



### Q4 2006 :

## Net income of EUR 3.9 million, up 27%

### Strong growth in margins

In EUR millions	Q4		12 MONTHS	
	2005	2006	2005	2006
Revenue	73.3	74.3	251.3	239.5
Other income	0.9	0.2	1.5	1.0
Gross margin	14.6%	17.3%	14.3%	15.6%
Operating income	4.1	4.2	13.2	12.2
Financial income	(0.7)	0.2	(1.5)	0.3
Income before tax	3.4	4.5	11.7	12.5
Net income	3.1	3.9	10.2	11.0

#### Improvement in gross margins in Q4: 17.3%

At the end of the fourth quarter of 2006, Dane-Elec Memory posted revenue of EUR 74.3 million, representing growth of 1%. Dane-Elec resumed growth both on flash memory cards (+2% and +5% at constant exchange rates) and also through its DRAM business (+5%). Group gross margins came out at a record level of 17.3% in the fourth quarter, bolstered in particular by the upsurge in activity in the USA (+27% and +38% at constant exchange rates), where margins are structurally higher. Operating income came out at EUR 4.2 million (+3%) while net income stood at EUR 3.9 million (+27%).

#### Record net income in 2006 of EUR 11 million

In 2006, Dane-Elec Memory demonstrated the solidity of its economic model. Despite disrupted activity at the beginning of the year, the Group rebounded strongly in the second half, which enabled strong growth in gross margins to 15.6% in 2006 compared to 14.3% in 2005. At the same time, the Group continued its development efforts through commercial investments, notably in Asia, marketing and R&D,

which led to a relative increase in operating expenses (10.6% of sales in 2006).

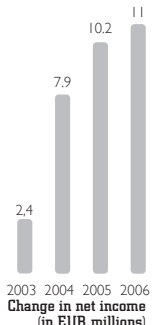
Operating income, which includes a EUR 2 million settlement paid by a supplier in the second quarter, stood at EUR 12.2 million.

The improvement in financial structure, following an EUR 8 million capital increase in July 2006, combined with favorable currency risk management compared to 2005, enabled the Group to post financial income of EUR 0.3 million. Annual net income came out at EUR 11 million in 2006, up 9% on 2005, representing the highest level of net income since the company's initial listing on the Paris stock exchange in 1997.

#### Outlook

Bolstered by this renewed momentum, Dane-Elec Memory expects to post further growth in 2007 while continuing a policy of controlling margins. The Group will focus on two development priorities: innovation and strengthening its commercial positions overseas.

Following the success of its Meizu personal media player, Dane-Elec will continue to market innovative products with the launch of the *Digital Pen* in coming weeks.



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Dane-Elec Memory is listed on Euronext Paris, Eurolist segment C.

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Dane-Elec Memory's share capital is made up of 25,240,083 shares.  
[www.dane-elec.fr](http://www.dane-elec.fr)