MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS FOR THE SECOND QUARTER AND FIRST HALF 2013

Dear Shareholders,

We report below on Lectra Group's business activity and consolidated financial statements for the second quarter and first half of 2013, ending June 30. Financial statements for the first half have been subject to a limited review by the Statutory Auditors; statements relating purely to the second quarter have not been reviewed.

To make the discussion of revenues and earnings as relevant as possible, detailed comparisons between 2013 and 2012 are based on 2012 exchange rates ("like-for-like") unless stated otherwise.

The 2012 results with which those of 2013 are compared have been restated in comparison with the published results, given the compulsory application from January 1, 2013, of the revised version of the IAS 19 standard *(see note 2 of the notes to this report)*.

1. SUMMARY OF OPERATIONS FOR Q2 2013

With an average exchange rate of $1.31/€1, the U.S. dollar was down 2% versus Q2 2012 ($1.28/€1). Currency movements during the period mechanically decreased revenues by €1.2 million (–2%) and income from operations by €0.6 million (–13%) at actual exchange rates compared with like-for-like figures.

Progress in the Company's Transformation Plan

At the end of 2011, and despite the prevailing economic conditions, the company decided to accelerate its transformation over the period to 2015, giving precedence to its long-term strategy over short-term profitability.

This far-reaching plan, representing a cumulative €50 million of investments for the future over the period 2012-2015 (see February 12, 2013, financial report and 2012 annual report), comprises three components:

- a major recruitment plan devoted to strengthening sales and marketing teams, which will grow from 220 people at the end of 2011 to 330, and from 16% to 22% of the total workforce (with a doubling of the number of sales people);
- the addition of 40 engineers to the software R&D teams in Bordeaux-Cestas (France), bringing the total number to 260;
- accelerated investment in marketing.

Execution of the plan continued in Q2. In particular, there have been 70 recruitments since January 2013, bringing the total of new hires since the end of 2011 to close to 180. The main priorities, in addition to bolstering software R&D teams, have been North America, China, and the Germany and Eastern Europe region. Meanwhile, 140 people have left the Group, also under the transformation plan.

These investments for the future are fully expensed, while their benefits will only be felt progressively.

Orders for New Software Licenses and CAD/CAM Equipment Rise, but Remain Hampered by Persistently Sluggish Business Conditions

On February 12, 2013, the company indicated that it was preparing for economic conditions as weak in 2013 as in 2012, and that the year was likely to be both difficult and unpredictable. Since then many developed and emerging countries have experienced slower growth—exacerbated by difficulties resulting from the monetary policies pursued by certain countries, especially the United States, China and Japan—resulting in a further downgrade of their growth outlook for 2013 and 2014. Greater concern among companies as a consequence of this have affected their investment decisions.

Orders for new software licenses and CAD/CAM equipment nevertheless amounted to €18.7 million, up €1.5 million like-for-like (+8%) compared with Q2 2012, despite these relatively adverse conditions. New software licenses were up 7% and CAD/CAM equipment up 9%.

Orders increased by 16% compared with Q1 2013 (€16.2 million).

Revenues Remain Stable thanks to Growth in Recurring Revenues, Illustrating the Strength of the Company's Business Model

Revenues totaled €50.9 million, up 1% relative to Q2 2012, and down 2% at actual exchange rates.

Revenues from new systems sales (€21.2 million) were down by €2 million (–8%), mainly due to the weak order backlog for new systems at April 1, 2013.

Recurring revenues (€29.7 million), on the other hand, rose by €2.4 million (+9%), resulting from a 6% increase in revenues from recurring contracts and a 13% increase in revenues from spare parts and consumables. This confirmation of the acceleration of recurring revenues (up 3% in 2012 and 8% in Q1) is a remarkable performance and deserves special mention.

Income from operations amounted to €4.1 million. Like-for-like (€4.7 million), it was down by €0.8 million (–15%) compared with Q2 2012; the operating margin before non-recurring items (8%) decreased by 1.8 percentage points.

Net income amounted to €2.4 million, down by €1.2 million (–33%) at actual exchange rates, compared with Q2 2012.

Free cash flow amounted to €0.9 million (€2.9 million in Q2 2012).

2. FIRST-HALF CONSOLIDATED FINANCIAL STATEMENTS

With an average parity of $1.31/€1 for H1 2013, the U.S. dollar remained virtually stable compared with H1 2012 ($1.30/€1). Other currencies fluctuated more widely, mainly on the downside, against the euro. Overall, currency movements mechanically decreased revenues by €1.9 million (–2%) and income from operations before non-recurring items by €0.8 million (–10%) at actual exchange rates compared with like-for-like figures.

The company's 2013 roadmap corresponding to the most cautious scenario communicated on February 12, 2013, anticipated revenues of €99.6 million and income from operations before non-recurring items of €5.8 million for the first half of 2013. While H1 revenues were in line with this scenario, overall, with a shortfall of only €0.4 million, income from operations before non-recurring items was €1.4 million above expectations.

These figures, at actual exchange rates, are attributable to adverse factors—chief among these being the shortfall in orders and revenues from new systems—offset by positive factors including exchange rate effects, stronger growth in recurring revenues, and deferral until the second half of the year of certain fixed costs relating to the transformation plan.

Orders

Orders for new software licenses and CAD/CAM equipment amounted to €34.9 million, down €1.1million (–3%) relative to H1 2012. Orders were down 4% for new software licenses and 3% for CAD/CAM equipment.

Geographically, the situation remains uneven. While orders in the Americas increased by 34% overall, those in Europe and in Asia-Pacific dropped by 27% and 12% respectively. Orders in the rest of the world (Northern Africa, South Africa, Turkey, the Middle East, etc.) increased by 55%.

Orders in emerging countries (56% of total orders) increased by 2% and in developed countries (44% of total orders) decreased by 9%.

Orders in the automotive market were up 14% but fell in all other sectors. Those in fashion dropped by 12%, in furniture by 13% and in other industries by 17%. These markets accounted for 42%, 46%, 6% and 6% of total orders respectively, versus 36%, 50%, 7% and 7% respectively in 2012.

Revenues

H1 2013 revenues totaled €99.2 million, up 2% like-for-like (stable at actual exchange rates) compared with H1 2012.

Revenues increased 22% in the Americas but decreased 10% in Asia-Pacific and 6% in Europe. These three regions accounted for 29%, 18% and 45% (including 9% for France) of total revenues respectively. Revenues from the rest of the world (8% of total Group revenues) increased by 18%.

