



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS FOR THE SECOND QUARTER AND FIRST HALF 2015

Dear Shareholders,

We report below on Lectra Group's business activity and consolidated financial statements for the second quarter and first half of 2015, ending June 30. Financial statements for the first half have been subject to a limited review by the Statutory Auditors; statements relating solely to the second quarter have not been reviewed.

Given the sharp currency variations and the significance of their resulting impact, detailed comparisons between 2015 and 2014 are based both on actual exchange rates and 2014 exchange rates ("like-for-like"), unless stated otherwise.

1. SUMMARY OF OPERATIONS FOR Q2 2015

With an average parity of \$1.10/€1 in Q2, the US dollar was up 24% compared to Q2 2014 (\$1.37/€1). For its part, the yuan appreciated 25%.

The appreciation of the US dollar, together with that of the yuan and the other currency movements, mechanically increased revenues by €5.2 million (+9%) and income from operations by €2.8 million (+59%) at actual exchange rates compared with like-for-like figures.

Orders for New Systems Up at Actual Exchange Rates but Down Like-for-Like

Orders for new systems totaled €26.2 million, up 5% at actual exchange rates but down 3% like-for-like compared with Q2 2014 (€24.8 million). They exceeded first-quarter orders (€21.3 million).

Orders for new software licenses (€6 million) were down 3% like-for-like, and those for CAD/CAM equipment (€16.6 million) rose by 1%. Orders for training and consulting (€3 million) decreased by 20%, in the absence of significant new projects signed during the quarter.

Revenues and Income from Operations Up Sharply

Revenues totaled €60.3 million, up 15% at actual exchange rates and 5% like-for-like compared with Q2 2014.

Like-for-like, revenues from new systems sales increased by 4% and recurring revenues by 6%.

Income from operations amounted to €7.6 million. It increased by €3.6 million (+92%) at actual exchange rates and 20% like-for-like.

The operating margin amounted to 12.5%, increasing by 5 percentage points at actual exchange rates and 1.1 percentage points like-for-like.

Net income amounted to €5.3 million, up €2.4 million (+85%) at actual exchange rates.

Finally, free cash flow was €5.2 million (€3.8 million in Q2 2014).

Transformation Plan Progress

In its February 11, 2015 report, the company reiterated its complete strategic roadmap for 2013-2016, as well as its transformation plan and €50 million investments for the future program, launched at the end of 2011 for the period 2012-2015, and presented its second progress report. The next progress report will be communicated on February 11, 2016.

2. SUMMARY OF OPERATIONS FOR FIRST HALF 2015 AND CONSOLIDATED FINANCIAL STATEMENTS

Positive Impact from Weaker Euro

The sharp fall in the euro since summer 2014, against the dollar and the yuan notably, has been a major event for the company. Lectra has significantly bolstered its competitive position worldwide. At the same time, its customers' competitive situations have altered radically, either improving or deteriorating, depending on the location of their production and sales.

With an average parity of \$1.12/€1 for H1 2015, the US dollar was up 23% compared with H1 2014 (\$1.37/€1). For its part, the yuan appreciated 22%.

Lectra has opted to maintain its R&D and manufacturing in France, investing in innovation to enhance its competitiveness. Most of Lectra's production costs are thus euro-denominated, with practically zero inflation. Conversely, most of its competitors—especially the main one, a US company—manufacture their equipment in China. Consequently their yuan-denominated costs are subject not only to continuously rising wages and social charges, but also to higher inflation.

Moreover, for all players, sale prices in North America and Asia are mainly expressed in US dollars, or in yuan in China. Competitors manufacturing in China have maintained their sale prices for these markets and are starting to raise them in Europe to avoid an excessive decline in margins. The few European vendors specialized in CAM equipment that have maintained their production in Europe, meanwhile, have similarly benefited from the currency movements, and have cut their sale prices in Asia and in North and South America in order to expand their market share.

Overall, exchange rate variations have mechanically had a major impact on Lectra, boosting revenues by €9.7 million (+9%) and income from operations by €5.3 million (+67%) at actual exchange rates compared with like-for-like figures.

If these parities persist, like-for-like comparisons will become increasingly irrelevant given the complex effects produced by these sharp fluctuations.

Revenues and Income from Operations Respectively In Line with or Ahead of the Company Roadmap at Actual Exchange Rates, but Both Lagging Behind Like-for-Like

The roadmap corresponding to the company's annual objective communicated on February 11, 2015 anticipated H1 revenues of €116.5 million and income from operations of €11.9 million (based on exchange rates at December 15, 2014, notably \$1.25/€1).

Revenues totaled €116.4 million. At actual exchange rates, they are therefore in line with the roadmap. Income from operations amounted to €13.2 million, ahead by €1.3 million.

At the exchange rates used when setting the 2015 objectives, H1 revenues and income from operations were €110.5 million and €10.1 million respectively, lagging behind the roadmap €6 million and €1.8 million respectively.

Orders for New Systems

Orders for new systems amounted to €47.4 million, up €3.6 million (+8%) at actual exchange rates, and down 2% like-for-like relative to H1 2014.

Orders remained significantly below company expectations of a rise of 15% like-for-like. Business and currency conditions proved tougher than expected, with global growth forecasts revised downward for 2015 and 2016, still greater geopolitical tensions and sharp currency swings hampering firms. As a result, customers remain hesitant and continue to put their investment decisions on hold.

Like-for-like:

- Orders for new software licenses (€11.7 million) were up 2%, as was the case for CAD/CAM equipment (€29 million). Training and consulting (€5.7 million) were down 21%, in the absence of significant new projects signed since the beginning of the year;
- Geographically, the situation is highly contrasted. Orders in the Americas increased by 25%, those in Europe by 4% and in the rest of the world by 14% (Northern Africa, South Africa, Turkey, the Middle East, etc.). They dropped by 26% in Asia-Pacific;
- Orders in the fashion and apparel market were down 6% and 12% in the automotive market. They were up more than fourfold in furniture, while falling 55% in other industries. These markets respectively accounted for 51%, 31%, 14% and 4% of total orders.

Revenues

Revenues totaled €116.4 million, up 16% at actual exchange rates and 7% like-for-like compared with H1 2014.

Like-for-like, revenues increased in all regions: +9% in Europe, +4% in the Americas, +5% in Asia-Pacific, and +7% in the rest of the world. These regions respectively accounted for 43% (including 7% for France), 26%, 25%, and 6% of total revenues.

In 2014, these regions respectively accounted for 46% (including 8% for France), 24%, 23%, and 7% of total revenues.

Revenues from New Systems Sales

Overall, revenues from new systems sales (€48.7 million) increased by 19% at actual exchange rates and by 8% like-for-like. They represented 42% of total revenues (41% in H1 2014).

Like-for-like:

- Revenues from new software licenses (€12 million) increased by 9% and accounted for 10% of total revenues (10% in H1 2014);
- CAD/CAM equipment revenues (€29.4 million) were up 9% and accounted for 26% of total revenues (24% in H1 2014);
- Revenues from training and consulting increased by 6% to €6.1 million and accounted for 5% of total revenues (5% in H1 2014).

