



First half 2007 results

Group operating income (EBIT): €1 million
Net loss, group share: €0.2 million

As DMC's Creative World and Sportswear businesses are highly exposed to the evolutions of the dollar, the continued strengthening of the euro (up an average of 7% over H1 2006) and a less favourable season than last year for the corduroy range of our Sportswear division penalised the Group's activity and earnings for the first half of 2007.

The decline in the operating margin during the period was offset in large part by a capital gain on the sale of real-estate assets in the Alsace (region of France). Consequently, Group share of net income is close to break even.

<i>(in € millions)</i>	<i>H1 2006</i>	<i>H1 2007</i>
Turnover	99.5	79.5
EBITDA	5.3	(0.6)
Operating margin	2.3	(3.5)
Other operating income and expenses	(1.1)	4.5
Operating income (EBIT)	1.2	1.0
Consolidated net income	0.6	(1.1)
Net income (loss), group share	1.0	(0.2)
Net indebtedness	84.3*	58.9

* before market share operations done in August 2006

Business review by division

DMC Creative World

The 16% decline in sales was largely due to dwindling demand in France, the UK and South Korea, as well as the reduction in the embroidery range sold by Wal-Mart. The

growth in Central Europe, the Middle East and China, and by the US distributor Jo'Ann could not offset this fall.

Revenues from the lines of embroidery kits under new licenses (Hello Kitty, Snoopy and Disney) launched during the first half and the savings generated by the relocation and modernisation of the logistics platform in Alsace should partly make up for the declining results due to the fall in sales of more traditional products.

DMC Creative World (in € millions)	<i>H1 2006</i>	<i>H1 2007</i>
Turnover	43.2	36.3
EBITDA	4.8	2.8

Sportswear

The 25% decline in sales is attributable to bad season of the corduroy range, products which were shunned by the market in the context of the extraordinary weather conditions observed during the winter of 2006-2007.

Conversely, we saw a reversal of the trend for Sportswear goods (+5%) and, as in 2006, productions in Pakistan grew by 25% in volume.

The loss of sales created a situation of under-utilisation of capacity, which clearly affected the results.

To be noted, the trade margin comparable to that of the previous year, the continuing improvement in the costs of non-quality and the reduction in inventory (€3.5 million).

The launch of new product lines, and particularly the new "Bio Cotton line by Velcorex", should mean that business in the September/December season will be comparable to the same period in the previous year.

In addition, as mentioned earlier, DMC is continuing negotiations aimed at pairing the Sportswear business with a textile group situated close to the world's major clothing areas.

Sportswear (in € millions)	<i>H1 2006</i>	<i>H1 2007</i>
Turnover	42.6	32.0
EBITDA	3.4	(0.3)

Loisirs & Création

The 18% decline in sales is mainly due to lack of consumer interest in costume jewellery and beads (-46%).

The introduction of a new "Home decoration" range, together with the launch in

September of the first arts and crafts workshop, should trigger a growth in sales.

The closure of the logistics site in the Paris region and its relocation to Alsace will generate substantial savings.

Loisirs & Création (in € millions)	<i>H1 2006</i>	<i>H1 2007</i>
Turnover	13.7	11.2
EBITDA	(1.1)	(1.6)

Group

The sale of buildings and land not needed for the operation of the DMC Creative World factory in Mulhouse enabled us to rationalise the Alsatian industrial sites and generate a substantial capital gain, in addition to future operating savings.

The increase in bank base rates (+40%) will limit the projected fall in the Group's financial expense due to debt reduction compared to first half 2006.

At €58.9 million, the Group's net indebtedness is up €3.0 million from the end of December 2006, with the inclusion of a €3.6 million lease aimed at financing the initial restructuring phase at the Mulhouse site.

The interim consolidated financial statements available on the website www.dmc.fr have been subjected to a limited audit by the statutory auditors.

Paris, 31 August 2007