In 2012, these regions respectively accounted for 24%, 21%, 48% (including 10% for France), and 7% of total Group revenues.

Revenues from New Systems Sales

Revenues from new software licenses (€9.9 million) were down €2 million (–17%) and contributed 10% of total revenues (12% in H1 2012).

CAD/CAM equipment revenues were down €1 million (–4%) to €25.9 million and accounted for 26% of total revenues (compared with 28% in H1 2012).

Revenues from training and consulting increased by 7% to €4 million.

Overall, revenues from new systems sales (€40.7 million) were down €2.9 million (–6%) and represented 41% of total revenues (compared with 45% in H1 2012). They increased by 3% in the automotive market and by 5% in furniture, but fell by 12% in fashion, and by 24% in other industries.

Revenues from Recurring Contracts and Spare Parts and Consumables

Recurring revenues (€58.5 million) increased by €4.5 million (+8%). They accounted for 59% of total revenues (compared with 55% in H1 2012).

Revenues from recurring contracts—which represented 58% of recurring revenues and 34% of total revenues—totaled €34.2 million, a 5% increase, thus confirming the growth recorded throughout the whole of fiscal 2012 (+5%) after the declines of 2010 and 2011. They break down as follows:

- revenues from software evolution contracts (€16.5 million), up 7% compared with H1 2012 and representing 17% of total revenues;

– revenues from CAD/CAM equipment maintenance contracts and from subscription contracts to the Group's five International Call Centers (€17.7 million), which increased by 4% and represented 18% of total revenues.

Revenues from spare parts and consumables (€24.3 million), meanwhile, increased by 12% and represented 25% of total revenues.

Order Backlog

The order backlog of new software licenses and CAD/CAM equipment at June 30, 2013 (€11.8 million) was down €0.3 million relative to December 31, 2012.

The order backlog comprised €10.9 million for shipment in Q3 2013, and the balance of €0.9 million in Q4 2013 and Q1 2014.

Gross Profit Margin

The overall gross profit margin was 72%. Like-for-like, it decreased by 0.3 percentage points relative to H1 2012, given the mix of sales, software's share of total revenues having declined. The gross profit margin for each product line is stable.

It is important to note that personnel expenses and other operating expenses incurred in the execution of service contracts are not included in the cost of goods sold but are recognized in selling, general, and administrative expenses.

Overhead Costs

Total overhead costs were €64.2 million, up €1.7 million (+3%) compared with H1 2012. They break down as follows:

– €58.6 million in fixed overhead costs, up €2.5 million (+4%);
– €5.6 million in variable costs, down €0.8 million (–12%).

At actual exchange rates, the rise in fixed overhead costs (€1.8 million) stems from expenditures relating to the transformation plan (€2 million) and the natural increase in overhead costs (€0.5 million), partially offset by the positive impact of exchange rates (–€0.7 million).

R&D costs are fully expensed in the period and included in fixed overhead costs. Before deducting the research tax credit and the portion of the new competitiveness and employment tax credit relating to R&D personnel applicable in France, R&D costs amounted to €9.8 million and represented 9.8% of revenues (compared with €9 million and 9% in 2012). Net R&D costs, after deduction, amounted to €6.5 million (€6 million in 2012).

Income from Operations and Net Income

Income from operations before non-recurring items was €7.2 million. Like-for-like (€7.9 million), it was down 10% relative to income from operations for H1 2012 (there were no non-recurring items in 2012).

At actual exchange rates, it decreased by €1.7 million (–19%). This figure comprises a €1.6 million decline in revenues from new systems sales, a €0.5 million natural increase in fixed overhead costs, and a €2 million increase in fixed overhead costs related to the company's transformation plan. These three impacts were partly offset by the favorable effect of the increase in recurring revenues (€3.2 million). Finally, currency fluctuations had a €0.8 million negative impact.

The operating margin before non-recurring items was 7.2%, down 1 percentage point like-for-like and down 1.7 percentage points at actual exchange rates, compared with H1 2012 (8.9%).

At actual exchange rates, investments for the future linked to the transformation plan have thus accounted for 1.9 percentage points of the reduction in the operating margin in the first half of 2013

relative to H1 2012, and for 3.6 percentage points relative to H1 2011, before the introduction of the transformation plan.

After inclusion of the €11.1 million non-recurring receipt resulting from the litigation against Induyco (*see note 4 of the notes to this report)*, income from operations amounted to €18.3 million.

Financial income and expenses represent a net charge of €0.3 million (€0.6 million in H1 2012), mainly due to the steep decline in the balance outstanding on the medium-term bank loan, which was repaid in full on March 31, 2013.

The balance of foreign exchange gains and losses was a negative €0.5 million.

After an income tax charge of €3 million, net income was €14.6 million. Net income before non-recurring items amounted to €4.6 milllion (€5.9 million in H1 2012).

Net earnings per share on basic and diluted capital were €0.50 (€0.21 and €0.20 per share, respectively, in H1 2012).

Free Cash Flow

Free cash flow amounted to €14.2 million, after inclusion of the non-recurring receipt of €11.1 million (there were no non-recurring items in H1 2012).

Free cash flow before non-recurring items amounted to €3 million (€8 million in H1 2012). This figure results from cash flow provided by operating activities of €5 million (including an increase in the working capital requirement of €3.5 million), and cash flow used in investing activities of €2 million *(see note 8 of the notes to this report).*

The research tax credit (€3.1 million) and the competitiveness and employment tax credit (€0.2 million) for the first half were accounted for but not received. If they had been received, free cash flow before non-recurring items would have amounted to €6.3 million, exceeding net income before non-recurring items by €1.7 million.

Shareholders' Equity

At June 30, 2013, consolidated shareholders' equity amounted to €73.9 million (€65 million at December 31, 2012), after payment on May 10, 2013, of the €6.4 million dividend (€0.22 per share) declared in respect of fiscal 2012, as decided by the Ordinary Shareholders' Meeting of April 30, 2013.

The figure for shareholders' equity is calculated after deduction of treasury shares held solely under the Liquidity Agreement. Treasury shares are carried at cost, i.e. €0.2 million (versus €0.4 million at December 31, 2012).

Cash and cash equivalents totaled €23.3 million (€21 million at December 31, 2012).

Financial borrowings have been reduced to €0.9 million (€6.7 million at December 31, 2012). They correspond to interest-free government advances to help finance R&D programs.