Revenues from Recurring Contracts and Consumables and Spare Parts

Recurring revenues (€67.8 million) increased by 14% at actual exchange rates and by 5% like-for-like. They accounted for 58% of total revenues (59% in H1 2014).

Revenues from recurring contracts—which contributed to 58% of recurring revenues and 34% of total revenues—totaled €39.5 million, a 6% increase like-for-like, thus improving the growth dynamics recorded throughout the whole of fiscal 2014 (+4%):

- Revenues from software evolution and online services contracts (€22.9 million), up 6% compared with H1 2014, represented 20% of total revenues;
- Revenues from CAD/CAM equipment maintenance and online services contracts (€16.6 million), which increased by 6%, contributed to 14% of total revenues.

Revenues from consumables and spare parts (€28.3 million), meanwhile, increased by 5% like-for-like.

Order Backlog

At June 30, 2015, the order backlog for new systems (€19 million) was down €0.6 million relative to December 31, 2014 at actual exchange rates.

This figure comprises orders for new software licenses and CAD/CAM equipment totaling €13.4 million, of which €12.1 million for shipment in Q3 2015 and €1.3 million thereafter; and €5.6 million in orders for training and consulting, to be delivered as projects progress.

Gross Profit

Gross profit amounted to €88.2 million. At actual exchange rates, the €14.9 million increase relative to H1 2014 represents 91% of the growth in revenues.

The overall gross profit margin was 75.8%. At actual exchange rates, it increased by 2.6 percentage points relative to H1 2014, given the combined effects of exchange rate variations and the new improvement in gross profit margins. Like-for-like, the overall gross profit margin increased by 1.1 percentage points.

Personnel expenses and other operating expenses incurred in the execution of service contracts or in training and consulting are not included in the cost of goods sold but are recognized in selling, general, and administrative expenses.

Overhead Costs

Total overhead costs were €75.1 million, up 6% like-for-like compared with H1 2014.

The breakdown is as follows:

- €67.9 million in fixed overhead costs (+7%). Investments for the future in connection with the transformation plan, which are fully expensed, represented €8.6 million, or 13% of the total amount;
- €7.2 million in variable costs (-5%).

The increase in total overhead costs is 11% at actual exchange rates.

R&D costs are fully expensed in the period and included in fixed overhead costs. R&D costs amounted to €11.4 million and represented 9.8% of revenues (€10.9 million and 10.8% in H1 2014). After deducting the research tax credit and the corresponding portion of the competitiveness and employment tax credit applicable in France and grants accounted for in the period, net R&D costs amounted to €7.1 million (€6.5 million in 2014).

Income from Operations and Net Income

Income from operations was €13.2 million, an increase of €7.3 million (+125%) at actual exchange rates and €2 million (+35%) like-for-like.

The like-for-like increase stems from the growth in revenues from new systems sales (€2.7 million), in recurring revenues (€2.5 million), and in gross profit margins (€1.1 million). These positive impacts were partly offset by the natural increase in fixed overhead costs (€2.5 million), and the increase in investments for the future related to the company's transformation plan (€1.8 million).

The operating margin was 11.3%, up 5.4 percentage points at actual exchange rates and 1.5 percentage points like-for-like.

Financial income and expenses represented a net charge of €0.1 million. Foreign exchange gains and losses generated a net loss of €0.4 million.

After an income tax expense of €3.7 million, net income doubled to €9 million (€4.4 million in H1 2014) at actual exchange rates.

Net earnings per share on basic capital and on diluted capital were €0.29 (€0.15 on basic capital and €0.14 on diluted capital in H1 2014).

The 2014 financial results serving as a basis for 2015 comparisons have been restated in light of published results, due to the obligation to apply interpretation IFRIC 21 as of January 1, 2015, resulting in a reduction of €0.3 million in income from operations for H1 2014, the full-year impact being practically nil (see note 2 of the notes to this report).

Free Cash Flow

Free cash flow amounted to €4 million (see note 7 of the notes to this report), compared with €6.6 million for H1 2014.

The research tax credit (€3.7 million) and the competitiveness and employment tax credit (€0.4 million) for H1 2015, applicable in France, were accounted for but not received. If they had been received, free cash flow would have been €8.1 million.

Shareholders' Equity

At June 30, 2015, shareholders' equity amounted to €98 million (€94.3 million at December 31, 2014), after payment on May 7, 2015, of the dividend of €7.6 million (€0.25 per share) declared in respect of FY 2014, as decided by the Shareholders' Meeting of April 30, 2015.

The figure for shareholders' equity is calculated after deduction of treasury shares held under the Liquidity Agreement and carried at cost, i.e. €0.3 million (€0.1 million at December 31, 2014).

The company was debt free as of March 31, 2015, residual financial borrowings at December 31, 2014 (€0.4 million) having been reimbursed. Cash and cash equivalents as well as net cash position amounted to €41.5 million. The net cash position was €43.1 million at December 31, 2014.

The working capital requirement amounted to €3.1 million. This includes the receivable of €26.6 million on the French tax administration (*Trésor public*) corresponding to the research tax credits recognized since fiscal year 2011, which have not yet been received or offset against income tax. Restated for this receivable, the working capital requirement was negative at €23.5 million, a key feature of the Group's business model.

When these tax credits cannot be deducted from corporate income tax, they are treated as a receivable on the French tax administration. If unused in the ensuing three years, they are repaid to the company in the course of the fourth year. In July 2015, the company received a reimbursement of €4.7 million corresponding to the research tax credit for fiscal 2011.

3. SHARE CAPITAL – OWNERSHIP – SHARE PRICE PERFORMANCE

Change in Share Capital

At June 30, 2015, the share capital totaled €30,722,974, divided into 30,722,974 shares with a par value of €1.00.

Share capital has increased by €393,860 (with a total share premium of €1,491,074) due to the creation of 393,860 shares since January 1, 2015, resulting from the exercise of stock options.

On February 10, 2015, Schroder Investment Management Ltd (UK), acting on behalf of its funds and clients under management, reported that on February 5 it had decreased its shareholding below the threshold of 10% of the company's voting rights, then on February 13, that it had also decreased on February 10 its shareholding below the threshold of 10% of the company's capital stock, and that at that date it held 9.53% of the capital stock and 9.42% of the voting rights.

On February 10, Delta Lloyd Asset Management NV (Netherlands), acting on behalf of its funds and clients under management, also reported that it had decreased its shareholding below the threshold of 10% of the company's capital stock and voting rights, and that, on February 9, it held 9.77% of the capital stock and 9.65% of the voting rights.

No other crossing of statutory thresholds has been notified to the company since January 1, 2015.

