

**DM plc  
("DM" or the "Group")**

**Regulatory Update**

The Group has previously announced that proceedings were being taken by the Office of Fair Trading ("OFT") in relation to certain promotions undertaken by certain Group companies. At a Court hearing on 17 March 2011, the Court accepted undertakings ("the Undertakings") from certain Group executives and from the Group companies concerned, in relation to the proceedings brought by the OFT, in respect of certain promotions carried out by those Group Companies. The Undertakings are given in place of making a Court order. The Court decided that the Group companies would be responsible for 85% of the allowable costs of the OFT incurred in the proceedings as determined by a detailed assessment of those costs. At this stage the Group is unable to confirm how much these costs may be.

The Undertakings relate to certain changes that will be required to the design and content of promotions, which will take effect in respect of new promotions undertaken by the relevant Group companies after 17 March 2011. The Undertakings have no application to the form of promotions currently in circulation which will accordingly run their course subject to certain adjustments in relation to the fulfilment process. At this stage it is not possible to estimate what medium or long term effect these changes will have on the business models of these Group companies as compliant new promotions will be required to be developed and tested. In the short term it is expected that there will be an adverse effect on the financial performance of these Group companies.

The Court granted the Group executives and the Group companies involved leave to appeal to the Court of Appeal in respect of the judgment of the Court. The judgment of the Court provides some clarity to the Group companies concerned in relation to the relevant legislation. However, the Company considers that the judgment of the Court is incorrect in a number of respects. Accordingly, the Group executives and the Group companies involved are likely to appeal to the Court of Appeal in respect of the judgment of the Court.

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For further information visit [www.dmplc.com](http://www.dmplc.com)