The company repaid on March 31, 2013, the remaining €5.4 million of the €48 million medium-term loan contracted in May 2007 in order to finance the public stock repurchase tender offer for 20% of the share capital. This repayment was made at the company's initiative, and ahead of the contractual due date.

Consequently, the net cash position was positive at €22.4 million at June 30, 2013 (€14.2 million at December 31, 2012).

The working capital requirement amounted to €4.4 million. It comprised a receivable of €19.3 million on the French tax administration (*Trésor public*) corresponding to the research tax credit and competitiveness and employment tax credit, recognized since fiscal 2010 but not yet received and not offset against income taxe. Restated for this receivable, the working capital requirement was negative at €14.9 million, which is a key feature of the Group's business model.

It should be noted that, when the research tax credit and the new competitiveness and employement tax credit recognized in the year cannot be charged against income tax, they are treated as a receivable on the French tax administration (*Trésor public*). If unused in the ensuing three years, they must be repaid to the company in the course of the fourth year *(see note 8 of the notes to this report)*.

3. SHARE CAPITAL – OWNERSHIP – SHARE PRICE PERFORMANCE

Change in Share Capital

At June 30, 2013, the share capital totaled €29,113,280, divided into 29,113,280 shares with a par value of €1.00. Share capital was €28,948,315, divided into 28,948,315 shares with a par value of €1.00, at December 31, 2012.

Share capital has increased by 164,965 shares since January 1, 2013, resulting from the exercise of stock options (an increase of €0.2 million of share capital together with total share premium of €0.3 million).

On January 7, 2013, Delta Lloyd Asset Management N.V. (Netherlands), on behalf of investment funds managed by it, reported that it had increased its shareholding above the threshold of 15% of the company's capital stock, and that at that date it held 15.08% of the capital stock and 14.84% of the voting rights. On March 26, 2013, Delta Lloyd reported that on March 22 it had decreased its shareholding below the threshold of 15% of the capital stock and that it held 14.97% of the capital stock and 14.76% of the voting rights.

On June 11, 2013, Financière de l'Echiquier, on behalf of investment funds managed by it, reported that it had decreased its shareholding, on June 7, below the threshold of 5% of the capital stock and the voting rights and that it held 4.22% of the capital stock and 4.16% of the voting rights.

No other crossing of statutory thresholds has been notified to the company since January 1, 2013.

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

- André Harari and Daniel Harari, who together hold 38.2% of the capital and 37,7% of the voting rights;
- Delta Lloyd Asset Management N.V. (Netherlands), which holds more than 10% (but less than 15%) of the capital and of the voting rights, on behalf of investment funds managed by it;
- Schroder Investment Management Ltd (UK), which holds more than 5% (but less than 10%) of the capital and voting rights, on behalf of investment funds managed by them.

Treasury Shares

At June 30, 2013, the company held 0.2% 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, 2013, was €5.18, up 10% compared with December 31, 2012 (€4.73). The share price recorded a low of €4.59 on April 29 and a high of €5.62 on February 15. The CAC 40 index and the CAC Mid & Small index rose 3% and 7% respectively over the same period.

According to Euronext statistics, the number of shares traded (4.4 million) was up 88%, and trading volumes (€22.8 million) were up 112% compared with the same period in 2012.

4. SIGNIFICANT POST-CLOSING EVENTS

No significant event has occurred since June 30, 2013.

5. FINANCIAL CALENDAR

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

6. BUSINESS TRENDS AND OUTLOOK

The company has discussed its business trends and outlook at length in its February 12, 2013, financial report, and in its 2012 Annual Report.

In particular, it has discussed: the new strategic roadmap for 2013-2015 to enable the company to fully realize its growth potential; its clear and ambitious financial goals for the period; the far-reaching company transformation plan and investments for the future representing a cumulative €50 million over the period 2012-2015; the pursuit of its dividend-payment policy while financing internally in full its future development; and, finally, its 2013 outlook.

The company stated that, in its most cautious scenario, it expected total revenues of approximately €203 million (+6% versus 2012) for fiscal 2013, income from operations before non-recurring items of around €15 million (–10%), reducing the operating margin before non-recurring items to approximately 7.5%, and net income of around €10 million (–25% at actual exchange rates).

The company emphasized that its goal was to exceed these figures. Each additional €1 million in revenues from new systems sales would boost income from operations by approximately €0.45 million.

The first-half results are in line with this scenario, which remains relevant.

Visibility remains poor in the current economic conditions, therefore calling for continuing caution.

The Company is Confident in its Medium-Term Growth Prospects

The company entered 2013 with very solid operating fundamentals and a strong balance sheet, which has been further strengthened in the first half of the year following receipt of the balance due from the litigation against Induyco and repayment of its financial debt.

Bolstered by its performance since 2010, the strength of its business model and the relevance of its new strategic roadmap, the company is confident in its growth prospects for the medium term and in reaching the goals it has set itself for 2015, namely compound annual revenue growth equal to or greater than 10%; a 15% operating margin (excluding non-recurring items); and to more than double income from operations (excluding non-recurring items) and net income in three years.

The Board of Directors

July 25, 2013

Company Certification of the First-Half 2013 Report

We certify that, to our knowledge, the 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 H1 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 25, 2013

Daniel Harari
Chief Executive Officer

Jérôme Viala
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in thousands of euros)	As at June 30, 2013	As at December 31, 2012 [1]	As at June 30, 2012 [1]
Goodwill	31,071	31,132	31,558
Other intangible assets	4,070	4,273	4,910
Property, plant and equipment	13,073	12,959	12,576
Non-current financial assets	1,853	1,871	1,856
Deferred tax assets	7,545	8,791	9,068
Total non-current assets	57,612	59,026	59,968
Inventories	22,287	22,756	23,024
Trade accounts receivable	37,172	45,149	34,690
Other current assets	27,100	22,108	20,614
Cash and cash equivalents	23,338	20,966	27,804
Total current assets	109,897	110,979	106,132
Total assets	167,509	170,005	166,100

EQUITY AND LIABILITIES

(in thousands of euros)	As at June 30, 2013	As at December 31, 2012 [1]	As at June 30, 2012 [1]
Share capital	29,113	28,948	28,920
Share premium	2,948	2,600	2,524
Treasury shares	(245)	(380)	(589)
Currency translation adjustment	(8,930)	(8,840)	(8,731)
Retained earnings and net income	50,978	42,676	35,923
Total equity	73,864	65,004	58,048
Retirement benefit obligations	6,913	6,872	5,903
Borrowings, non-current portion	392	892	6,629
Total non-current liabilities	7,305	7,764	12,532
Trade and other current payables	42,278	44,265	44,472
Deferred revenues	37,973	41,911	36,304
Current income tax liabilities	1,913	1,545	758
Borrowings, current portion	500	5,834	10,631
Provisions for other liabilities and charges	3,676	3,682	3,355
Total current liabilities	86,340	97,237	95,520
Total equity and liabilities	167,509	170,005	166,100

(1) The impacts of the application of the revised IAS 19 standard – Employee Benefits with effect from January 1, 2013, are restated retrospectively in the consolidated statement of financial position at June 30, 2012, and at December 31, 2012 (see note 2 "Summary of accounting rules and methods").

