

26 November 2010

**CONSOLIDATED RESULTS FOR THE HALF YEAT 2010-2011 (April/September)**

**Strong increase in products sales (+13%)**  
**Strong increase in gross margin % on product sales (+6.4 points)**  
**Strong growth for new products (Défi pens, Jet lighters)**  
**Major improvement of all key operational indicators**  
**Back to positive EBIT (+0.7 M€)**  
**Net result close to breakeven – 0.4 M€ vs. -4.6 M€ as at Sept, 30, 2009)**

Key indicators as at Sept, 30, 2010 are as follow:

(euros million)	QUARTER 2			HALF YEAR 1			
	30/09/2010	30/09/2009	Variatio n	30/09/2010	30/09/2009	Variatio n	
<b>Consolidated</b>							
<b>Sales and Royalties</b>	16.2	15.4	5.0%	31.4	28.6	9.8%	
<b>Gross Margin</b>	8.8	6.8	30.5%	16.3	13.6	20.2%	
	%	54.5%	43.8%	10.6%	51.8%	47.4%	4.5%
Overheads	-8.7	-8.0	8.1%	-15.9	-15.9	-0.1%	
Other income & expenses	0.7	0.1		0.2	-0.1		
Gain/(loss) on exchange	-0.5	-0.2		0.2	-0.4		
<b>EBIT</b>	0.3	-1.4	1.7	0.7	-2.9	3.6	
	%	1.9%	-8.8%	10.8%	2.3%	-10.0%	12.3%
Share of results in associates							
Cy	-0.1	-0.1		-0.3	-0.3		
Financial expenses	-0.4	-0.2		-0.6	-1.1		
Tax	-0.1	-0.3		-0.2	-0.3		
<b>Net result</b>	-0.3	-2.0		-0.4	-4.6		
	%	-1.6%	-12.8%	11.2%	-1.4%	-16.2%	14.9%

*Note : the sole half year figures have been reviewed by auditors (limited review)*

Sales in **France** show a continuous strong growth (+17%). Sales in **Western Europe** are decreasing (-21%) but are not really comparable as last year included major sales to stock depleters in order to decrease the level of inventories ; this was not the case this year.

Strong growth in sales in **Hong-Kong/China** (+15%) while sales in Japan are negatively impacted by the Japanese economical crisis.

Sales to **Agents and Distributors** show a strong recovery (+38%) compared to very low sales in 2009-2010 due to high level of inventories within our distributors.

All activities contribute to the growth (+8% for lighters and writing instruments, +18% for leather goods, accessories and RTW) coming mostly from the **performances of new products** (Défi pens, JET lighters) showing a continuous strong growth.

These products (Défi) have been launched in April 2009 while this year's launches (L8 lighter and Liberté pen) take place in September and, consequently, have a limited impact on sales for the period.

Overall, **products sales increase by +13%**.

Due to the stop of some licences, including cigarette, in the course of the second half year 2009-2010, royalties are decreasing. Royalties from remaining licences show a strong growth (+26%), especially for perfumes and eyewear.

Exchange rate impact is material for the period (+5%).

### *Operational results:*

- **Gross Margin on product sales is strongly increasing (+6.4 points)** because of increase in sales combined with the restructuring implemented last year.
- **Overheads** are decreasing (-10%) in line with the restructuring at head office level carried on end of March 2010.

**EBIT is positive** for the first time for years amounting +0.7 M€ vs. -2.9 M€ as at Sept, 30, 2009.

**Net result** is close to breakeven (-0.4 M€) to be compared with -4.6M€ as at Sept, 30, 2009.

### *Cash*

Cash flow from operations is back to a positive situation (+1.8 M€ vs. -2.8 M€ as at Sept, 30, 2009).

Change in working capital is negative (-2.0 M€) due to payment of the restructuring implemented last year.

Based on the positive cash flow from operations, the continuation of the decrease in inventories and the available cash as at Sept, 30, 2010, we consider that the financing of our operations for the next 12 months is secured.

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(Euros thousand)	30/09/2010	30/09/2009
Sales products	28 822	25 566
Royalties	2 597	3 045
<b>Net consolidated sales</b>	<b>31 419</b>	<b>28 611</b>
Cost of sales	(15 130)	(15 058)
<b>Gross Margin</b>	<b>16 289</b>	<b>13 553</b>
Communication expenses	(1 502)	(1 586)
Selling expenses	(7 497)	(6 665)
Overheads	(6 928)	(7 697)
Other charges	(572)	(1 579)
Other income	926	899
Impairment (IAS 36)		206
<b>EBIT</b>	<b>716</b>	<b>(2 871)</b>
Financial income	199	72
Financial expenses	(853)	(809)
Financial result	<b>(654)</b>	<b>(737)</b>
Other financial income/(expenses)	52	(399)
Share of results in associated companies	<b>(296)</b>	<b>(310)</b>
<b>Result before tax</b>	<b>(182)</b>	<b>(4 317)</b>
Income Tax	(247)	(325)
<b>Net result</b>	<b>(429)</b>	<b>(4 641)</b>
<b>Net result – Group</b>	<b>(429)</b>	<b>(4 641)</b>
<b>Net result – minority interest</b>	<b>-</b>	<b>-</b>
Net result per share (euros)	(0,001)	(0,011)
Net result per share diluted (euros)	0,001	(0,007)

