

Q1 2007:

Revenues from Flash products: + 9%
at constant USD rates

Net income: + 24%

FIRST QUARTER		
In EUR millions	2006	2007
Revenue	47.9	48.4
Gross margin	14.6%	16.0%
Operating income	1.2	1.4
Operating margin	2.6%	2.9%
Financial income	(0.1)	(0.1)
Net income	1.0	1.3
Net margin	2.2%	2.6%
Overheads/revenue	11.9%	13.2%

Revenue up 4% at constant USD rates

Dane-Elec Memory posted revenue of EUR 48.4 million for the first quarter of 2007, representing growth of 1.1%. At constant USD rates, sales increased by 4%. Business from Flash products was particularly robust, with the activity posting growth of 5% and 9% at constant USD rates. Against a backdrop of falling memory product prices, demand was underpinned by strong growth in mobile telephones and increased multimedia-content sales. The Group's DRAM business remained fairly stable at -1% and unchanged at constant USD rates.

Sales of handheld products and networking systems fell by 13% as a result of Dane-Elec's renewed focus on higher margin products which enabled it to increase its profitability. Europe represented 63% of the Group's first-quarter sales, the United States 27% and Asia 10%.

Sustained growth in margins

With a gross margin of 16.0% versus 14.6% one year earlier, Dane-Elec has once again proven the pertinence

Dane-Elec contact

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of its business model. This growth is the result of the sound management of inventories against a difficult backdrop for prices and the progressive adaptation of the Group's business model towards innovative, higher added-value products.

As such, operating income increased by 9.3%, representing almost 3% of revenue including the strategic R&D and marketing investments made in anticipation of future growth.

Sensitive management of financial expenses enabled Dane-Elec to post net income of EUR 1.3 million, up 24% on the previous year and resulting in a net margin of 2.6%.

Net cash: EUR 4.6 million at the end of March 2007

Efforts to reduce working capital enabled the Group to return to a net cash surplus of EUR 4.6 million at March 31, 2007 compared to EUR -3.1 million at the end of 2006.

Outlook

Against a more favorable market backdrop with more stable prices, Dane-Elec Memory should post increased growth over the coming quarters thanks to:

- higher demand for Flash memory products and the introduction of higher capacity memory products (4 GB) onto the market;
- increased market share overseas;
- marketing of innovative products such as personal media players and the *Digital Pen*.

At the same time, while continuing to increase its R&D investments, the Group also intends to continue improving its recurring operating margin through:

- the continued optimization of its margin on purchases;
- the streamlining of packaging and logistics costs with the implementation of its new European platform in Marle (France).

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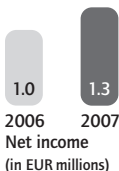
+9.3%



+17.6%



+23.9%



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

ISIN Code: FR000036774
MNEMO: DAN
REUTERS: DEMY

Dane-Elec Memory's share capital is made up of 25,240,083 shares.
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