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Three months ended June 30, 2013	Six months ended June 30, 2013	Three months ended June 30, 2012 (1)	Six months ended June 30, 2012 (1)
Revenues	50,888	99,233	51,664	99,477
Cost of goods sold	(14,273)	(27,821)	(14,364)	(27,240)
Gross profit	36,616	71,412	37,300	72,237
Research and development	(3,330)	(6,548)	(2,948)	(6,027)
Selling, general and administrative expenses	(29,219)	(57,695)	(28,848)	(57,365)
Income (loss) from operations before non-recurring items	4,067	7,169	5,504	8,845
Non-recurring income	-	11,124	-	-
Income (loss) from operations	4,067	18,293	5,504	8,845
Financial income	25	63	85	162
Financial expenses	(171)	(314)	(391)	(775)
Foreign exchange income (loss)	(527)	(478)	128	5
Income (loss) before tax	3,393	17,564	5,326	8,237
Income tax	(1,003)	(2,961)	(1,745)	(2,294)
Net income (loss)	2,390	14,603	3,582	5,943

(in euros)				
Earnings per share				
- basic	0.08	0.50	0.12	0.21
- diluted	0.08	0.50	0.12	0.20
Shares used in calculating earnings per share				
- basic	29,006,847	28,965,554	28,774,418	28,769,825
- diluted	29,497,176	29,479,233	29,185,837	29,234,916

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Three months ended June 30, 2013	Six months ended June 30, 2013	Three months ended June 30, 2012 (1)	Six months ended June 30, 2012 (1)
Net income (loss)	2,390	14,603	3,582	5,943
Currency translation adjustment	121	(90)	225	85
Tax effect	-	-	-	-
Other comprehensive income (loss) which will be later reclassified in net income (loss)	121	(90)	225	85
Actuarial gains (losses) on defined benefit pension liabilities	(17)	(17)	(3)	(919)
Effective portion of the change in fair value of interest-rate swaps	-	-	126	219
Tax effect	-	-	(42)	158
Other comprehensive income (loss) which will not be later reclassified in net income (loss)	(17)	(17)	81	(542)
Comprehensive income (loss)	2,494	14,496	3,888	5,486

(1) The impacts of the application of the revised IAS 19 standard – Employee Benefits with effect from January 1, 2013, are restated retrospectively in the consolidated income statement at June 30, 2012 (see note 2 "Summary of accounting rules and methods").

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Six months ended June 30, 2013	Six months ended June 30, 2012 [1]
I - OPERATING ACTIVITIES		
Net income (loss)	14,603	5,943
Depreciation and amortization	3,757	4,211
Non-cash operating expenses	222	(252)
Loss (profit) on sale of fixed assets	(29)	(37)
Changes in deferred income taxes, net value	1,119	699
Changes in inventories	(110)	(2,198)
Changes in trade accounts receivable	3,187	9,113
Changes in other current assets and liabilities	(6,597)	(6,455)
Net cash provided by (used in) operating activities	16,152	11,024
II - INVESTING ACTIVITIES		
Purchases of intangible assets	(685)	(1,007)
Purchases of property, plant and equipment	(1,312)	(2,152)
Proceeds from sales of intangible assets and property, plant and equipment	64	118
Purchases of financial assets	(706)	(363)
Proceeds from sales of financial assets	659	420
Net cash provided by (used in) investing activities	(1,980)	(2,984)
III - FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	513	53
Dividends paid	(6,377)	(6,330)
Purchases of treasury shares	(480)	(237)
Sales of treasury shares	673	285
Repayments of long term and short term borrowings	(5,834)	(374)
Net cash provided by (used in) financing activities	(11,505)	(6,603)
Increase (decrease) in cash and cash equivalents	2,667	1,437
Cash and cash equivalents at the opening	20,966	26,320
Increase (decrease) in cash and cash equivalents	2,667	1,437
Effect of the consolidation of Lectra Morocco	-	137
Effect of changes in foreign exchange rates	(295)	(90)
Cash and cash equivalents at closing	23,338	27,804
Free cash flow before non-recurring items	3,048	8,040
Non-recurring items of the free cash flow	11,124	-
Free cash flow	14,172	8,040
Income tax paid (reimbursed), net	1,299	2,088
Interest paid	15	403

(1) The impacts of the application of the revised IAS 19 standard – Employee Benefits with effect from January 1, 2013, are restated retrospectively in the consolidated statement of cash flows at June 30, 2012 (see note 2 "Summary of accounting rules and methods").

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros, except for par value per share expressed in euros)	Share capital							
	Number of shares	Par value per share	Total par value	Share premium	Treasury shares	Currency translation adjustment	Retained earnings and net income	Equity
Balances at January 1, 2012	28,903,610	0.97	28,037	2,487	(722)	(8,816)	37,700	58,686
Net income (loss) [(1)]							5,943	5,943
Other comprehensive income (loss)						85	(542)	(457)
Comprehensive income (loss)						85	5,401	5,486
Increase of par value per share		0.03	868				(868)	-
Exercised stock options	16,261	0.97	16	37				53
Fair value of stock options							76	76
Sale (purchase) of treasury shares					133			133
Profit (loss) on treasury shares							(56)	(56)
Dividends paid							(6,330)	(6,330)
Balances at June 30, 2012	28,919,871	1.00	28,920	2,524	(589)	(8,731)	35,923	58,048
Balances at January 1, 2012	28,903,610	0.97	28,037	2,487	(722)	(8,816)	37,700	58,686
Net income (loss) [(1)]							13,325	13,325
Other comprehensive income (loss)						(24)	(1,305)	(1,329)
Comprehensive income (loss)						(24)	12,020	11,996
Increase of par value per share		0.03	868				(868)	-
Exercised stock options	44,705	0.99	44	112				156
Fair value of stock options							225	225
Sale (purchase) of treasury shares					342			342
Profit (loss) on treasury shares							(71)	(71)
Dividends paid							(6,330)	(6,330)
Balances at December 31, 2012	28,948,315	1.00	28,948	2,600	(380)	(8,840)	42,676	65,004
Net income (loss)							14,603	14,603
Other comprehensive income (loss)						(90)	(17)	(107)
Comprehensive income (loss)						(90)	14,586	14,496
Exercised stock options	164,965	1.00	165	348				513
Fair value of stock options							56	56
Sale (purchase) of treasury shares					135			135
Profit (loss) on treasury shares							37	37
Dividends paid							(6,377)	(6,377)
Balances at June 30, 2013	29,113,280	1.00	29,113	2,948	(245)	(8,930)	50,978	73,864

