

**DM plc**  
**(“DM” or the “Company”)**

**Strategic Review**

DM, the direct marketing group specialising in customer recruitment and database management, announces that the Board has commenced a process to consider the strategic options available to maximise shareholder value (the “Strategic Review”). The Strategic Review will assess all options available to the Company including continuing the Company’s share buyback programme, potential bolt-on and strategic acquisitions or whether it is in shareholders’ best interest to explore a potential sale of the Company. This process is at an early stage and as yet no discussions have been held with any potential buyers. The Board has appointed Altium Capital Limited (“Altium”), its current financial advisors, to undertake the Strategic Review.

**Background**

The Board of DM believes that the Company’s share price has failed for some time to reflect the underlying value of the business and now materially undervalues the Company. This share price performance is despite the Company delivering outstanding financial results, including record results for each of the last seven successive financial periods, and DM’s achievement in becoming the market leader in its chosen sectors. The Strategic Review will review how best to maximise shareholder value.

**Financial Track Record**

Since 2004, DM’s turnover has increased almost fivefold to £20.0 million for the year ended 31 December 2007 (2004: £4.2 million). EBITDA for the year ended 31 December 2007 was £5.58 million. The profit before tax increased by 270 per cent. from £1.32 million in the year ended 31 December 2004 to £4.88 million in December 2007. EPS increased by 239 per cent. over the same period to 2.37 pence in 2007 (2004: 0.70 pence). As at 31 December 2007, the Company had a net cash position of £0.22 million.

**Acquisitive and Organic Growth**

The Company, through a combination of organic and acquisitive growth, has become the leading UK direct marketing company specialising in customer recruitment, using games, competitions and database management. In April 2006, the Company acquired Dodd Marketing Limited for £9 million, funded exclusively by bank debt. As at 31 December 2007, taking into account cash balances, the Company was effectively debt free with a net cash position of £0.22 million. The Company has a track record of managing a geared balance sheet and has significant additional debt capacity available to maximise shareholder value.

DM has demonstrated its ability to make selective acquisitions at the right price and rapidly improve the acquisitions’ financial performance and integrate them into the Company. Since 2004, four businesses have been successfully acquired, creating a highly successful and fully integrated business specialising in customer recruitment and database management. The Company continues to assess potential acquisitions as they become available.

**Timetable**

The Board believes that the Company is in an extremely strong position from which to assess and decide which of the options available best maximises shareholder value. As a result of the Company’s shareholder structure, DM cannot be obliged to undertake any particular route which the Directors believe would not be in shareholders’ best interests. The process is at an early stage and whilst it may or may not lead to an offer for the Company there can be no

certainty as to the outcome of the Strategic Review. As the Strategic Review progresses, further announcements will be made as appropriate.

***Enquiries:***

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**Dealing Disclosure Requirements**

Under the provisions of Rule 8.3 of the Takeover Code, if any person is, or becomes, 'interested' (directly or indirectly) in 1 per cent. or more of any class of 'relevant securities' of DM, all 'dealings' in any 'relevant securities' of that company (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by no later than 3.30pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which any offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the 'offer period' otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an 'interest' in 'relevant securities' of DM, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Takeover Code, all 'dealings' in 'relevant securities' of DM by DM or any of its 'associates' must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk)

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Takeover Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a 'dealing' under Rule 8, you should consult the Takeover Panel.

DM currently has 145,074,776 Ordinary Shares of 1 pence each in issue (ISIN – GB0032282294).