At the date of publication of this report, and to the company's knowledge, the main shareholders are:

- André Harari and Daniel Harari, who together hold 36.2% of the capital and 35.8% of the voting rights;
- Delta Lloyd Asset Management NV and Schroder Investment Management Ltd, which each hold more than 5% (but less than 10%) of the capital and the voting rights, on behalf of investment funds and clients under management.

No other shareholder has reported holding more than 5% of the share capital and voting rights.

Treasury Shares

At June 30, 2015, the company held less than 0.1% of its own shares in treasury shares, solely within the framework of the Liquidity Agreement contracted with Exane BNP Paribas.

Share Price Performance and Trading Volumes

The company's share price at June 30, 2015, was €12.80, up 40% compared with December 31, 2014 (€9.14). It reached a low of €8.98 on January 6 and a high of €14.10 on June 4. The CAC 40 index and the CAC Mid & Small index rose 12% and 14% respectively over the period.

Over the last 12 months, the share price has risen 65%, while the CAC 40 index and the CAC Mid & Small index have gained 8% and 13% respectively.

According to Euronext statistics, the number of shares traded on Euronext (5.3 million) was up 39%, and trading volumes (€63,1 million) up 109% compared with H1 2014. These figures do not include trading on any other trading platform.

4. SIGNIFICANT POST-CLOSING EVENTS

No significant event has occurred since June 30, 2015.

5. FINANCIAL CALENDAR

The Q3 financial results will be published on October 29, after close of trading on Euronext.

6. BUSINESS TRENDS AND OUTLOOK

The company entered 2015 with even more solid operating fundamentals than in 2014 and an even stronger balance sheet.

In its February 11, 2015 financial report and its 2014 annual report, to which readers are invited to refer, the company has developed its business trends and outlook, underlining that, as for 2014, the year 2015 looked unpredictable, with limited visibility and calling for continuing caution.

The shortfall in orders for new systems compared to expectations in the first half will not enable the company to meet the objectives it had set based on the December 15, 2014 exchange rates used in setting them, notably \$1.25/€1.

It should however achieve the corresponding figures at actual exchange rates, based on the forecast parities used for the second half of the year, notably \$1.10/€1: total revenues of approximately €240 million (+14% at actual exchange rates relative to 2014), with income from operations before non-recurring items of around €29 million (+47%), an operating margin before non-recurring items of 12% (+2.6 percentage points), and net income of around €20 million (+39%).

Bolstered by the strength of its business model and the relevance of its strategic roadmap, the company remains confident in its growth prospects for the medium term.

The Board of Directors

July 30, 2015

Company Certification of the First-Half 2015 Report

We certify that, to our knowledge, the first-half financial statements have been prepared in accordance with currently applicable accounting standards and provide a fair view of the assets, financial condition, and results of the company and of its consolidated companies. We further certify that the first-half report on operations presents a true and sincere view of the significant events that occurred during the first six months of the fiscal year and their impact on the financial statements, and a description of the main risks and uncertainties for the coming six months.

Paris, July 30, 2015

Daniel Harari
Chief Executive Officer

Jérôme Viala
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in thousands of euros)	June 30, 2015	December 31, 2014 ⁽¹⁾	June 30, 2014 ⁽¹⁾
Goodwill	32,585	31,724	30,754
Other intangible assets	4,687	4,406	4,637
Property, plant and equipment	17,830	16,447	14,382
Non-current financial assets	1,896	2,048	1,831
Deferred tax assets	8,016	8,005	8,241
Total non-current assets	65,014	62,630	59,845
Inventories	23,475	21,848	21,514
Trade accounts receivable	42,790	50,531	41,182
Other current assets	36,821	32,149	35,315
Cash and cash equivalents	41,535	43,484	29,251
Total current assets	144,621	148,012	127,262
Total assets	209,635	210,642	187,107

EQUITY AND LIABILITIES

(in thousands of euros)	June 30, 2015	December 31, 2014 ⁽¹⁾	June 30, 2014 ⁽¹⁾
Share capital	30,723	30,329	30,059
Share premium	8,773	7,282	6,458
Treasury shares	(282)	(133)	(247)
Currency translation adjustments	(8,135)	(8,503)	(8,805)
Retained earnings and net income	66,891	65,327	55,856
Total equity	97,969	94,302	83,321
Retirement benefit obligations	8,444	8,479	7,759
Borrowings, non-current portion	-	-	-
Total non-current liabilities	8,444	8,479	7,759
Trade and other current payables	50,392	53,216	48,971
Deferred revenues	46,656	48,096	40,766
Current income tax liabilities	2,984	2,857	2,512
Borrowings, current portion	-	394	394
Provisions for other liabilities and charges	3,190	3,298	3,384
Total current liabilities	103,222	107,861	96,027
Total equity and liabilities	209,635	210,642	187,107

(1) The impact of the application of IFRIC 21 – Levies with effect from January 1, 2015, is restated retrospectively in the consolidated statement of financial position at June 30, 2014 and at December 31, 2014 (see note 2 "Summary of accounting rules and methods").

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2014 ⁽¹⁾	Six months ended June 30, 2014 ⁽¹⁾
Revenues	60,308	116,428	52,507	100,158
Cost of goods sold	(14,824)	(28,195)	(14,045)	(26,801)
Gross profit	45,484	88,233	38,462	73,357
Research and development	(3,589)	(7,147)	(3,511)	(6,450)
Selling, general and administrative expenses	(34,331)	(67,912)	(31,002)	(61,040)
Income (loss) from operations	7,564	13,174	3,949	5,867
Financial income	40	128	155	243
Financial expenses	(120)	(230)	(124)	(230)
Foreign exchange income (loss)	(286)	(411)	(29)	(260)
Income (loss) before tax	7,197	12,660	3,951	5,620
Income tax	(1,916)	(3,668)	(1,097)	(1,181)
Net income (loss)	5,281	8,992	2,854	4,439

(in euros)

Earnings per share:

- basic	0.17	0.29	0.10	0.15
- diluted	0.17	0.29	0.09	0.14

Shares used in calculating earnings per share

- basic	30,606,349	30,513,708	29,860,030	29,780,805
- diluted	31,683,121	31,537,389	30,690,867	30,647,405

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2014 ⁽¹⁾	Six months ended June 30, 2014 ⁽¹⁾
Net income (loss)	5,281	8,992	2,854	4,439
Currency translation adjustments	(72)	368	(191)	(84)
Tax effect	-	-	-	-
Other comprehensive income (loss) to be reclassified in net income (loss)	(72)	368	(191)	(84)
Remeasurement of the net liability arising from defined benefits pension plans	121	169	(95)	(95)
Tax effect	(29)	(43)	28	28
Other comprehensive income (loss) not to be reclassified in net income (loss)	92	126	(67)	(67)
Total other comprehensive income	20	494	(258)	(151)
Comprehensive income (loss)	5,301	9,486	2,596	4,288

(1) The impact of the application of IFRIC 21 – Levies with effect from January 1, 2015, is restated retrospectively in the consolidated income statement at June 30, 2014 (see note 2 “Summary of accounting rules and methods”).