(1) The impacts of the application of the revised IAS 19 standard – Employee Benefits with effect from January 1, 2013, are restated retrospectively in the consolidated statement of changes in equity at June 30, 2012, and at December 31, 2012 (see note 2 "Summary of accounting rules and methods").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2013

1. BUSINESS ACTIVITY

Lectra was established in 1973 and has been listed on NYSE Euronext (compartment C) since 1987. 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 (apparel, accessories, and footwear), 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 offering 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 industry, Lectra's software applications also enable 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 to overcome their major strategic challenges: cutting costs and boosting productivity; reducing time-to-market; dealing with 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).

With the exception of a few products for which the company has formed long-term strategic partnerships, 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 main 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 1,400 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 31 sales and services subsidiaries, which are backed by agents and distributors in some regions. Thanks to this unrivalled network, Lectra generated 91% of its revenues directly in 2012. Its five International Call Centers, at 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 in its International Advanced Technology & Conference Center at Bordeaux–Cestas (France) for Europe and international visitors, and its two International Advanced Technology Centers at 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 nearly 785 employees dedicated to marketing, sales and services. It employs 220 engineers dedicated to R&D, and 160 employees in industrial purchasing, assembly and testing of CAD/CAM equipment, and logistics.

Business Model

Lectra's business model comprises two types of revenue streams:

- revenues from new systems sales (new software licenses and CAD/CAM equipment, related services and per-call maintenance and support interventions), the company's growth driver;
- recurring revenues, consisting partly of recurring contracts (e.g., software evolution, CAD/CAM equipment maintenance and on-line support contracts), and partly of sales of spare parts and consumables, which correspond to statistically recurring revenues generated by the installed base. These recurring revenues are a key factor in the company's stability, acting as a cushion in periods of slow overall economic growth.

In addition, the business model is geared to generating free cash flow in excess of 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/internal_market/accounting/ias/index_en.htm

The condensed consolidated financial statements at June 30, 2013, have been prepared in accordance with IAS 34 - Interim Financial Statements. They do not comprise all of the financial disclosures required in the complete annual financial statements and should be read in conjunction with the Group's consolidated financial statements and attached notes for the fiscal year 2012, available on www.lectra.com.

The consolidated financial statements at June 30, 2013, have been prepared in accordance with the same rules and methods as those applied in the preparation of the 2012 annual financial statements, with the exception of the two standards presented below. They have been prepared under the responsibility of the Board of Directors at its meeting of July 25, 2013. 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 amendment to IAS 1 – Presentation of other comprehensive income (loss), mandatory for fiscal years starting from January 1, 2013, which has led the Group to modify the consolidated statement of comprehensive income.

The Group has also applied the amendment to IAS 19 – Employee benefits, mandatory for fiscal years starting from January 1, 2013. The only impact of application of this amendment concerns accounting for past service costs. These were amortized over the expected duration of the obligation whereas they are henceforward recognized in full in the income statement with effect from January 1, 2013. Retrospective application of this amendment has led the Group to restate prior published periods, and to show a reduction of €489,000 (€326,000 after tax effect) at June 30, 2012, and of €479,000 (€319,000 after tax effect) at December 31, 2012, in restated consolidated shareholders' equity.

For the record, the Group decided in 2012 to recognize all actuarial gains or losses in the consolidated statement of comprehensive income. This change of accounting method was made in anticipation of the application of the revised IAS 19 standard in 2013, under which this option to recognize actuarial gains and losses in equity became compulsory.

The restated consolidated income statement is shown in the following table:

	Six months ended June 30, 2012 published	Six months ended June 30, 2012 restated	Twelve months ended December 31, 2012 published	Twelve months ended December 31, 2012 restated
Revenues	99,477	99,477	198,436	198,436
Cost of goods sold	(27,240)	(27,240)	(53,475)	(53,475)
Gross profit	72,237	72,237	144,961	144,961
Research and development	(6,027)	(6,027)	(11,536)	(11,536)
Selling, general and administrative expenses	(56,876)	(57,365)	(113,611)	(114,090)
Income (loss) from operations	9,334	8,845	19,814	19,335
Income (loss) before tax	8,726	8,237	18,509	18,030
Income tax	(2,457)	(2,294)	(4,865)	(4,705)
Net income (loss)	6,269	5,943	13,644	13,325

The Group has not early-adopted any standards, amendments or interpretations whose application is not required for fiscal years starting from January 1, 2013.

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 notably 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 the income from operations of those quarters.

Comparisons identified as "like-for-like" correspond to 2013 figures restated at 2012 exchange rates, in comparison with actual data for 2012.

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 establishement of the consolidated financial statements, related 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, or for software in cases where the company also sells the computer equipment on which the software is installed, these conditions are fulfilled upon physical transfer of the hardware in accordance with the contractual sale terms.

For software not sold with the hardware on which it is installed, 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, billed in advance, are booked monthly 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, conditioning 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 in the revised version of 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 7 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 in the sense of the regions whose performance is reviewed by the Executive Committee. 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, 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 value added 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 margin profit and consequently its income from operations depend mainly on the volume of business generated by marketing regions.

3. SCOPE OF CONSOLIDATION

At June 30, 2013, the Group’s scope of consolidation comprised Lectra SA together with 27 fully-consolidated companies.

There was no change in the scope of consolidation during the first-half of 2013.

A subsidiary of Lectra SA, Lectra Maroc SARL, which was not until then included in the Group’s scope of consolidation, was fully consolidated in 2012. The impact on the Group financial statements for the fiscal year 2012 of this first-time consolidation was not material.

