



Earnings H1 2005

Net earnings affected by the currency values and increased competition from Asia

The economic conditions of H2 2004, - unfavourable monetary developments, the acceleration of Chinese exports, destocking of distribution in the United States and flat European consumption, - continued during H1 2005 and they mainly penalized the activity of DMC Creative World (the new name of the Craft Division).

Due to the quality and the creativity of its products, the Sportswear activity has resisted well and the Loisirs & Creation chain has continued its excellent development.

The DMC Creative World branch, with a new team, has launched a new commercial and marketing strategy.

<i>(in millions of €)</i>	<i>H1 2005</i>	<i>H1 2004</i>
Turnover	104.1	112.4
Operating Margin	1.9	5.9
Other products and operating costs	(2.3)	(3.5)
Operational result	(0.4)	2.4
Net consolidated earnings	(2.3)	(0.6)

Activity of the branches

DMC Creative World

The positive operating margin of €1.7M, takes into account the weakness of the dollar in relation to the euro, the branch making 34 % of its turnover in this currency. Turnover came to €43.4M, down 14.4 % compared to the first six months of 2004. The DMC Creative World branch has not lost any market share in the embroidery

sector but the sales are affected in Europe by a drop of the practice rate, in North America with a significant reduction of the stocks of our distributors – their sales of DMC products to the final consumer are growing – and in Asia with a substantial downturn in Korea after a very strong growth of these last years.

The new products which will be launched during the next semester should revitalize the activity, especially in Europe.

Sportswear

Operating margin has reached €2.9M. The Sportswear Branch, despite strong pressure from the competition, has made a turnover of €48.1M, with a slide of 6.9 %, due to the North American market where competition from products coming from China is dominant, our American Plant of Orangeburg having being closed more earlier than planned. In Europe, the volumes of sales were sustained due to the quality and creativity of the products offered by DMC. During the quarter, the volumes of sales coming from our Pakistani partner progressed, especially in Europe. The merger of production-logistics in Alsace has been completed.

Loisirs & Création

Loisirs & Création had a negative operating margin due to the seasonality of the activity, but this was limited to €0.96M, despite the costs of pre-opening for the development of three new stores during H1: Evry, St Quentin en Yvelines, and Le Mans. Turnover reached €12.6M with an increase of 27.3 %, on comparable surface the increase was +5.5 %. The activity of the chain is perfectly in line with the objectives laid out in its development plan.

During the H2, Loisirs & Création will open three new stores: Nice, Brest and Nîmes. This will bring the number of stores to 19 at the end of 2005.

Outlook

The group has had some difficulties with the earnings of the DMC Creative World Branch for the past twelve months. H1 2005 following the same trend as the end of last year. For H2 2005, we should see a stop in the downturn and the first signs of improvements in earnings.

Paris, 16 September 2005