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Six months ended June 30, 2015	Six months ended June 30, 2014 ⁽¹⁾
I - OPERATING ACTIVITIES		
Net income (loss)	8,992	4,439
Net depreciation, amortization and provisions	3,280	1,661
Non-cash operating expenses	(525)	(110)
Loss (profit) on sale of fixed assets	2	8
Changes in deferred income taxes, net value	330	(978)
Changes in inventories	(2,453)	(729)
Changes in trade accounts receivable	5,028	6,293
Changes in other current assets and liabilities	(7,868)	(1,354)
Net cash provided by (used in) operating activities	6,786	9,230
II - INVESTING ACTIVITIES		
Purchases of intangible assets	(1,020)	(1,186)
Purchases of property, plant and equipment	(2,058)	(1,626)
Proceeds from sales of intangible assets and property, plant and equipment	7	5
Acquisition cost of activities purchased ⁽²⁾	-	(1,560)
Purchases of financial assets ⁽³⁾	(1,454)	(1,264)
Proceeds from sales of financial assets ⁽³⁾	1,721	1,441
Net cash provided by (used in) investing activities	(2,804)	(4,190)
III - FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	1,885	1,810
Dividends paid	(7,646)	(6,554)
Purchases of treasury shares	(1,534)	(1,317)
Sales of treasury shares	1,442	1,168
Repayments of long-term and short-term borrowings	(394)	(500)
Net cash provided by (used in) financing activities	(6,247)	(5,393)
Increase (decrease) in cash and cash equivalents	(2,265)	(353)
Cash and cash equivalents at opening	43,484	29,534
Increase (decrease) in cash and cash equivalents	(2,265)	(353)
Effect of changes in foreign exchange rates	316	70
Cash and cash equivalents at closing	41,535	29,251
Free cash flow before non-recurring items	3,982	6,600
Non-recurring items of the free cash flow	-	-
Free cash flow	3,982	6,600
Income tax paid (reimbursed), net	2,329	1,340
Interest paid	-	-

(1) The impact of the application of IFRIC 21 – Levies with effect from January 1, 2015, is restated retrospectively in the consolidated statement of cash flows at June 30, 2014 (see note 2 “Summary of accounting rules and methods”).

(2) At June 30, 2014, this amount corresponded to the acquisition cost of the activities of the Group’s former agent in South Korea (see note 3 hereafter).

(3) These amounts mainly correspond to the valuation of purchases and sales of treasury shares made through the Liquidity Agreement, and for which the counterparty is shown in the corresponding cash flows arising from financing activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros, except for par value per share expressed in euros)	Share capital			Share premium	Treasury shares	Currency translation adjustments	Retained earnings and net income	Equity
	Number of shares	Par value per share	Share capital					
Balance at January 1, 2014⁽¹⁾	29,664,415	1.00	29,664	5,043	(83)	(8,721)	58,063	83,966
Net income (loss)							4,439	4,439
Other comprehensive income (loss)						(84)	(67)	(151)
Comprehensive income (loss)						(84)	4,372	4,288
Exercised stock options	394,847	1.00	395	1,415				1,810
Fair value of stock options							39	39
Sale (purchase) of treasury shares					(164)			(164)
Profit (loss) on treasury shares							9	9
Other variations							(73)	(73)
Dividends paid							(6,554)	(6,554)
Balance at June 30, 2014⁽¹⁾	30,059,262	1.00	30,059	6,458	(247)	(8,805)	55,856	83,321
Balance at January 1, 2014⁽¹⁾	29,664,415	1.00	29,664	5,043	(83)	(8,721)	58,063	83,966
Net income (loss)							14,370	14,370
Other comprehensive income (loss)						218	(649)	(431)
Comprehensive income (loss)						218	13,721	13,939
Exercised stock options	664,699	1.00	665	2,239				2,904
Fair value of stock options							136	136
Sale (purchase) of treasury shares					(50)			(50)
Profit (loss) on treasury shares							32	32
Other variations							(71)	(71)
Dividends paid							(6,554)	(6,554)
Balance at December 31, 2014⁽¹⁾	30,329,114	1.00	30,329	7,282	(133)	(8,503)	65,327	94,302
Net income (loss)							8,992	8,992
Other comprehensive income (loss)						368	126	494
Comprehensive income (loss)						368	9,118	9,486
Exercised stock options	393,860	1.00	394	1,491				1,885
Fair value of stock options							54	54
Sale (purchase) of treasury shares					(149)			(149)
Profit (loss) on treasury shares							38	38
Dividends paid							(7,646)	(7,646)
Balance at June 30, 2015	30,722,974	1.00	30,723	8,773	(282)	(8,135)	66,891	97,969

(1) The impact of the application of IFRIC 21 – Levies with effect from January 1, 2015, is restated retrospectively in the consolidated statement of changes in equity at January 1, 2014, at June 30, 2014 and at December 31, 2014 (see note 2 “Summary of accounting rules and methods”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2015

1. BUSINESS ACTIVITY

Lectra was established in 1973 and has been listed since 1987 on Euronext (compartment B). Lectra is the world leader in software, CAD/CAM equipment and associated services dedicated to large-scale users of fabrics, leather, technical textiles and composite materials. Lectra addresses a broad array of major global markets, mainly fashion and apparel, automotive (car seats and interiors, airbags), furniture as well as a wide variety of other industries, such as the aeronautical and marine industries, and wind power.

The company's technology offer is geared to the specific needs of each market, enabling its customers to design, develop and manufacture their products (garments, seats, airbags, etc.). For the fashion and apparel industry, Lectra's software applications also facilitate the management of collections and cover the entire product lifecycle (Product Lifecycle Management, or PLM). Lectra forges long-term relationships with its customers and provides them with full-line, innovative solutions.

The Group's customers comprise large national and international corporations and medium-sized companies. Lectra helps them overcome their major strategic challenges: cutting costs and boosting productivity; reducing time-to-market; managing globalization; developing secure electronic communications; enhancing quality; satisfying the demand for mass-customization; and monitoring and developing their corporate brands. The Group markets end-to-end solutions comprising the sale of software, CAD/CAM equipment and associated services (technical maintenance, support, training, consulting, sales of consumables and spare parts).

All Lectra software and equipment is designed and developed in-house. Equipment is assembled from sub-elements produced by an international network of subcontractors and tested in the company's industrial facilities in Bordeaux-Cestas (France) where most of Lectra's R&D is performed.

Lectra's strength lies in the skills and experience of its nearly 1,500 employees worldwide, encompassing expert R&D, technical and sales teams with deep knowledge of their customers' businesses.