Four sales and service subsidiaries are not consolidated, their revenues being immaterial both separately and in the aggregate. At June 30, 2013, their combined revenues totaled €0.4 million, and their combined assets in their statement of financial position totaled €1.4 million. They had no non-Group financial debt. Most of these subsidiaries’ sales activity is billed directly by the parent company, Lectra SA.

Transactions with these related parties mainly concern purchases from the parent company for the purposes of their local operations, or charges and commissions billed to the parent company in order to cover their overheads when they act as agents. The amount concerned by these transactions was not material at June 30, 2013.

4. END OF LITIGATION AGAINST INDUYCO: PAYMENT OF €11.1 MILLION RECEIVED

Lectra received on March 7, 2013, payment of the outstanding €11.1 million which was due by Induyco further to the decision rendered on January 28, 2013, by the Madrid Court of Appeal.

With this decision, the Madrid Court of Appeal had rejected Induyco’s challenge to exequatur, and had thus confirmed the judgment of the Madrid Court of First Instance of June 27, 2011, which had granted exequatur in Spain of the arbitral award rendered against Induyco in October 2009, in London, by an International Arbitral Tribunal.

This payment puts an end to eight years of legal proceedings, after Lectra’s filing of its request for arbitration in 2005, and is the mark of success of the strong determination shown by Lectra since the dispute arose, to enforce its rights and recover the full amount of the damages the arbitral tribunal had awarded to it (see note 23 to the 2012 consolidated financial statements, to which readers are invited to refer).

As all of the costs incurred by Lectra have already been paid, the €11.1 million received results in a non-recurring income of the same amount recorded in the first-half 2013 consolidated financial statements, a net tax charge of €1.1 million—taking into account the tax losses carried forward of Lectra Spain, with no cash disbursement—and a net income of €10 million. Thus, free cash flow and cash position are increased by €11.1 million.

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

5.1 Q2 2013

(in thousands of euros)	2013 Actual	2013 At 2012 exchange rates	2012 [(1)] Actual	Changes 2013/2012 Actual	Changes 2013/2012 Like-for-like
	Three Months Ended June 30				
Revenues	50,888	52,123	51,664	-2%	+1%
Cost of goods sold	(14,273)	(14,406)	(14,364)	-1%	0%
Gross profit	36,616	37,717	37,300	-2%	+1%
(in % of revenues)	72.0%	72.4%	72.2%	-0.2 point	+0.2 point
Research and development	(3,330)	(3,330)	(2,948)	+13%	+13%
Selling, general and administrative expenses	(29,219)	(29,729)	(28,848)	+1%	+3%
Income from operations before non-recurring items	4,067	4,658	5,504	-26%	-15%
(in % of revenues)	8.0%	8.9%	10.7%	-2.7 points	-1.8 point
Non-recurring income	-	-	-	na	na
Income (loss) from operations	4,067	4,658	5,504	-26%	-15%
(in % of revenues)	8.0%	8.9%	10.7%	-2.7 points	-1.8 point
Profit (loss) before tax	3,393	3,984	5,326	-36%	-25%
Income tax	(1,003)	na	(1,745)	-42%	na
Net income (loss)	2,390	na	3,582	-33%	na

(1) The impacts of the application of the revised IAS 19 standard – Employee Benefits with effect from January 1, 2013, are restated retrospectively in the consolidated income statement at June 30, 2012 (see note 2 "Summary of accounting rules and methods").

5.2 First-Half 2013

(in thousands of euros)	2013 Actual	2013 At 2012 exchange rates	2012 [(1)] Actual	Changes 2013/2012 Actual	Changes 2013/2012 Like-for-like
	Six Months Ended June 30				
Revenues	99,233	101,110	99,477	0%	+2%
Cost of goods sold	(27,821)	(28,029)	(27,240)	+2%	+3%
Gross profit	71,412	73,081	72,237	-1%	+1%
(in % of revenues)	72.0%	72.3%	72.6%	-0.6 point	-0.3 point
Research and development	(6,548)	(6,548)	(6,027)	+9%	+9%
Selling, general and administrative expenses	(57,695)	(58,585)	(57,365)	+1%	+2%
Income from operations before non-recurring items	7,169	7,948	8,845	-19%	-10%
(in % of revenues)	7.2%	7.9%	8.9%	-1.7 point	-1.0 point
Non-recurring income	11,124	11,124	-	na	na
Income (loss) from operations	18,293	19,072	8,845	+107%	+116%
(in % of revenues)	18.4%	18.9%	8.9%	ns	ns
Profit (loss) before tax	17,564	18,342	8,237	+113%	+123%
Income tax	(2,961)	na	(2,294)	+29%	na
Net income (loss)	14,603	na	5,943	+146%	na

(1) The impacts of the application of the revised IAS 19 standard – Employee Benefits with effect from January 1, 2013, are restated retrospectively in the consolidated income statement at June 30, 2012 (see note 2 "Summary of accounting rules and methods").

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

6.1 Q2 2013

Revenues by geographic region

	Three Months Ended June 30						
	2013			2012		Changes 2013/2012	
(in thousands of euros)	Actual	%	At 2012 exchange rates	Actual	%	Actual	Like-for-like
Europe, of which :	22,936	45%	23,005	23,541	46%	-3%	-2%
- France	4,312	8%	4,312	4,795	9%	-10%	-10%
Americas	14,553	29%	14,995	12,580	24%	+16%	+19%
Asia-Pacific	9,348	18%	9,839	11,391	22%	-18%	-14%
Other countries	4,051	8%	4,285	4,153	8%	-2%	+3%
Total	50,888	100%	52,123	51,664	100%	-2%	+1%

Revenues by product line

	Three Months Ended June 30						
	2013			2012		Changes 2013/2012	
(in thousands of euros)	Actual	%	At 2012 exchange rates	Actual	%	Actual	Like-for-like
Software, of which :	13,489	27%	13,763	13,909	27%	-3%	-1%
- New licenses	5,115	10%	5,236	5,970	12%	-14%	-12%
- Software evolution contracts	8,374	16%	8,526	7,939	15%	+5%	+7%
CAD/CAM equipment	13,588	27%	14,000	15,294	30%	-11%	-8%
Hardware maintenance and on-line services contracts	8,953	18%	9,154	8,762	17%	+2%	+4%
Consumables and spare parts	12,395	24%	12,667	11,233	22%	+10%	+13%
Training and consulting services	2,031	4%	2,089	1,984	4%	+2%	+5%
Miscellaneous	431	1%	451	481	1%	-10%	-6%
Total	50,888	100%	52,123	51,664	100%	-2%	+1%

