2004 earnings penalised by developments in currency parities and restructuring costs

Currency fluctuations, the rise in Chinese imports for the Sportswear division and the weakness of the retail trade in Europe have, as announced during the last quarter of 2004, penalised the Group's business and slowed down, for the year, the continuing of DMC's turnaround.

Nevertheless, DMC has continued its debt reduction, speeded up the development of the Loisirs & Création chain, and started redeploying its sales organisation in the Craft division.

(in € millions)	**2004**	2003
Turnover	**206**	250.7
Operating Margin	**7.1**	16.3
Other revenues and Expenses	**(8.7)**	(1.3)
Taxes	**0.7**	(0.3)
Non-Operating Revenues	**(6.5)**	(6.9)
Net Consolidated Earnings after Tax	**(7.4)**	7.8
Net Debt	**54.4**	61.5

Division activities

Craft. If the division was not affected by the weakening of the dollar in its competitive position, it was affected in its profitability. Turnover was down to €94.2 M. Operating margin was €10.0 M [as opposed to 18 in 2003]. New products, launched during 2004, should contribute to the improvement in turnover in 2005. During the year, the change in headcount in the activity continued and the division's sales organisation was strengthened in Europe and Latin America. The same will apply for the first quarter of 2005 for Asia.

The **Loisirs & Création** chain recorded growth in its turnover of 34 %, at €24.8 M. For comparable sales areas, turnover increased 11 %, for the fourth consecutive year (+50 % in four years). Operating margin came to €0.7 M. Two shops were opened in 2004 and six will open in 2005.

Sportswear. In Sportswear, turnover came to €87 M with strong competitive pressure and irregular textile/apparel consumption. The division focused on

sustaining its profitability, concentrating on the most profitable orders. 2004 was characterised by the excellent progress in the partnership with the Pakistani Group Kohinoor, both in production (1.5 million metres as opposed to forecasts of 700 000 m). Operating margin is just positive and before amortisation of €3.3 M€
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The Group continued to reduce it debt. Gross debt went from €83.7 M to €68 M (-19 %) and net debt from €61.5 M to €54.4 M (-11 %). In total, since 1999, date of the previous refinancing agreement with the lenders, DMC has reduced it gross debt by € 169 M, i.e. a reduction of 71 %.

In October 2004, DMC and the Cha Group signed an agreement which finalised the buying out of DMC's stakeholding in the joint venture with CDW and resolved all the disputes between the two parties. The Cha Group maintained its stakeholding in DMC.

The Group's net earnings came to €-7.4 M. Apart from exceptional charges relating to the adaptation of the Craft Division and to the legal expenses concerning the dispute with the Cha Group, the Group's earnings should be slightly positive.

Outlook

In 2005, the DMC Group, thanks

- to the development of the Loisirs & Création chain,
- to the strengthening of its partnership with the Pakistani Kohinoor Group,
- and to the full efficiency of the strengthening of the Craft Division,

should once again reduce its debt, for which the deadlines are being renegotiated, correct the counter performance of 2004 and once again make progress in its operating margin and positive net earnings.

Paris, March 29th 2005