The Group has been present worldwide since the mid-1980s. Based in France, the company serves its customers in more than 100 countries through its extensive network of 32 sales and services subsidiaries, which are backed by agents and distributors in some regions. Thanks to this unrivaled network, Lectra generated 91% of its revenues directly in 2014. Its five International Call Centers, in Bordeaux-Cestas (France), Madrid (Spain), Milan (Italy), Atlanta (U.S.A.) and Shanghai (China) cover Europe, North America and Asia. All of the company's technologies are showcased at its International Advanced Technology & Conference Center in Bordeaux-Cestas (France) for Europe and international visitors, and its two International Advanced Technology Centers in Atlanta (U.S.A.) for North and South America, and Shanghai (China) for Asia and the Pacific. Lectra is geographically close to its customers wherever they are, with more than 820 employees dedicated to marketing, sales and services in the world. It employs more than 260 engineers dedicated to R&D, and nearly 160 employees in industrial purchasing, assembly and testing of CAD/CAM equipment, and logistics.

Business Model

Lectra's business model is based on three pillars:

- a balance of risks, which benefit from natural hedging by the distribution of business activity over market sectors and geographical markets with cycles that are different from each other, and by the very large number of customers throughout the world;
- a balanced revenue mix between revenues from new systems sales, the company's growth driver, and revenues from recurring contracts and consumables and spare parts, a key factor in the company's stability, that provide a cushion in periods of difficult economic conditions;
- the generation of annual free cash flow exceeding net income, assuming utilization or receipt of the annual research tax credit and the competitiveness and employment tax credit applicable in France.

2. SUMMARY OF ACCOUNTING RULES AND METHODS

The consolidated financial statements are compliant with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board as adopted within the European Union, and available for consultation on the European Commission website:

http://ec.europa.eu/finance/accounting/ias/index_en.htm

The condensed consolidated financial statements at June 30, 2015, have been prepared in accordance with IAS 34 - Interim Financial Statements. They do not comprise all of the financial disclosures required in the complete financial statements and should be read in conjunction with the Group's consolidated financial statements and attached notes for the fiscal year 2014, available on lectra.com.

The consolidated financial statements have been prepared in accordance with the same rules and methods as those applied in the preparation of the 2014 financial statements, with the exception of the interpretation presented below. They have been prepared under the responsibility of the Board of Directors at its meeting of July 30, 2015. They have been the subject of a limited review by the Statutory Auditors; the Q2 financial statements have not been reviewed separately.

The Group has applied the IFRIC 21 – Levies interpretation, mandatory for fiscal years starting from January 1, 2015. The retrospective application of this interpretation has led the Group to restate the published statements for 2014. The impacts on the consolidated statement of income are limited to the captions "Selling, general and administrative expenses", "Income from operations" (in the same amount), "Income tax" and "Net income"; they are presented below:

CONSOLIDATED INCOME STATEMENT

2014: quarter ended	March 31	June 30	September 30	December 31	2014
Income from operations:					
- published	2,301	3,818	7,260	6,402	19,781
- restated	1,918	3,949	7,387	6,552	19,806
Net income:					
- published	1,838	2,768	5,077	4,670	14,353
- restated	1,585	2,854	5,161	4,770	14,370

Moreover, the restated consolidated shareholders' equity has been increased by €208,000 (€137,000 after tax effect) at January 1, 2014 and by €233,000 (€154,000 after tax effect) at December 31, 2014. At June 30, 2014, it has been reduced by €44,000 (€30,000 after tax effect).

The Group has not early adopted any standards, amendments or interpretations whose application is not required for fiscal years starting from January 1, 2015.

Comparability of the Group's interim and annual accounts may be affected by the slightly seasonal nature of the Group's business, which mostly achieves a higher level of revenues during the fourth quarter of the year. This, in particular, applies to sales of new software licenses and CAD/CAM equipment. Moreover, overhead costs are reduced during the third quarter due to the summer holidays in France and in European subsidiaries. These two items have a positive impact on income from operations of those quarters.

Comparisons identified as "like-for-like" correspond to 2015 figures restated at 2014 exchange rates, in comparison with actual data for 2014.

Critical Accounting Estimates and Judgments

Preparation of the financial statements in accordance with IFRS demands that certain critical accounting estimates be made. Management is also required to exercise its judgment in applying the Group's accounting policies. Although such estimates are made in a particularly uncertain environment, their relevance is supported by the Group's business model features.

The areas involving a higher degree of judgment or complexity, or requiring material assumptions and estimates in relation to the establishment of the consolidated financial statements, relate to goodwill impairment and deferred tax.

Revenues

Revenues from sales of hardware are recognized when the significant risks and benefits relating to ownership are transferred to the purchaser.

For hardware, these conditions are fulfilled upon physical transfer of the hardware in accordance with the contractual sale terms. For software, these conditions are generally fulfilled at the time of installation of the software on the customer's computer (either by CD-ROM or downloading).

Revenues from software evolution contracts and recurring services contracts are billed in advance, and their booking is spread over the duration of the contracts.

Revenues from the billing of services not covered by recurring contracts are recognized at the time of performance of the service or, where appropriate, on a percentage of completion basis.

Cost of Goods Sold

Cost of goods sold comprises all purchases of raw materials included in the costs of manufacturing, the change in inventory and inventory write-downs, all labor costs included in manufacturing costs which constitute the added value, freight-out costs on equipments sold, and a share of depreciation of the manufacturing facilities.

Cost of goods sold does not include salaries and expenses associated with service revenues, which are included under "Selling, General and Administrative Expenses".

Research and Development Costs

The technical feasibility of software and hardware developed by the Group is generally not established until a prototype has been produced or until feedback is received from its pilot sites, setting the stage for their commercialization. Consequently, the technical and economic criteria requiring the recognition of development costs in assets at the moment they occur are not met, and these, together with research costs, are therefore fully expensed in the year in which they are incurred.

The French research tax credit (*crédit d'impôt recherche*) and the portion of the competitiveness and employment tax credit (*crédit d'impôt compétitivité et emploi*) relating to R&D personnel, as well as grants linked to R&D projects, if any, are deducted from R&D expenses.

Earnings per Share

Basic net earnings per share are calculated by dividing net income by the weighted-average number of shares outstanding during the period, excluding the weighted-average number of treasury shares.

Diluted net earnings per share are calculated by dividing net income by the weighted-average number of shares adjusted for the dilutive effect of stock options outstanding during the period and excluding the weighted-average number of treasury shares held solely under the Liquidity Agreement.

The dilutive effect of stock options is computed in accordance with the share repurchase method provided by IAS 33. The assumed proceeds from exercise of stock options are regarded as having been used to repurchase shares at the average market price during the period. The number of shares thus obtained is deducted from the total number of shares resulting from the exercise of stock options.

Only options with an exercise price below the said average share price are included in the calculation of the number of shares representing the diluted capital.

Free Cash Flow

Free cash flow is equal to net cash provided by operating activities minus cash used in investing activities—excluding cash used for acquisitions of companies (net of cash acquired).

Operating Segments

Operating segment reporting is based directly on the Group's performance tracking and review systems. The operating segments presented in note 6 are identical to those covered by the information regularly communicated to the Executive Committee, in its capacity as the Group's "chief operating decision maker".

