

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

**Trading and Regulatory Update**

**Trading Update**

DM, the direct marketing group specialising in customer recruitment and database management, is pleased to announce a trading update for the year ended 31 December 2009 and provide an update on sector regulation which influence the Group's activities.

In September 2009, at the time of the announcement of the interim results for the six months ended 30 June 2009, the Group reported robust performance given the challenging economic environment. The Board is confident that the Group now has the strategic assets, market position and management to become a leading, fully integrated online and offline lead generation and direct marketing business.

In the second half of 2009 the Group has seen steady organic growth with the integration benefits of recent acquisitions delivered ahead of expectations, providing continued resilience to challenging trading conditions. Following recent measures to control costs, performance across all channels has seen good growth with all business units individually delivering a satisfactory performance.

**Regulatory Update**

Recent operating bans imposed on our competitors by the premium rate regulator, PhonepayPlus, have resulted in increased public and media confidence in the sector and a consequent improvement in both consumer response and the availability and cost of distribution channels, all of which have benefited the Group. The Group continues to apply the highest levels of care to the design of its creative products where the Board believe we are market leaders.

In the context of recently implemented EU legislation, the Office of Fair Trading ("OFT") has recently reassessed the promotional formulae which we currently adhere to, that were previously agreed in 2007. This reassessment means that the OFT are now seeking alternative assurances drafted in wider and less specific terms than previously agreed, and which DM is not prepared to accept in their current form. In the interests of achieving regulatory and operational certainty in the long-term the Group has therefore elected for definitive legal interpretation and explicit direction via the courts rather than agree to comply with what the Board believe are ambiguous proposals which could risk inadvertent breach in the future. That procedure has now commenced.

**\*\* ENDS \*\***

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