

2005 results:	Disposal of loss-making UK activities Growth in sales and profit (excl. UK) Reduction in debt New dividend
First-quarter 2006:	Favourable growth in sales

(financial year: 1 January to 31 December)

Full-year 2005

<i>Under IFRS</i>	In millions €	
	2005	2004
Net sales	880.7	820.8
Gross profit	539.4	485.3
<i>Gross margin (%)</i>	<i>61.2%</i>	<i>59.1%</i>
Profit from ordinary activities	69.7	38.9
Operating profit	66.4	38.0
Net financial charge	-8.0	- 6.6
Tax	-17.3	-6.6
Income from businesses sold or discontinued	-19.3	-74.0
Consolidated net income	21.8	- 49.2
Minority interests	7.9	5.8
Net income (Group share)	13.9	- 55.0
Net debt	118.5	166.5
Net debt / Shareholders' equity	39%	58%

Sales

Net sales totalled €880.7 million, up 7.3%. This included a positive currency impact of €2.6 million, because the Chinese yuan appreciated.

Like for like*, Group sales edged up 0.5% (down 1.6% in France, up 14.1% in China and up 7.5% in other countries).

* excluding the impact of store openings and closures and at constant exchange rates

Gross profit

At €539.4 million vs. €485.3 million in 2004, gross profit rose 11.1%. Gross margin was 61.2% vs. 59.1% in 2004. The increase resulted, in particular in Europe, from improvement in sourcing, reduced discounting and improvement in inventories (positive impact of €9.9 million of the change in net provisions for impairment of inventories between 2004 and 2005).

Operating profit

Operating expenses not included in gross profit totalled €469.7 million vs. €446.4 million in 2004. On the one hand, certain expenses rose, primarily because of new store openings (463 including 381 in China) and rent and salary expenses rose. On the other hand, depreciation, net provisions for impairment in value and other income and expense totalled €30.5 million vs. €41.4 million in 2004.

As a result, **profit from ordinary activities** totalled €69.7 million vs. €38.9 million in 2004, representing a rise of 79%.

After a non-recurring charge of €3.3 million related to the cost-cutting programme, **operating profit** was €66.4 million vs. €38.0 million in 2004.

Other income statement items:

- the net financial charge was €8.0 million;
- the tax charge was €17.3 million, including deferred tax of €3.0 million;
- businesses sold or discontinued (disposal of Etam plc on 7 April 2005) generated a loss of €19.3 million.

Consolidated net income was €21.8 million vs. a loss of €49.2 million in 2004 and net income (Group share) was €13.9 million vs. a loss of €55.0 million in 2004.

Excluding the UK, net income (Group share) was €33.2 million vs. €19.0 million in 2004, representing a 75% rise.

Debt

Group cash flow was €103.2 million vs. €81.6 million in 2004.

Net investments totalled €47.2 million (including €19.3 million related to the disposal of subsidiaries) vs. €40.7 million in 2004.

Net debt declined by €48.0 million to €118.5 million at year-end 2005 vs. €166.5 million at year-end 2004. Net debt to shareholders' equity stood at 39% vs. 58% at year-end 2004.

Dividend

General Partners in charge of Management will propose to shareholders at the next annual general meeting and extraordinary meeting, scheduled for 22 June 2006, the payment of a dividend of €0.30 per share for the year ended 31 December 2005.

First-quarter 2006 net sales

	<i>In millions €</i>		
1st quarter	2006	2005	% change
France	155.1	144.3	+7.5%
China	61.1	41.6	+47.0%
Other countries	31.6	27.1	+16.7%
Total	247.8	213.0	+16.4%

Net sales in the first quarter totalled €247.8 million, up 16.4%. This included a positive currency impact of €6.6 million, because the Chinese yuan appreciated.

Like for like, Group sales advanced by 7.2% (up 4.6% in France, up 23.5% in China and up 5.6% in all other countries).

Winter sales promotions were favourable, but the start of the summer season was disrupted by cold weather in March, and these factors were reflected in Q1 sales figures.

Overall, sales margins were favourable in the first quarter of 2006.

First-quarter 2006 sales by brand:

	<i>In millions €</i>		
1st quarter	2006	2005	% change
Etam	201.5	167.7	+20.2%
1.2.3	46.3	45.3	+2.2%
Total	247.8	213.0	+16.4%

Outlook

As planned, having withdrawn from its UK business, the Group is now concentrating its efforts on improving its performance in continental Europe and on expansion in China and international franchises.

In Europe, Etam Développement will continue to implement its business revival plan so as to improve profitability and further expand its store network, in particular in lingerie, in which the Group is continuing to assert its leading position.

Etam Développement will hold its annual general meeting on 22 June 2006.

The Group will publish its second-quarter 2006 sales on 25 July 2006 after the close of the Paris Bourse.

Information for analysts and investors

www.etamdeveloppement.fr

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