Operating segments refer to the major marketing regions that combine countries with similar economic characteristics in terms of type of product and service, customer type and distribution method. The regions concerned are: the Americas, Europe, Asia-Pacific, and the Rest of the World, where the company operates chiefly in Northern Africa, South Africa, Turkey, Israel, and the Middle East. These regions are involved in sales and the provision of services to their customers. They do not perform any industrial activities or R&D. They draw on centralized competencies and a wide array of functions that are pooled among all of the regions, including marketing, communication, logistics, procurement, production, R&D, finance, legal affairs, human resources, and information systems. All of these cross-divisional activities are reported as an additional operating segment referred to here as the "Corporate" segment.

Performance is measured by the segment's income from operations before non-recurring items and impairment of assets, if any. Marketing regions derive their revenues from external customers; all inter-segment billings are excluded from this item. The gross profit margin rates used to determine operating performance are identical for all regions. They are computed for each product line and include added value supplied by the Corporate segment. Consequently, for products or services supplied in full or in part by the Corporate segment, a percentage of consolidated gross profit is retained in the income computed for the Corporate segment in order to cover its costs. Since most of the Corporate segment's general overheads are fixed, its profit margin and consequently its income from operations depend mainly on the volume of business generated by marketing regions.

3. SCOPE OF CONSOLIDATION

At June 30, 2015, the Group's scope of consolidation comprised the parent company, Lectra SA, together with 28 fully-consolidated companies.

There was no change in the scope of consolidation during the first half of 2015.

In April 2014, the company had established a new subsidiary in South Korea, Lectra Korea, which took over the assets of the agent that previously represented Lectra in this country for many years, and has been fully consolidated since May 1, 2014. The impact of this subsidiary's creation and of the purchase of these activities on the income statement and the statement of financial position was immaterial, the bulk of sales in this country having previously been billed by Lectra SA.

Four sales and service subsidiaries are not consolidated, their revenues being immaterial both separately and combined. At June 30, 2015, their combined revenues totaled €0.5 million, and their combined assets in their statement of financial position totaled €2.3 million. They had no financial debt outside of the Group. Most of these subsidiaries' sales activity is billed directly by Lectra SA.

Transactions with these related parties mainly concern purchases from Lectra SA for the purposes of their local operations, or charges and commissions billed to Lectra SA in order to cover their overheads when they act as agents. The amount concerned by these transactions was not material at June 30, 2015.

4. CONSOLIDATED STATEMENT OF INCOME—LIKE-FOR-LIKE CHANGE

4.1. Q2 2015

(in thousands of euros)	Three Months Ended June 30				
	2015		2014 ⁽¹⁾	Changes 2015/2014	
	Actual	At 2014 exchange rates	Actual	Actual	Like-for-like
Revenues	60,308	55,153	52,507	+15%	+5%
Cost of goods sold	(14,824)	(14,354)	(14,045)	+6%	+2%
Gross profit	45,484	40,799	38,462	+18%	+6%
(in % of revenues)	75.4%	74.0%	73.3%	+2.1 points	+0.7 points
Research and development	(3,589)	(3,589)	(3,511)	+2%	+2%
Selling, general and administrative expenses	(34,331)	(32,454)	(31,002)	+11%	+5%
Income (loss) from operations	7,564	4,756	3,949	+92%	+20%
(in % of revenues)	12.5%	8.6%	7.5%	+5.0 points	+1.1 points
Profit (loss) before tax	7,197	4,389	3,951	+82%	+11%
Income tax	(1,916)	na	(1,097)	+75%	na
Net income (loss)	5,281	na	2,854	+85%	na

(1) The impact of the application of IFRIC 21 – Levies with effect from January 1, 2015, is restated retrospectively in the consolidated income statement at June 30, 2014 (see note 2 “Summary of accounting rules and methods”).

4.2. First Half 2015

(in thousands of euros)	Six Months Ended June 30				
	2015		2014 ⁽¹⁾	Changes 2015/2014	
	Actual	At 2014 exchange rates	Actual	Actual	Like-for-like
Revenues	116,428	106,721	100,158	+16%	+7%
Cost of goods sold	(28,195)	(27,382)	(26,801)	+5%	+2%
Gross profit	88,233	79,339	73,357	+20%	+8%
(in % of revenues)	75.8%	74.3%	73.2%	+2.6 points	+1.1 points
Research and development	(7,147)	(7,147)	(6,450)	+11%	+11%
Selling, general and administrative expenses	(67,912)	(64,295)	(61,040)	+11%	+5%
Income (loss) from operations	13,174	7,897	5,867	+125%	+35%
(in % of revenues)	11.3%	7.4%	5.9%	+5.4 points	+1.5 points
Profit (loss) before tax	12,660	7,384	5,620	+125%	+31%
Income tax	(3,668)	na	(1,181)	+211%	na
Net income (loss)	8,992	na	4,439	+103%	na

(1) The impact of the application of IFRIC 21 – Levies with effect from January 1, 2015, is restated retrospectively in the consolidated income statement at June 30, 2014 (see note 2 “Summary of accounting rules and methods”).

5. BREAKDOWN OF REVENUES—LIKE-FOR-LIKE CHANGE

5.1. Q2 2015

Revenues by geographic region

(in thousands of euros)	Three Months Ended June 30							
	2015		2014		Changes 2015/2014			
	Actual	%	At 2014 exchange rates	Actual	%	Actual	Like-for-like	
Europe, of which:	26,333	43%	26,197	23,398	44%	+13%	+12%	
- France	4,003	7%	4,014	4,169	8%	-4%	-4%	
Americas	16,111	27%	13,564	12,404	24%	+30%	+9%	
Asia-Pacific	14,496	24%	12,117	13,051	25%	+11%	-7%	
Other countries	3,368	6%	3,275	3,654	7%	-8%	-10%	
Total	60,308	100%	55,153	52,507	100%	+15%	+5%	

Revenues by product line

(in thousands of euros)	Three Months Ended June 30							
	2015		2014		Changes 2015/2014			
	Actual	%	At 2014 exchange rates	Actual	%	Actual	Like-for-like	
Software, of which:	17,684	29%	16,446	15,593	30%	+13%	+5%	
- New licenses	6,019	10%	5,540	5,365	10%	+12%	+3%	
- Software evolution and on-line services contracts	11,665	19%	10,906	10,228	20%	+14%	+7%	
CAD/CAM equipment	15,995	27%	14,275	13,296	25%	+20%	+7%	
Hardware maintenance and on-line services contracts	8,262	14%	7,552	7,288	14%	+13%	+4%	
Consumables and spare parts	14,763	24%	13,505	12,667	24%	+17%	+7%	
Training and consulting services	3,054	5%	2,850	3,135	6%	-3%	-9%	
Miscellaneous	550	1%	525	528	1%	+4%	-1%	
Total	60,308	100%	55,153	52,507	100%	+15%	+5%	

Breakdown of revenues between revenues from new systems sales and recurring revenues

(in thousands of euros)	Three Months Ended June 30							
	2015		2014		Changes 2015/2014			
	Actual	%	At 2014 exchange rates	Actual	%	Actual	Like-for-like	
Revenues from new systems sales ⁽¹⁾	25,618	42%	23,190	22,324	43%	+15%	+4%	
Recurring revenues ⁽²⁾ , of which:	34,690	58%	31,963	30,183	57%	+15%	+6%	
- Recurring contracts	19,927	34%	18,458	17,516	33%	+14%	+5%	
- Consumables and spare parts	14,763	24%	13,505	12,667	24%	+17%	+7%	
Total	60,308	100%	55,153	52,507	100%	+15%	+5%	

(1) Revenues from sales of new systems comprise sales of new software licenses, CAD/CAM equipment, training and consulting and oncall interventions on the installed base.