Breakdown of revenues between new systems sales and recurring revenues

	Three Months Ended June 30						
	2013			2012 (3)		Changes 2013/2012	
(in thousands of euros)	Actual	%	At 2012 exchange rates	Actual	%	Actual	Like-for-like
Revenues from new systems sales(1)	21,166	42%	21,776	23,730	46%	-11%	-8%
Recurring revenues(2), of which :	29,723	58%	30,347	27,934	54%	+6%	+9%
- Recurring contracts	17,328	34%	17,680	16,701	32%	+4%	+6%
- Consumables and spare parts	12,395	24%	12,667	11,233	22%	+10%	+13%
Total	50,888	100%	52,123	51,664	100%	-2%	+1%

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

(2) Recurring revenues fall into two categories:
- software evolution, hardware maintenance and online support contracts, which are renewable annually,
- revenues from sales of consumables and spare parts, which are statistically recurrent.

(3) Revenues from punctual interventions, which appeared under "Recurring Revenues" in 2012 for an amount of €379,000, are now presented as part of "Revenues from New Systems Sales". The amounts for 2012 have consequently been restated to allow comparison with the 2013 data.

6.2 First-Half 2013

Revenues by geographic region

(in thousands of euros)	Six Months Ended June 30 2013 Actual	%	At 2012 exchange rates	2012 Actual	%	Changes 2013/2012 Actual	Like-for-like
Europe, of which :	44,768	45%	44,856	47,510	48%	-6%	-6%
- France	8,542	9%	8,542	10,354	10%	-17%	-17%
Americas	28,806	29%	29,480	24,245	24%	+19%	+22%
Asia-Pacific	18,035	18%	18,779	20,917	21%	-14%	-10%
Other countries	7,624	8%	7,996	6,804	7%	+12%	+18%
Total	99,233	100%	101,110	99,477	100%	0%	+2%

Revenues by product line

(in thousands of euros)	Six Months Ended June 30 2013 Actual	%	At 2012 exchange rates	2012 Actual	%	Changes 2013/2012 Actual	Like-for-like
Software, of which :	26,422	27%	26,856	27,778	28%	-5%	-3%
- New licenses	9,939	10%	10,117	12,129	12%	-18%	-17%
- Software evolution contracts	16,483	17%	16,739	15,649	16%	+5%	+7%
CAD/CAM equipment	25,913	26%	26,452	27,438	28%	-6%	-4%
Hardware maintenance and on-line services contracts	17,730	18%	18,075	17,372	17%	+2%	+4%
Consumables and spare parts	24,327	25%	24,759	22,042	22%	+10%	+12%
Training and consulting services	4,019	4%	4,119	3,862	4%	+4%	+7%
Miscellaneous	823	1%	850	986	1%	-17%	-14%
Total	99,233	100%	101,110	99,477	100%	0%	+2%

Breakdown of revenues between new systems sales and recurring revenues

(in thousands of euros)	Six Months Ended June 30 2013 Actual	%	At 2012 exchange rates	2012 (3) Actual	%	Changes 2013/2012 Actual	Like-for-like
Revenues from new systems sales (1)	40,693	41%	41,538	44,415	45%	-8%	-6%
Recurring revenues (2), of which :	58,540	59%	59,573	55,062	55%	+6%	+8%
- Recurring contracts	34,213	34%	34,814	33,020	33%	+4%	+5%
- Consumables and spare parts	24,327	25%	24,759	22,042	22%	+10%	+12%
Total	99,233	100%	101,110	99,477	100%	0%	+2%

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

(2) Recurring revenues fall into two categories:
- software evolution, hardware maintenance and online support contracts, which are renewable annually,
- revenues from sales of consumables and spare parts, which are statistically recurrent.

(3) Revenues from punctual interventions, which appeared under "Recurring Revenues" in 2012 for an amount of €808,000, are now presented as part of "Revenues from New Systems Sales". The amounts for 2012 have consequently been restated to allow comparison with the 2013 data.

Breakdown of revenues from new systems sales by market sector

(in thousands of euros)	Six Months Ended June 30 2013 Actual	%	At 2012 exchange rates	2012 [1] Actual	%	Changes 2013/2012 Actual	Like-for-like
Fashion (apparel, accessories, footwear)	18,737	46%	19,132	21,777	49%	-14%	-12%
Automotive	16,046	39%	16,431	15,966	36%	+1%	+3%
Furniture	3,141	8%	3,184	3,020	7%	+4%	+5%
Other industries	2,769	7%	2,790	3,652	8%	-24%	-24%
Total	40,693	100%	41,538	44,415	100%	-8%	-6%

(1) Revenues from punctual interventions, which appeared under "Recurring Revenues" in 2012 for an amount of €808,000, are now presented as part of "Revenues from New Systems Sales". The amounts for 2012 have consequently been restated to allow comparison with the 2013 data.

7. OPERATING SEGMENTS INFORMATION

Six months ended June 30, 2013 (in thousands of euros)	Europe	Americas	Asia-Pacific	Other countries	Corporate segment	Total
Revenues	44,768	28,806	18,035	7,624	-	99,233
Income (loss) from operations before non-recurring items	4,128	1,277	(347)	1,000	1,111	7,169

Six months ended June 30, 2012 (in thousands of euros)	Europe	Americas	Asia-Pacific	Other countries	Corporate segment	Total
Revenues	47,510	24,245	20,917	6,804	-	99,477
Income (loss) from operations before non-recurring items [1] [2]	5,109	864	63	1,068	1,741	8,845

(1) The standard profit margins used to determine the performance of operating segments (excluding the Corporate segment) have been increased from January 1, 2013, to take into account the improvement in actual profit margins at the level of marketing regions as well as the Group. The allocation of gross profit between marketing regions and the Corporate segment carried out in this way therefore allows performance by operating segment to be made clearer. The amounts for 2012 have consequently been restated to allow comparison with the 2013 data.

(2) The impacts of the application of the revised IAS 19 standard – Employee Benefits with effect from January 1, 2013, are restated retrospectively in the consolidated income statement at June 30, 2012 (see note 2 "Summary of accounting rules and methods").