Balance sheet

<b>ASSETS</b>		
(Euros thousand)	<b>30/09/2010</b>	<b>31/03/2010</b>
<b>Non current assets</b>		
Goodwill	2 955	3 003
Intangible assets (net)	765	783
Tangible assets (net)	13 327	13 542
Financial assets	1 286	1 305
Associated companies	7	7
Deferred tax	294	281
<b>Total non current assets</b>	<b>18 634</b>	<b>18 922</b>
<b>Current assets</b>		
Inventories	17 034	17 938
Trade debtors	11 167	7 482
Other debtors	4 984	4 144
Current tax assets	114	317
Financial assets	0	0
Cash in hand and cash equivalent	3 159	6 392
<b>Total current assets</b>	<b>36 458</b>	<b>36 272</b>
<b>Total assets</b>	<b>55 092</b>	<b>55 194</b>
<b>LIABILITIES</b>		
(Euros thousand)	<b>30/09/2010</b>	<b>31/03/2010</b>
<b>Equity – Group</b>		
Share capital	21 238	21 238
Additional paid-in capital	981	981
Equity component of convertible bonds	2 425	2 425
Fair value of hedging instruments	-9 387	-561
Reserves	-400	-276
<b>Profit/(loss) for the period</b>	<b>-429</b>	<b>-8 826</b>
<b>Equity attributable to equity holders</b>	<b>14 429</b>	<b>14 981</b>
<b>Minority interests</b>		
<b>Non-current liabilities</b>		
Convertible bonds (long-term portion)	14 124	14 026
Long-term borrowings	19	21
Long-term finance lease liabilities	60	80
Deferred taxes	164	195
Long-term provisions for pension and other post-employment benefits	5 319	5 214
<b>Total non-current liabilities</b>	<b>19 686</b>	<b>19 536</b>
<b>Current liabilities</b>		
Trade accounts payable	7 150	6 377
Other payables	7 153	8 333
Short-term tax liabilities	460	205
Short-term provisions for contingencies and charges	2 061	2 540
Convertible bonds (short-term portion)	750	1 502
Short-term borrowings	3 179	1 449
Short-term finance lease liabilities	224	270
<b>Total current liabilities</b>	<b>20 977</b>	<b>20 677</b>
<b>Total Liabilities</b>	<b>55 092</b>	<b>55 194</b>

## Cash flow statement

(Euros thousand)	30/09/2010	31/03/2010	30/09/2009
<b>I – Cash flow from operating activities</b>			
Profit/(loss) for the period after tax	(429)	(8 826)	(4 641)
Depreciation, amortization and impairment	878	1 788	1 087
Change in provision	(386)	(1 405)	(541)
Net interest expense	787	1 498	665
Gains and losses on disposals of assets	206	557	62
Tax expense/(income)	425	457	287
(Income)/loss from associates, net of dividends received	296	506	310
<b>Cash flow from operations</b>	<b>1 777</b>	<b>(5 424)</b>	<b>(2 770)</b>
Change in inventories and work in progress	980	8 317	4 557
Change in trade accounts receivable	(812)	1 060	(591)
Change in other receivables (3)	(975)	2 653	1 357
Change in trade accounts payable	765	(3 243)	(2 306)
Change in other payables	(1 948)	(1 368)	(1 328)
<b>Change in operating working capital requirement</b>	<b>(1 990)</b>	<b>7 418</b>	<b>1 690</b>
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>(213)</b>	<b>1 994</b>	<b>(1 080)</b>
<b>II – Capital expenditures</b>			
Development expenditure	(188)	(262)	(84)
Acquisitions of property, plant and equipment (net of insurance indemnity)	(637)	(1 818)	(705)
Acquisition d'autres immobilisations financières	43	277	(19)
<b>Cash used in investing activities</b>	<b>(783)</b>	<b>(1 802)</b>	<b>(808)</b>
Proceeds from disposals of intangible assets			
Proceeds from disposals of investments	2	31	49
<b>Cash provided by divestments</b>	<b>2</b>	<b>31</b>	<b>49</b>
<b>NET CASH USED FOR CAPITAL EXPENDITURES</b>	<b>(781)</b>	<b>(1 771)</b>	<b>(760)</b>
<b>III – Cash flows from financing activities</b>			
Increase in borrowings	(0)	293	56
Repayments of borrowings	(182)	(22 630)	(22 588)
Interest paid	(1 502)	(1 543)	(1 543)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>(1 685)</b>	<b>(23 875)</b>	<b>(24 075)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(194)	297	358
<b>Net change in cash and cash equivalents</b>	<b>(2 872)</b>	<b>(23 354)</b>	<b>(25 557)</b>
Cash opening balance	5 808	29 162	29 162
Cash closing balance	2 936	5 808	3 605
<b>Net change in cash</b>	<b>(2 872)</b>	<b>(23 354)</b>	<b>(25 557)</b>