

## **Results and financial situation for Q3 2007**

The DMC Group's business in Q3 followed the same trend as in the first half of 2007. At the end of September the Group honoured its commitments, repaying on schedule the amounts due on its loans, URSSAF contribution debts and local business taxes.

However, while the last quarter may have been a highly favourable period for the Loisirs & Création store chain, the order book for the Sportswear business at the end of September was low, well off its budget targets, which has made it necessary for the Group to continue its efforts to manage its costs, its working capital and net indebtedness.

## FINANCIAL INFORMATION – THIRD QUARTER 2007

### **Business and sales for Q3 2007**

Consolidated sales for the DMC Group (extract from the BALO of 9 November 2007)

(€ millions)	Q3 07	Q3 06	%
DMC Creative World	15.0	16.3	- 8.0%
Loisirs & Création	4.9	5.9	- 16.9%
Sportswear	8.7	13.7	-36.5%
<b>TOTAL</b>	<b>28.6</b>	<b>35.9</b>	<b>-19.5%</b>

Group sales were down by 20%, a similar fall to that seen in H1 2007.

Sales by the DMC Creative World business fell by 8% compared to Q3 2006. Sales within the European region saw a drop of 13%, with Spain and the UK posting the largest fall. Asia and the Americas were still struggling with a very unfavourable euro/dollar parity, but the Asian region advanced by 21% while the Americas fell by 8%. The launch of new embroidery product lines under licence gave some impetus to the sales from this business.

The Loisirs & Création store chain recorded sales of €4.9M, but its development is still being curbed by the steep decline in the “beads/jewellery” market.

The very sharp reduction (37%) in sales from the Sportswear business reflected the very difficult market situation since the beginning of 2007, linked to competition from Asia exacerbated by the euro/dollar parity trend, as well as the fact that there is little interest in trousers from the female fashion industry, the main target market for our products.

### **Operations and key events in Q3 2007**

During Q3 2007, Wal-Mart (USA), a major distribution chain that accounts for 25% of DMC Creative World’s sales on the US market, decided to reorganise its merchandising, which will result in the axing of a major portion of the Craft range in 2008. The other creative leisure chains have reacted positively by intensifying their promotion of DMC products, but in zones where prices are perceptibly rising, which should enable the sector as a whole, including DMC, to improve its profitability levels. Sales by these chains are definitely on the up.