

PRESS RELEASE

2010 HALF-YEARLY RESULTS : RETURN TO GROWTH AND SHARP INCREASE IN OPERATING INCOME

Paris, 5 October 2010. Meeting on Monday 4 October 2010, the Board of Directors of Demos a leading provider of continuing professional development, approved the financial statements for the six months to 30 June 2010.

<i>In thousand euros - French GAAP</i>	H1 2010	H1 2009	Change	Y 2009
Revenue	47 577	45 274	+5.1 %	96 153
Purchases consumed <i>% of revenue</i>	26 433 55.6 %	24 294 53.7 %	+8.8 %	50 670 52.7 %
Personnel costs <i>% of revenue</i>	18 757 39.4 %	19 471 43.0 %	-3.7 %	39 441 41.0 %
Operating income <i>% of revenue</i>	1 513 3.2 %	536 1.2 %	+182 %	4 413 4.6 %
Net income from consolidated companies	401	-472	<i>ns</i>	2 784

In the first half, Demos generated consolidated revenue of €47.6 million, up 5.1% year-on-year. During the period the group returned to strong organic growth, gaining 4.5% as it benefited from the inclusion of Cohérus, a company acquired in February 2010 and consolidated with effect from 1 January 2010, in its scope of consolidation. Cohérus contributed €0.3 million to half-year revenue.

2010 first half marked by return to growth in all business lines

During the first half, all the group's businesses posted growth, with noteworthy performance in several global regions.

- **Catalogue business : 38% of first-half 2010 activity**
Against a backdrop of a general improvement in the business climate, the inter-company learning solutions activity grew 5% compared with the same period last year as it benefited from a sales and marketing push and resilient attendance figures at training courses. Demos France thus saw renewed growth of 4%, compared with a fall of 4% in 2009.
- **Tailored training : 44% of first-half 2010 activity**
This activity sector saw half-yearly growth of 3%. After the adverse effects of a particularly poor 2009 in France, Demos achieved renewed growth in France during the first half, with a 4% increase in sales, notably driven by the framework agreement with the European Community. UK & U.S. region increased by 6% with substantial growth in the UK (up 22%) which offset the decline in the United States, with the postponement of a contract.

- **e-Learning : 11% of first-half 2010 activity**

The group's e-Learning arm recorded activity levels that were largely stable during the first half. Excluding Spain and Portugal, which are still suffering from the adverse economic climate, e-Learning posted sustained growth of 20%, confirming the strong momentum of the Demos offering and the large-scale development potential in this activity segment.

French sales advanced 11.5%, notably due to the initial sales of new-generation, off-the-shelf e-learning modules. In Central Europe, activity grew by 39% during the first half, while the UK & US region chalked up its first e-learning sales in the first half of 2010.

- **Consulting & Outsourcing : 7% first-half 2010 activity**

The Consulting & Outsourcing business saw dynamic half-yearly growth of 24%, largely due to the signing of several contracts with the Federal Administration of the United States. In France, this activity grew by 2.5% over the six-month period.

The regional breakdown of 2010 half-yearly revenues is as follows: **60% in France** (similar to first-half 2009), **18% in UK & US** (17%), **11% in Continental Europe** (10%), **7% in Spain-Portugal** (8%) and **4% for the Rest of the World** (4%). Apart from the Iberian Peninsula, all regions contributed to the group's half-yearly growth, with more significant increases in UK & US and Asia-Pacific, demonstrating the validity and success of the group's international expansion programme.

Sharp increase in operating income: 182%

In the first half of 2010, as growth gradually recovered, Demos began to reap the benefit of its efforts to adapt its economic structure in 2009 to boost the flexibility of its business model.

Thanks to strict control over fixed costs, operating income saw a substantial increase of 183% over the six-month period, to €1.5 million, for an operating margin of 3.2% vs. 1.2% in the first half of 2009.

After accounting for the financial result (-€0.338m), the non-recurring result (-€0.206m) and a charge for corporate income tax (€0.569m), net income from consolidated companies came out at €0.401m compared with a loss of €0.472m in the first half of 2009. This brings net income Group share (which also includes linear goodwill amortisation as the group's accounts are prepared under French GAAP) to -€0.577m compared with -€1.409m in mid-2009.

As at 30 June 2010, Demos has consolidated shareholders' equity of €28.7 million and net financial debt (traditionally higher at the end of the first half given the seasonal nature of its business activities) of €12.5 million.

Continued growth and significant improvement in operating margin in 2010

On the strength of this satisfactory first half and further sustained activity during the summer, Demos has set itself the target of achieving full-year growth in excess of 5%. The group will also derive greater benefit in the second half from measures to increase flexibility and is also aiming to continue improving operating profitability by targeting a significantly higher operating margin in 2010 than the 4.6% it generated in 2009.

Commenting on the publication of the 2010 half-year financial statements, Jean Wemaëre, Demos Chairman and Chief Executive Officer said :

“The first half of 2010 clearly marks Demos’s return to the path of growth, with gains in all its businesses, and higher activity levels in virtually all the regions where we operate. This recovery, combined with improved management of our cost base, has allowed us to significantly improve our operating margin – a phenomenon that should continue and further improve during the second half of the year.

Thanks to our strategy of progressively deploying all our service offers in the regions where we operate, the group should enjoy the benefit of a large-scale growth reservoir for the years ahead. Demos is currently perfectly geared up and structured to move forward ambitiously to its next expansion phase.”

More investor information is available on the Company’s website, 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 consists of continuing professional development in all its forms, both classroom-based and distance learning, and it has developed innovative and complementary training methods like e-learning. The group's also offers other services associated with the knowledge economy, such as skills management consultancy and the dissemination of educational materials.

A successful business model that can be implemented internationally

Demos operates in 16 countries and in all major French cities. It has demonstrated its ability to combine strong organic growth with effective acquisitions, enabling it to assist its customers in international markets and to develop local customer bases. In a buoyant market, the diversity of Demos' services, its demanding quality standards, its continued focus on innovative research and its flexible business model have made it a market leader in professional training.

Consistent, profitable growth

In 2009, the Demos group achieved revenue of €96.1 million, with operating income of €4.4 million and net income, group share of €0.6 million.

Contacts:

Demos

Emmanuel Courtois
Chief Operating Officer
ecourtois@demos.fr

Actus Finance

Mathieu Omnes
Investors relations
+33(1) 72 74 81 87
momnes@actus.fr

Actus Finance

Caroline Guilhaume
Press relations
+33(1) 53 67 35 79
cguilhaume@actus.fr