-2010 includes the cost of restructuring implemented during the 4<sup>th</sup> quarter (-1.8 M€).

Excluding non recurring items and taking into accounts the decrease in overheads, EBIT shows a +4.5 M€ increase from one year to another.

- Gross margin percentage is decreasing because of under-activity, low level of sales that impacted the absorption of fixed costs and the sales promotion due to the decrease in inventory.
- Overheads have been significantly cut (-18 %).
- Restructuring (head office and plant) has been implemented on a volunteers basis. The major impact will be in 2010-2011. This plan aimed at cutting costs by 6 M€ on a full year basis.

EBIT amounts -4.6 M€ (vs. +5.1 M€ last year).

The consolidated loss amounts -8.8 M€ (vs. +3.3 M€ as at March, 31, 2009).

***Decrease in inventory***

Actions implemented in 2009-2010 led to a -M€ decrease in inventory, especially for finished goods (-35%) and components and raw materials (-27%). As at March, 31, 2010, the level of inventory is satisfactory regarding lighters and pens, it must continue to decrease for leather goods, accessories and components. Actions on the level of inventory will continue in 2010-2011.

This decrease in inventory has been achieved to the use of part-time unemployment in the plant combined with sales promotion operations that negatively impacted the gross margin, although in a limited way

***Financing***

Financing has been reinforced through the implementation of a factoring line of credit amounting 2.3 M€ maximum.

Based on our cash flow projections, the existing cash as at march, 31, 2010 and the support from our main shareholder (1.0 M€), we do think that the financing of our operations is secured for the next 12 months.

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Consolidated financial statements

1. Consolidated income statement

(Euros 000)	31/03/2010	31/03/2009
Net product sales	54 474	56 194
Other revenue	5 539	5 116
<b>Total sales</b>	<b>60 013</b>	<b>61 310</b>
Cost of sales	(30 623)	(29 286)
<b>Gross margin</b>	<b>29 390</b>	<b>32 024</b>
Communication expenses	(3 117)	(6 454)
Selling expenses	(13 926)	(14 514)
Overheads and administrative expenses	(15 490)	(18 533)
Other expenses	(3 782)	(8 071)
Other income	2 295	20 670
Impairment	0	10
<b>EBIT</b>	<b>(4 629)</b>	<b>5 132</b>
Income from cash and cash equivalents	283	349
Finance costs, gross	(1 672)	(2 105)
<b>Finance costs, net</b>	<b>(1 389)</b>	<b>(1 756)</b>
Other financial income and expense, net	(1 440)	254
Income/(loss) from associates	(506)	(241)
Income tax expense	(7 965)	3 389
Income from cash and cash equivalents	(862)	(102)
<b>Profit/(loss) for the period</b>	<b>(8 826)</b>	<b>3 287</b>
<b>Profit/(loss) for the period attributable to equity holders</b>	<b>(8 826)</b>	<b>3 287</b>
<b>Minority interests</b>	-	-
Basic earnings/(loss) per share (in €)	(0.021)	0.008
Diluted earnings/(loss) per share (in €)	(0.014)	0.008

2. *Consolidated balance sheet*

**ASSETS**

(Euro 000)

31/03/2010

31/03/2009

**Non-current assets**

Goodwill	3 003	3 074
Intangible assets (net)	783	1 149
Property, plant and equipment (net)	13 542	13 465
Long-term financial assets	1 305	1 582
Investments in associates	7	461
Deferred taxes	281	299

**Total non-current assets**

18 922

20 030

**Current assets**

Inventories	17 938	26 448
Trade receivables	7 482	8 507
Other receivables	4 144	6 785
Tax	317	634
Cash and cash equivalent	6 392	29 588

