

## PRESS RELEASE

**2010 ANNUAL RESULTS**  
**REVENUE: + 6%**  
**OPERATING PROFIT: + 28%**  
**NET PROFIT - GROUP SHARE: + 79%**

**Paris, 6 April 2011.** Demos, a world leader in continuing professional training, released its audited annual parent company financial statements (French GAAP) for the fiscal year ended 31 December 2010. The annual financial statements were approved by the Group's Board of Directors at its meeting of 5 April 2011.

<i>In thousand euros – French GAAP</i>	<b>2010</b>	<b>2009</b>	<b>Change</b>
<b>Revenue</b>	<b>102 224</b>	<b>96 153</b>	<b>+ 6.3%</b>
<b>Purchase consumed</b> <i>% of revenue</i>	<b>(54 651)</b> 53.5 %	<b>(50 670)</b> 52.7 %	<b>+ 7.9%</b>
<b>Personnel costs</b> <i>% of revenue</i>	<b>(41 144)</b> 40.2 %	<b>(39 441)</b> 41,0 %	<b>+ 4.3%</b>
<b>Operating profit</b> <i>% of revenue</i>	<b>5 660</b> 5,5 %	<b>4 413</b> 4,6 %	<b>+ 28.3%</b>
<b>Financial result</b>	<b>(721)</b>	<b>(375)</b>	<b>+ 92.3%</b>
<b>Non-recurring item</b>	<b>(433)</b>	<b>(722)</b>	<b>- 40.0%</b>
<b>Net income from consolidated companies</b>	<b>3 239</b>	<b>2 784</b>	<b>+ 16.3%</b>
<b>Net profit (group share)</b>	<b>1 032</b>	<b>577</b>	<b>+ 78.9%</b>

In fiscal 2010, the Demos Group posted a 6.3% increase in consolidated revenue to €102.2 million. France, despite the transportation strikes which prompted cancellation or postponements of registrations for a number of training programs, posted positive revenue growth in 2010. International operations (42% of consolidated revenue in 2010) continued strong growth (+13.4%), including 27% revenue growth for the combined UK and US (36% for the US alone).

**Operating margin increases to 5.5%**

The Group increased annual operating profit by 28% to €5.7 million through optimizing cost structure, improving business flexibility, and maintaining established gross margins in each business line.

However, during Q4 Demos chose not to cancel training programs despite the lower attendance rates caused by public transport strikes; therefore spending increased at a slightly higher pace than revenues. Personnel cost increased 4.3% in 2010,, this was a lower rate of increase than the Group's revenue and

is primarily due to the dynamic growth of Outsourcing activities in France (+43%) and the Group's strong development in the United Kingdom and the United States.

The 2010 operating margin increased from 4.6% in 2009 to 5.5%.

### **€3.2 million in net profit before goodwill**

The Group's net financial expenses increased from €0.4 million in 2009 to €0.7m million in 2010 due to the interest payments on the €14.5 million in bonds with redeemable share subscription and/or purchase warrants (OBSAAR) issued in July 2009.

The €0.4 million non-recurring item includes charges related to the restructuring operations carried out in certain subsidiaries during fiscal 2010.

**After company tax (€1.3m), the net profit from consolidated companies, i.e. before linear amortisation of goodwill (French GAAP), was €3.2 million.** After recognition of goodwill amortisation (€2.2 million), annual net profit - Group share was 79% higher year on year at €1.0 million.

### **Strong generation of operating cash flow: €8.6 million**

In 2010, the Group continued its initiatives to optimise working capital, resulting in a significant (63%) increase in operating cash flow to €8.6 million for the year. The Group continued to pursue an active investment policy with €7.9 million in investments:

- €3.0 million for development of e-learning and the Group's information system;
- €1.3 million in purchases of tangible and intangible assets (computer equipment, software, premises, etc.); and
- €3.6 million related to financial commitments on recent acquisitions (acquisition of Cohérus; acquisition of the remaining shares not yet held in Mind-On-Site and Global Estrategias; additional payments on Hemsley Fraser). As at 31 December 2010, the residual value of these commitments represented only €3.5 million, of which €0.5 million payable in stock.

As at 31 December 2010, Demos Group's low debt-equity ratio of 30%; represents a consolidated equity of €29.6 million and net financial debt of €9.0 million.

With a solid balance sheet structure, Demos will request that the next General Meeting of Shareholders approve payment of a dividend of €0.10 per share in respect of fiscal 2010, unchanged from 2009.

### **2011: confirm resumption of growth and continue optimisation of economic performances**

In 2011, the Group's objective is to continue the growth that resumed in 2010 and implementation of the expansion of the business line marketing strategy in every subsidiary. At the same time, Demos is striving to strengthen its position with major international clients in order to accelerate the implementation of major training projects.

With more than €10 million in available cash and the other financial resources at its disposal, Demos would also like to make additional acquisitions in the coming months.

Finally, from the standpoint of profitability, Demos will continue to benefit from the right-sizing of its structure and the adaptation of its business model in order to further optimise its economic performances.

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**At the time the 2010 annual financial statements were released, Demos Group CEO Jean Wemaëre stated:**

*"In 2010 Demos demonstrated its ability to build strong growth in its revenue and especially in its results, despite the disruptions experienced by the Catalogue activity in France during the 4th quarter, a socio-economic phenomenon that impacted our annual profitability.*

*Our International Operations were a main source of satisfaction during the year. We increased our market share in the United Kingdom and the United States and restored breakeven in Spain and Portugal, two countries that were heavily impacted in by the economic crisis in 2009 and 2010.*

*We continued to invest and optimise our operating performances. In order to respond more effectively to strong demand from our market we invested in e-learning, redesigned the Group Information System, notably with the deployment of a CRM application and tools to provide better tracking of margins, began implementation of our workforce plan, implementation of a major accounts strategy, and strengthened of our International Operations Department with the appointment of Michel Picaud.*

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**Beginning in fiscal 2011, Demos Group will report quarterly revenues.  
Q1 2011 revenue will be released on 18 May 2011, after the close of market.**

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More investor information is available on the Company's website, [www.demosgroup.com](http://www.demosgroup.com).

### **About the Demos group**

#### ***An industry leader playing a key role in the business knowledge economy***

*The Demos group is a global player in professional training. Demos' core business provides commercial, public, and not-for-profit organizations and individuals continuing professional development through formal classroom-based, and/or distance learning training programs enhanced by learning technologies.. In addition, the Group offers a full range of services associated with the knowledge economy, such as management and human capital consulting, skills management, and the dissemination of educational material.*

#### ***A successful business model that can be implemented internationally***

*Demos operates in 16 countries and in all major French cities. Its demonstrated ability to combine strong organic growth with effective acquisitions enables its continued international and local market growth. The diversity of Demos' services, its demanding quality standards, its continued focus on innovative research and its flexible business model make it a market leader in professional training.*

#### ***Consistent and profitable growth***

*In 2010, the Demos group has achieved revenue of €102.2 million (+ 6.3%) and operating profit of €5.7 million (+ 28.3%). Net profit from consolidated companies, i.e. before linear amortization of goodwill (French GAAP), amounted to €3.2 million. After recognition of goodwill amortization (€2.2 million), annual net profit - Group share - was 79% higher year on year at €1.0 million.*

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