(2) Recurring revenues fall into two categories:

- Recurring contracts: software evolution and online services contracts, and CAD/CAM equipment maintenance and online services contracts, which are renewable annually;
- Revenues from sales of consumables and spare parts, which are statistically recurrent.

5.2. First Half 2015

Revenues by geographic region

(in thousands of euros)	Six Months Ended June 30							
	2015			2014		Changes 2015/2014		Like-for-like
	Actual	%	At 2014 exchange rates	Actual	%	Actual		
Europe, of which:	50,335	43%	50,160	46,193	46%	+9%	+9%	
- France	8,138	7%	8,159	7,870	8%	+3%	+4%	
Americas	30,121	26%	25,257	24,349	24%	+24%	+4%	
Asia-Pacific	28,595	25%	24,232	23,029	23%	+24%	+5%	
Other countries	7,377	6%	7,072	6,587	7%	+12%	+7%	
Total	116,428	100%	106,721	100,158	100%	+16%	+7%	

Revenues by product line

(in thousands of euros)	Six Months Ended June 30							
	2015			2014		Changes 2015/2014		Like-for-like
	Actual	%	At 2014 exchange rates	Actual	%	Actual		
Software, of which:	34,877	30%	32,464	30,469	30%	+14%	+7%	
- New licenses	12,028	10%	11,013	10,143	10%	+19%	+9%	
- Software evolution and on-line services contracts	22,850	20%	21,452	20,326	20%	+12%	+6%	
CAD/CAM equipment	29,440	26%	26,321	24,213	24%	+22%	+9%	
Hardware maintenance and on-line services contracts	16,626	14%	15,232	14,427	14%	+15%	+6%	
Consumables and spare parts	28,297	24%	25,974	24,667	25%	+15%	+5%	
Training and consulting services	6,111	5%	5,701	5,402	5%	+13%	+6%	
Miscellaneous	1,077	1%	1,029	980	1%	+10%	+5%	
Total	116,428	100%	106,721	100,158	100%	+16%	+7%	

Breakdown of revenues between new systems sales and recurring revenues

(in thousands of euros)	Six Months Ended June 30							
	2015			2014		Changes 2015/2014		Like-for-like
	Actual	%	At 2014 exchange rates	Actual	%	Actual		
Revenues from new systems sales ⁽¹⁾	48,656	42%	44,063	40,738	41%	+19%	+8%	
Recurring revenues ⁽²⁾ , of which:	67,772	58%	62,658	59,420	59%	+14%	+5%	
- Recurring contracts	39,475	34%	36,684	34,753	35%	+14%	+6%	
- Consumables and spare parts	28,297	24%	25,974	24,667	25%	+15%	+5%	
Total	116,428	100%	106,721	100,158	100%	+16%	+7%	

(1) Revenues from sales of new systems comprise sales of new software licenses, CAD/CAM equipment, training and consulting and oncall interventions on the installed base.

(2) Recurring revenues fall into two categories:

- Recurring contracts: software evolution and online services contracts, and CAD/CAM equipment maintenance and online services contracts, which are renewable annually;
- Revenues from sales of consumables and spare parts, which are statistically recurrent.

Breakdown of revenues from new systems sales by market sector

(in thousands of euros)	Six Months Ended June 30							
	2015			2014		Changes 2015/2014		Like-for-like
	Actual	%	At 2014 exchange rates	Actual	%	Actual		
Fashion and apparel	22,722	46%	20,536	20,140	49%	+13%	+2%	
Automotive	16,385	34%	14,564	14,763	36%	+11%	-1%	
Furniture	7,130	15%	6,804	3,058	8%	+133%	+123%	
Other industries	2,419	5%	2,159	2,778	7%	-13%	-22%	
Total	48,656	100%	44,063	40,738	100%	+19%	+8%	

6. OPERATING SEGMENTS INFORMATION

Six months ended June 30, 2015 (in thousands of euros)	Europe	Americas	Asia-Pacific	Other countries	Corporate	Total
Revenues	50,335	30,121	28,595	7,377	-	116,428
Income (loss) from operations	5,044	1,474	(643)	866	6,433	13,174

Six months ended June 30, 2014 (in thousands of euros)	Europe	Americas	Asia-Pacific	Other countries	Corporate	Total
Revenues	46,193	24,349	23,030	6,586	-	100,158
Income (loss) from operations ⁽¹⁾	2,615	258	878	1,090	1,026	5,867

(1) The impact of the application of IFRIC 21 – Levies with effect from January 1, 2015, is restated retrospectively in the consolidated income statement at June 30, 2014 (see note 2 “Summary of accounting rules and methods”).

Income from operations, which is obtained by adding together the income for each segment, is identical to consolidated income from operations shown in the Group’s consolidated financial statements and therefore does not need to be reconciled.

7. CONSOLIDATED CASH FLOW SUMMARY

Six months ended June 30, 2015 (in thousands of euros)	Cash and cash equivalents	Financial debts	Net cash (+) Net debt (-)
Free cash flow	3,982	-	3,982
Proceeds from issuance of ordinary shares ⁽¹⁾	1,885	-	1,885
Sale and purchase of treasury shares ⁽²⁾	(92)	-	(92)
Dividends paid	(7,646)	-	(7,646)
Change in borrowings	(394)	394	-
Impact of currency variations – other	316	-	316
Change in cash position for the period	(1,949)	394	(1,555)
Cash position at December 31, 2014	43,484	(394)	43,090
Cash position at June 30, 2015	41,535	-	41,535
Change in cash position for the period	(1,949)	394	(1,555)

(1) Resulting solely from the exercise of stock options.

(2) Carried out solely under the Liquidity Agreement administered by Exane BNP Paribas (see note 9).

Free cash flow at June 30, 2015, was positive by €4 million. This figure results from a combination of €6.8 million in cash flows provided by operating activities (including an increase in working capital requirement of €5.3 million) and capital expenditures of €2.8 million.

The amount of capital expenditures will keep increasing in the coming quarters, owing to the rehabilitation and extension program of the Bordeaux-Cestas facilities, started in 2014 and due to last to end of 2016, for a total budget of €8 million to €10 million.

