

## PRESS RELEASE

**FIRST-HALF 2008 RESULTS**
**Revenue: up 21% at €43.690m**
**Operating income: up 37.4% at €2.494m**

Paris, 1 October 2008

Demos, one of France's leading players in continuing education, today announces French GAAP consolidated results for the first half of 2008.

Simplified income statement

<i>In thousands of euros</i>	<b>H1 2008</b>	<b>H1 2007</b>	<b>Change</b>
<b>Revenue</b>	<b>43,690</b>	<b>36,067</b>	<b>+21%</b>
Other operating items	510	277	
Purchases used in the business	- 23,363	- 20,125	
Personnel costs	- 15,914	- 12,993	
Other operating costs	- 938	- 306	
Taxes	- 466	- 409	
Net change in depreciation, amortisation and impairment	- 1,025	- 696	
<b>Operating income</b>	<b>2,494</b>	<b>1,815</b>	<b>+37.41%</b>
<i>as a % of revenue</i>	<i>5.7%</i>	<i>5.0%</i>	
<b>Income from ordinary activities of consolidated companies</b>	<b>2,434</b>	<b>1,653</b>	
<b>Net income from consolidated companies</b>	<b>1,666</b>	<b>884</b>	
<b>Net income of the consolidated whole</b>	<b>945</b>	<b>473</b>	<b>+99.8%</b>
<i>as a % of revenue</i>	<i>2.1%</i>	<i>1.31%</i>	
<b>Net income, group share</b>	<b>1,058</b>	<b>355</b>	<b>+198%</b>

**Revenue growth**

Consolidated revenue in the first half of 2008 came in up 21%, including organic growth of 6.3%, at €43.690m versus €36.067m in the year-earlier period

The breakdown of consolidated revenue shows significant progress in the main business lines, along with the rapid growth of the “managed services” activity. “International public institutions” generated lower revenue than in the year-earlier period, although this decline will be reversed when the European Commission contracts come into force.

Revenue by business line was as follows:

<i>Business line</i>	<i>% of H1 2008 revenue</i>	<i>Change</i>
Open training courses	44.16%	+ 31.2%
Tailor-made training courses	31.45%	+ 6%
E-learning	10.63%	+37%
International public institutions	3.47%	-24.3%
Consultancy	4.23%	+143%
Other	6.06%	+ 20.6%

### Strong earnings

Operating income totalled €2.494m in the first half of 2008, up 37.4% compared to the first-half 2007 figure of €1.815m. As a result, operating income grew faster than business volumes.

Operating margin also improved, rising from 5% to 5.7%. It should be noted that, given seasonal variations in Demos' business, its operating margin is traditionally wider in the second half than in the first.

The 15% increase in purchases used in the business arose from higher revenue levels. The 22.5% rise in personnel costs resulted mainly from the integration of companies acquired during the period, particularly Hemsley Fraser in the UK.

The breakdown of operating income also shows a sharp increase in the contribution of French and foreign subsidiaries (other than Demos SA) which, having made an insignificant contribution in the year-earlier period, accounted for 25% of operating income in the first half of 2008. This growth fits entirely with the group's international development strategy.

After goodwill amortisation (€0.718m) and tax (€0.738m), net income group share rose by 198% from €0.355m to €1.058m.

The group's balance sheet remained solid at 30 June 2008, with shareholders' equity of €24.538m, unchanged relative to 31/12/07.

Net debt was €6.345m at 30 June 2008, including debt incurred to finance acquisitions made during the period.

### Strategy

With its flexible and effective business model, Demos is pursuing its growth strategy, aimed at consolidating its position as one of Europe's leading players and developing its international presence. Demos aims to maintain the impetus shown in the first half of 2008, in order to generate sustained profitable growth:

- Ongoing organic growth, with the start of the European Commission contract and through Demos' status as a preferred supplier to large corporations at a time when DIF individual training rights are becoming increasingly popular
- Further acquisitions, depending on market opportunities and on potential synergies with Demos' range of services and business model
- New services and solutions that offer innovation in terms of content, theme and technology, such as :

- e-learning and outsourcing, which are seeing increasing development
- training of elected representatives,
- professional training courses ("parcours pro")
- partnerships with universities etc.

**Jean Wemaëre, Demos' Chairman and Chief Executive Officer, made the following comments: "In line with our development strategy, we made some major acquisitions in the first half of 2008. In particular, the purchase of Hemsley Fraser in the UK has strengthened our international presence, including in the USA. With our global position in continuing education and our flexible business model, Demos has all the attributes needed to pursue a profitable growth strategy."**

Next financial event:

April 2, 2009: 2008 results

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### **About Group Demos**

#### **A reference player focussed on operational skills and the economics of knowledge**

Demos Group is a global player in continuing education. Based on its core business, continuing education in all its forms (actual person to person training and distance learning), Demos has developed innovative and complementary training methods such as e-learning. Other activities relevant to the economics of knowledge also enrich the Group's offer, and in particular competencemanagement consultancy and the distribution of educational content.

#### **An activity whose model is a success and can be duplicated outside France**

Demos is present in 16 countries and in France's major towns. The Group has successfully combined substantial organic growth with an efficient external growth policy, which now enables it to both offer its existing clients support outside France as well as to develop new local international clients. The Group's market is flourishing, its offer is diversified, its standards in terms of quality are high, it is permanently innovating and the business model is both flexible and high-performance, all of which render this Group one of the reference players in vocational training.

#### **Regular and profitable growth**

In 2007, Demos Group generated revenue of 78.3 million euros, a 34% growth compared to 2006, for an operating income of 7.4 million euros and net income group share of 3.7 million euros (after €0.8m amortisation of goodwill).

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