

DM plc
(“DM” or the “Group”)

Acquisition of the trade and assets of Data Locator Group Ltd

Acquisition

DM, the direct marketing group specialising in customer recruitment and database management, announces that it has acquired out of administration the trade and assets of Data Locator Group Ltd and of certain associated companies (“DLG”) from the administrators of DLG for a cash consideration of £3.25 million. In addition, DM will collect outstanding debtors on behalf of the administrators (with no recourse for any sums that cannot be recovered).

DM Track Record

DM has firmly established itself as the UK market leader in its two core market sectors of response based customer recruitment and direct mail. This has been achieved through a combination of organic and acquisitive growth.

The Group has an outstanding track record of making selective acquisitions at the right price and rapidly improving the acquisitions’ financial performance, whilst integrating them into the wider Group. Since 2004, three businesses have been successfully acquired and integrated, creating a highly successful business specialising in customer recruitment and database management.

DLG

DLG is one of the largest providers of consumer lifestyle data to the UK direct marketing industry. DLG has, what is believed by the directors of DM (the “Board”), to be the UK’s largest consumer lifestyle database with postal details of over 20 million individuals; and respectively databases of consumer details for approximately 4.5 million telephone numbers; 5.8 million email addresses; and 6.2 million mobile phone numbers. In addition, the Board believes that DLG has one of the best operational management and sales teams in the industry.

The DLG database covers consumer lifestyle data, purchasing habits and consumer preferences and operates in the large and growing UK consumer data services market. The purchase of DLG will result in a step change in the Group’s fast growing and highly profitable Database Products division. Furthermore, the Group expects to realise significant cost and cross selling synergies between DM’s existing database of over 7.5 million consumer names and DLG’s consumer data.

Based on the unaudited draft accounts for the year ended 30 June 2008, the turnover of DLG was £15.29 million with loss before tax of £3.67 million. As at 30 June 2008, fixed assets were £2.26 million.

Scrip Dividend

On 16 October 2008, the Board announced the conclusion of the strategic review undertaken to assess the options available to the Group to maximise shareholder value. On the same date, the Board announced a substantial interim dividend of 3.5 pence per ordinary share (the “Interim Dividend”) to be paid on 25 November 2008 to shareholders on DM’s register as at 24 October 2008.

In light of the acquisition of DLG, the Board has decided to give shareholders the opportunity to elect to receive their Interim Dividend in new DM shares by way of a scrip dividend

alternative. This will allow shareholders to increase their shareholding in the Group in a simple manner, without incurring dealing costs or stamp duty and, to the extent that shareholders elect to take new DM shares, the Company will also benefit from the retention of cash that would have otherwise been paid out as in relation to the Interim Dividend. Any cash retained will be utilised to provide additional working capital following the acquisition of DLG. Accordingly, the payment of the Interim Dividend due on 25 November 2008 will be rescheduled for 23 December 2008 to allow election under the scrip dividend alternative. Full details of the scrip dividend alternative will be provided in a circular which will be posted to shareholders shortly.

Outlook

With the acquisition of DLG, the Board believes that DM has an opportunity to create the market leading fully integrated off- and on-line lead generation and direct marketing services Group.

The combined businesses have complementary skill sets and one of the first tasks for management will be to identify and deliver cost savings to stabilise DLG and build a platform for future growth. The Board is confident that the Group has the management and proven track record to ensure the rapid turnaround and efficient integration of DLG and the Board sees this acquisition as a major step in creating a dominant market position in the Group's chosen sectors, which are confidently expected to be subsequently translated into shareholder value.

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