The main variations in working capital requirement were:

- –€5 million corresponding to the decrease in trade accounts receivable, after the cash receipt of a significant portion of the recurring contracts at the beginning of the year, usually yearly in advance (the variation in trade accounts receivable includes “deferred revenues” in the statement of financial position, which for the most part comprises the share of recurring contracts billed but not yet recognized in revenues);

- +€2.5 million corresponding to the increase in inventories;
- +€3.5 million arising from the increase of the receivable on the French tax administration (*Trésor public*) corresponding to the research tax credit and the competitiveness and employment tax credit for the first half of 2015, accounted for but not received, after deduction from the corporate income tax due by Lectra SA for the same period;
- +€3 million arising from the difference between the variable portion of salaries for the Group in respect of fiscal 2014 paid mainly in 2015, and the one recognized during the first half of 2015 and payable in 2016;
- +€1.3 million arising from the change in other current assets and liabilities; taken individually, these changes are all immaterial.

The working capital requirement at June 30, 2015, amounted to €3.1 million. It comprised a receivable of €26.6 million on the French tax administration in respect of the research tax credit and the competitiveness and employment tax credit, which have not been received and have not been deducted from the current income tax expense (see note 8 hereafter). Restated for this receivable, the working capital requirement was negative at €23.5 million, which is a key feature of the Group's business model.

8. RESEARCH TAX CREDIT – COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

It should be noted that, when the research tax credit and the competitiveness and employment tax credit applicable in France recognized in the year cannot be deducted from the corporate income tax, they are treated as a receivable on the French tax administration. If unused in the ensuing three years, they are repaid to the company in the course of the fourth year.

At June 30, 2015, Lectra SA held a €26.6 million receivable on the French tax administration. This comprised the remaining amount of the research tax credit, after deduction from the corporate income tax due by Lectra SA in the same year, for 2015 (€3.7 million), 2014 (€6.9 million), 2013 (€6.1 million), 2012 (€5.1 million) and 2011 (€4.8 million).

The competitiveness and employment tax credits relating to fiscal 2013 and 2014, as well as the first half of 2015 have been entirely deducted from the corporate income tax due by Lectra SA.

In light of its estimates of tax credits and corporate income tax for the next three fiscal years, the company does not expect to make any payment in respect of corporate income tax, which will be deducted in full from the research tax credit and the competitiveness and employment tax credit, if any, of each fiscal year. On July 20, 2015, it received the balance outstanding relating to the 2011 tax credit for €4.7 million and expects to receive the reimbursement of the balance outstanding of these non-deducted tax credits as follows: in 2016 (in respect of the 2012 tax credit), 2017 (in respect of the 2013 tax credit), 2018 (in respect of the 2014 tax credit) and 2019 (in respect of the 2015 tax credit). This situation will last for as long as the amount of the annual tax credits exceeds the amount of income tax payable.

If the income tax expense were to rise above the amounts of tax credits for the year, the company would continue not to pay corporate income tax until the corresponding receivable is deducted in full. Thereafter it would deduct these tax credits each year from the income tax expense for the same year in full and would be required to pay the residual amount.

9. TREASURY SHARES

Since January 1, 2015, the company has purchased 128,119 shares and sold 120,278 shares at an average price of €11.97 and €11.99 respectively under the Liquidity Agreement administered by Exane BNP Paribas.

At June 30, 2015, the company held 22,773 Lectra shares (i.e. 0.07% of the share capital) with an average purchase price of €12.40 entirely under the Liquidity Agreement.

10. CASH AND CASH EQUIVALENTS AND NET CASH

(in thousands of euros)	June 30, 2015	December 31, 2014
Cash and cash equivalents	41,535	43,484
Borrowings and financial debts	-	(394)
Net cash	41,535	43,090

After the repayment on March 31, 2015 of the remaining of public grants to finance R&D programs for €0.4 million, which were its sole debt, the Group had no remaining borrowing or financial debt. Thus, its cash and cash equivalents were equal to its net cash, and amounted to €41.5 million.

11. FOREIGN EXCHANGE RISK

The Group's currency risk management policy is unchanged relative to December 31, 2014.

During the first half of 2015, the average parity between the US dollar and the euro was \$1.12/€1.

Exchange Risk Hedging Instruments

Exchange risk hedging instruments at June 30, 2015 comprised forward sales or purchases of foreign currencies (mainly US dollar) for a net total equivalent value (sales minus purchases) of €2.5 million, intended to hedge existing positions.

Thus, the company has covered almost all its balance sheet positions.

At the date of publication of this report, it has not hedged its exposure to the US dollar beyond June 30, 2015.

12. SENSITIVITY ANALYSIS

Sensitivity of Income from Operations to a Change in Revenues from New Systems Sales

Under the company's business model, each €1 million increase (or decrease) in revenues from new systems sales results in a rise (or fall) in income from operations of approximately €0.45 million.

Sensitivity of Revenues and Income from Operations to a Change in Exchange Rates

The company has based its H2 2015 scenarios on the July 20, 2015 exchange rates for the currencies in which the Group generates its revenues, notably \$1.10/€1.

In view of the estimated share of revenues and costs denominated in US dollars or in currencies correlated with the US dollar, notably the yuan, a 5-cent fall in the euro against the US dollar over H2 (leading to an exchange rate of \$1.05/€1) would mechanically increase FY 2015 revenues by approximately €2.2 million and income from operations by €1.2 million. Conversely, a 5-cent appreciation of the euro against the US dollar (i.e. \$1.15/€1) would mechanically reduce revenues and income from operations by the same amounts.

The parity is \$1.10/€1 at the date of this report.

In addition to fluctuating against the US dollar and against currencies strongly correlated with it, the euro also fluctuates against other currencies. However, these variations are frequently heterogeneous both in direction (upward and downward) and in scale.

Consequently, the theoretical hypothesis of a 1% fall of the euro against all of the other currencies in which the company conducts its business would mechanically increase revenues by an additional €0.1 million and income from operations by an additional €0.05 million. Conversely, a 1% appreciation in the euro would reduce revenues and income from operations by the same amount.

Given the sharp variations of currencies, the importance of the resulting impacts, and the complex effects they produce, it must be pointed out that—as mentioned in the management discussion for like-for-like comparisons—should the current parities persist, the establishment of sensitivity hypotheses would become decreasingly relevant.

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STATUTORY AUDITORS' REVIEW REPORT ON THE 2015 CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the Shareholders' meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Lectra SA, for the period from January 1 to June 30, 2015 ;
- the verification of the information presented in the half-yearly management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France except as explained in the following paragraph. A review of half-year financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have not reviewed the consolidated statement of income for the second quarter of the year 2015 and the comparative 2014 figures.

Based on our review, and subject the limitation referred to in the previous paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-year management report on the condensed half-year consolidated financial statements subject to our review. At the exception of the possible impact of the fact above, we have no other matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Mérignac, July 30, 2015

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit SA

KPMG SA

Matthieu Moussy

Jean-Pierre Raud Eric Junières