



For Immediate Release

Contact: Nathalie Gerbal
 email: n.gerbal@lectra.com
 Phone: +33 (0)1 53 64 42 37 - Fax: +33 (0)1 53 64 43 40

First Half of 2008:

- **Revenues: €102.8 million (+3%)(*)**
- **Income from operations: €2.9 million (+53%)(*)**

(*) like-for-like

(in millions of euros)	April 1 - June 30 ⁽³⁾		January 1 - June 30	
	2008	2007	2008	2007
Revenues	50.8	54.6	102.8	104.2
Change (like-for-like) ⁽¹⁾	-3%		+3%	
Income from operations	1.3	3.5	2.9	3.4
Change (like-for-like) ⁽¹⁾	-27%		+53%	
Net income	0.9	2.3	1.6	2.5
Free cash flow before non-recurring items ⁽²⁾	(0.6)	(2.7)	(0.5)	(2.5)
Equity at June 30, 2008, and December 31, 2007			27.8	26.3
Net cash at June 30, 2008, and December 31, 2007			(53.0)	(50.8)

⁽¹⁾ Like-for-like: 2008 figures restated at 2007 exchange rates (which are not indicated in this summary table)

⁽²⁾ Non-recurring components of free cash flow: net disbursement of €1.2 million in first-half 2008, the whole amount was disbursed in Q1 2008 (€1.9 million in Q2 2007 and €3.2 million in first-half 2007)

⁽³⁾ Isolated data for Q2 2008 and Q2 2007 have not been reviewed by Statutory Auditors

Paris, July 29, 2008. The Board of Directors of Lectra, chaired by André Harari, today reviewed the consolidated financial statements for the first half of 2008, after a limited review by the Statutory Auditors.

(Detailed comparisons between 2008 and 2007 are like-for-like.)

Q2 2008: Orders and Income Decline

The macroeconomic environment continued to deteriorate worldwide, and, in this context, orders for new software licenses and CAD/CAM equipment relative to Q2 2008 showed a decline of 26% (€7.8 million) overall compared to Q2 2007. (Q2 2007 orders comprised the signature of an exceptional €4.2 million contract with a French world leader in luxury goods, for which billing will be spread over the period 2007–2010.) All of the world's regions have been affected by this slowdown.

With an average parity of \$1.56/€1, the U.S. dollar was down 14% compared to Q2 2007. This change mechanically reduced revenues by 4% (€2.3 million) and income from operations by €1.3 million.

Q2 2008 revenues amounted to €50.8 million, down 3% relative to Q2 2007. At actual exchange rates they were down 7%. Revenues from new systems sales decreased 10%, to €24.6 million, while recurring revenues (€26.2 million) increased 5%.

Income from operations amounted to €1.3 million, down €0.9 million (27%) like-for-like. The operating margin was 2.6%.

Net income was €0.9 million, down €1.4 million at actual exchange rates.

Free cash flow was negative at –€0.6 million. There were no non-recurring items. The free cash flow was up by €2.1 million relative to Q2 2007 free cash flow before non-recurring items (–€2.7 million).

First Half of 2008: Growth in Revenues – Income from Operations Improves

Sales activity in the first half of 2008 was weak. A growing number of clients affected by the economic slowdown or concerned about the impact on their own activity postponed their investment decisions in all market sectors and geographical markets.

Overall, orders for new software licenses and CAD/CAM equipment amounted to €41.4 million, down 22% (€11.9 million) relative to the first half of 2007.

With an average parity of \$1.53/€1, the U.S. dollar was down 13% compared to the first half of 2007. This change mechanically reduced revenues by 4% (€4.6 million) and income from operations by €2.3 million.

Revenues totaled €102.8 million, up 3% like-for-like relative to the first half of 2007. They were down 1% at actual exchange rates.

Revenues from new systems sales (€51.2 million) increased by 2%. Recurring revenues (€51.5 million) increased by €2.2 million overall (4%); this growth, which fell short of the company's expectations of 6–7%, resulted from a rate of cancellations exceeding the statistical record, as a direct consequence of worsening macroeconomic conditions. Once again, recurring revenues demonstrated, in Lectra's business model, their capacity as a key factor in the company's stability and as a cushion in periods of economic slowdown.

Because first-half 2008 revenues exceed orders booked in the period, the order backlog for new software licenses and CAD/CAM equipment at June 30 (€15.6 million) is down by €4.1 million relative to December 31, 2007. The order backlog includes €12.3 million for shipment in the second half of 2008 and €3.3 million in 2009 and 2010.

At 65.6%, the overall gross margin decreased by 1.3 percentage points relative to the first half of 2007, stemming primarily from differences in the product mix and the country mix.

Total overhead costs were down 1%.

Income from operations amounted to €2.9 million. On a like-for-like basis, income from operations works out to €5.2 million, up €1.8 million (53%). The operating margin was 2.8% (4.9% on a like-for-like basis, an increase of 1.6 percentage points relative to the first half of 2007).

Free cash flow before non-recurring items (–€0.5 million) represents a €2 million improvement over the €2.5 million negative free cash flow registered in the first half of 2007. Free cash flow was a negative €1.7 million after €1.2 million in non-recurring disbursements.

2008 Outlook

The company had drawn specific attention, on February 11, 2008, to the difficulty of formulating a view of the outlook, both for 2008 and for the medium term, given the persistent and particularly uncertain macroeconomic conditions. Since then, these conditions have continued to deteriorate, the economic slowdown has become more pronounced and widespread, and there has been a sharp upsurge in uncertainty. Moreover, the dollar has fallen even further and once again temporarily crossed the \$1.60/€1 threshold on July 15, 2008.

The weakness in orders since the beginning of the year could persist in the second half. Conversely, an upturn in the environment could trigger a rapid rebound in customer investments. The current lack of visibility therefore makes it impossible to draw precise conclusions regarding sales activity for the second half of the year.

In this context, prudence has compelled the company to consider that the anticipated revenues and income from operations for the current fiscal year communicated on February 11, 2008, will in all likelihood not be realized. Given the prevailing uncertainty, the company considers that it lacks sufficiently reliable information to formulate new quantified expectations at this time.

The company remains confident in its medium-term growth prospects.

The Management Discussion and Analysis of Financial Condition and Results of Operations for the first half 2008 are available at www.lectra.com. Q3 2008 results will be published on October 28, 2008, after the close of Euronext Paris.

With more than 1,500 employees worldwide, Lectra is the world leader in software, CAD/CAM equipment and related services dedicated to large-scale users of textiles, leather and industrial fabrics. Lectra addresses a broad array of major global markets including fashion (apparel, accessories, and footwear), automotive (car seats and interiors, airbags), and furniture, as well as a wide variety of other industries, such as the aeronautical and marine industries, wind power, etc.

Lectra (code ISIN FR0000065484) is listed on Euronext Paris (compartment B).

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