**Total current assets**

36 272

71 962

**Total assets**

55 194

91 992

LIABILITIES		
(Euro 000)	31/03/2010	31/03/2009
<b>Equity</b>		
Share capital	21 238	21 231
Additional paid-in capital	981	967
Treasury shares		(1 002)
Equity component of convertible bonds	2 425	2 425
Fair value of hedging instruments	0	0
Reserves	(561)	(3 167)
Cumulative translation adjustment	(276)	(213)
<b>Profit/(loss) for the period</b>	<b>(8 826)</b>	<b>3 287</b>
<b>Equity attributable to equity holders</b>	<b>14 981</b>	<b>23 528</b>
<b>Minority interests</b>	<b>-</b>	
<b>Non-current liabilities</b>		
Convertible bonds (long-term portion)	14 026	13 893
Long-term borrowings	21	26
Long-term finance lease liabilities	80	201
Deferred taxes	195	27
Long-term provisions for pension and other post-employment benefits	5 214	6 266
<b>Total non-current liabilities</b>	<b>19 536</b>	<b>20 413</b>
<b>Current liabilities</b>		
Trade accounts payable	6 377	9 611
Other payables	8 333	9 976
Short-term tax liabilities	205	261
Short-term provisions for contingencies and charges	2 540	2 892
Convertible bonds (short-term portion)	1 502	23 601
Short-term borrowings	1 449	1 536
Short-term finance lease liabilities	270	174
<b>Total current liabilities</b>	<b>20 677</b>	<b>48 051</b>
<b>Total equity and liabilities</b>	<b>55 194</b>	<b>91 992</b>

3. **Consolidated statement of cash flows**

(euros 000)	31/03/2010	31/03/2009
<b>I - Operations</b>		
<b>I - Cash flow from operating activities</b>	8 826	3 287
Profit/(loss) for the period before tax	1 788	1 510
Unrealized gains and losses from changes in fair value	(1 405)	(4 764)
Insurance indemnity dedicated to capital expenditures (2)	0	(2 564)
Net interest expense	1 498	2 465
Gains and losses on disposals of assets	557	406
Tax expense/(income)	457	(244)
(Income)/loss from associates, net of dividends received	506	241
<b>Cash flow from operations</b>	<b>(5 424)</b>	<b>339</b>
Change in inventories and work in progress	8 317	(6 561)
Change in trade accounts receivable	1 060	3 192
Change in other receivables (3)	2 653	(1 455)
Change in trade accounts payable	(3 243)	21
Change in other payables	(1 368)	(1 075)
<b>Change in operating working capital requirement</b>	<b>7 418</b>	<b>(5 878)</b>
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>1 994</b>	<b>(5 538)</b>
<b>II - Investments</b>		
Development expenditure	(262)	(986)
Acquisitions of property, plant and equipment (net of insurance indemnity)	(1 818)	(2 221)
Acquisitions of investments	277	(174)
<b>Cash used in investing activities</b>	<b>(1 802)</b>	<b>(3 382)</b>
Proceeds from disposals of intangible assets	0	-
Proceeds from disposals of property, plant and equipment		-
Proceeds from disposals of investments	31	711
<b>Cash provided by divestments</b>	<b>31</b>	<b>711</b>
<b>FLUX DE TRESORERIE PROVENANT DES ACTIVITES D'INVESTISSEMENT</b>	<b>(1 771)</b>	<b>(2 671)</b>
<b>III - Cash flows from financing activities</b>		
Issue of share capital		-
Purchases of S.T.Dupont shares		-
Increase in borrowings	293	15 449
Repayments of borrowings	(22 630)	-
Interest paid	(1 543)	(191)
Other	(154)	(2 105)
Overdrafts	158	-
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>(24 875)</b>	<b>13 153</b>
Effect of exchange rate fluctuations on cash and cash equivalents	297	749
<b>Net change in cash and cash equivalents</b>	<b>(23 354)</b>	<b>5 691</b>
Cash and cash equivalents at beginning of year	29 162	23 471
Effect of exchange rate fluctuations on cash and cash equivalents	5 808	29 162
<b>Net change in cash and cash equivalents</b>	<b>(23 354)</b>	<b>5 691</b>