Income from operations before non-recurring items, which is obtained by adding together the income for each segment, is identical to consolidated income from operations before non-recurring items shown in the Group's consolidated financial statements and therefore does not require reconciliation.

8. CONSOLIDATED CASH FLOW SUMMARY

Six months ended June 30, 2013 (in millions of euros)	Cash and cash equivalent	Financial debts	Net cash (+) Net debt (–)
Free cash flow before non-recurring items	3.0	-	3.0
Non-recurring items included in free cash flow	11.1	-	11.1
Proceeds from issuance of ordinary shares[(1)]	0.5	-	0.5
Sale and purchase of treasury shares[(2)]	0.2	-	0.2
Dividends paid	(6.4)	-	(6.4)
Change in borrowings	(5.8)	5.8	-
Impact of currency variations - other	(0.3)	-	(0.3)
Change in cash position for the period	2.4	5.8	8.2
Change in cash position at December 31, 2012	21.0	(6.7)	14.2
Change in cash position at June 30, 2013	23.3	(0.9)	22.4
Change in cash position for the period	2.4	5.8	8.2

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

(2) Carried out solely under the Liquidity Agreement administered by Exane BNP Paribas (see note 10).

Free cash flow before non-recurring items for the six months ended June 30, 2013, amounted to €3 million. This figure results from a combination of €5 million in cash flows provided by operating activities (including an increase in working capital requirement of €3.5 million) and of €2 million in investing activites. Non-recurring items included in free cash flow correspond to the receipt of the balance due from the litigation against Induyco for €11.1 million.

The main variations in working capital requirement are:

- −€3.2 million corresponding to a decrease in trade accounts receivable, taking into account the cash receipt of a significant portion of the recurring contracts at the beginning of the year, usually yearly in advance (the variation in 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);
- +€0.1 million corresponding to an increase in inventories;
- +€2.2 million arising from the difference between the variable portion of salaries for the Group in respect of fiscal 2012 paid in 2013, and the one recognized during H1 2013 and payable in 2014;
- +€3.6 million arising from the receivable on the French tax administration (*Trésor public*) corresponding to the (French) research tax credit receivable and competitiveness and employment tax credit receivable for the first half of 2013, recognized but not received;
- +€0.8 million arising from the change in other current assets and liabilities; taken individually, these changes are immaterial.

The working capital requirement at June 30, 2013, amounted to €4.4 million. It comprised a receivable of €19.3 million on the French tax administration (*Trésor public*) in respect of the (French) research tax credit as well as the competitiveness and employment tax credit, which have not been received and have not been deducted from the current income tax expense (see note 9 hereafter). Restated for this receivable, the working capital requirement was negative at €14.9 million, which is a key feature of the Group's business model.

9. RESEARCH TAX CREDIT – COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

As at June 30, 2013, the company Lectra SA held a €19.3 million receivable on the French tax administration (*Trésor public*). This comprised:

- the research tax credit recognized in the first-half of 2013 (€3.3 million), in 2012 (€5.7 million), in 2011 (€6.2 million) and the balance outstanding (€3.8 million) of the research tax credit recognized in 2010 after deduction from income tax due by Lectra SA in respect of the first-half of 2013 and previous fiscal years;
- the competitiveness and employment tax credit accounted for the first time in the first-half of 2013 (€0.2 million). This tax credit should represent €0.5 million for the total year 2013 and €0.8 million yearly from 2014 onwards.

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

In light of company estimates of these tax credits and income tax for the next three years, the company does not expect to make any payment in respect of income tax, which will be deducted in full from the corresponding receivable. It also expects to receive reimbursement of the balance outstanding of these tax credits not deducted in 2014 (in respect of the 2010 tax credit), 2015 (in respect of the 2011 tax credit), 2016 (in respect of the 2012 tax credit) and 2017 (in respect of the 2013 tax credits). 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 the current income tax until deduction of the corresponding receivable in full. Thereafter it would deduct these tax credits each year from the income tax expense for the same period in full, and would be required to pay the residual amount.

10. TREASURY SHARES

Since January 1, 2013, the company has purchased 92,737 shares and sold 128,323 shares at an average price of €5.18 and €5.25 respectively under the Liquidity Agreement administered by Exane BNP Paribas.

At June 30, 2013, the company held 48,698 Lectra shares (i.e. 0.2% of the share capital) with an average purchase price of €5.03 entirely under the Liquidity Agreement.

11. LIQUIDITY AND BANK BORROWINGS

11.1 Cash and Cash Equivalents and Net Cash

(in thousands of euros)	As at June 30, 2013	As at December 31, 2012
Cash and cash equivalents	23,338	20,966
Total borrowings	(892)	(6,726)
Net cash	22,446	14,240

The Group's net cash increased by €8.2 million during the first half of 2013, following the receipt of the balance due of damages from the litigation against Induyco for €11.1 million and the payment of the €6.4 million dividend.

11.2 Borrowings and Financial Debts by Category and by Maturity

At June 30, 2013, the repayment schedule is as follows:

	Short term	Long term		
(in thousands of euros)	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Medium-term bank loan	-	-	-	-
Interest-free repayable advances [1]	500	392	-	892
Total	500	392	-	892

(1) The repayable advances correspond to public grants to finance R&D programs repayable on March 31, 2014 (€0.5 million) and 2015 (€0.4 million).

11.3 Medium-term Bank Loan

In 2007, the company had contracted a €48 million medium term bank loan from Société Générale and Natixis in order to finance the public stock buyback tender offer for 20% of the company's share capital, carried out in May 2007, at a price of €6.75 per share.

The balance outstanding on the loan, i.e. €5.4 million at December 31, 2012, was repaid ahead of schedule on March 31, 2013, at the company's initiative:

(in thousands of euros)	June 30, 2013	December 31, 2012
Balance of loan outstanding at opening	5,360	15,920
Contractual repayments	-	(560)
Early repayments (at company's initiative)	(5,360)	(10,000)
Balance of loan outstanding at closing	0	5,360

12. FOREIGN EXCHANGE RISK

The Group's currency risk management policy is unchanged relative to December 31, 2012.

During the first half of 2013, the average parity between the US dollar and the euro was $1.31/€1.

Exchange Risk Hedging Instruments

Exchange risk hedging instruments as at June 30, 2013, are comprised of forward sales or purchases of foreign currencies (mainly US dollars, Canadian dollars, Japanese yen, and British pounds) for a net total equivalent value (sales minus purchases) of €7.1 million, intended to hedge existing positions.

At the date of publication of this report, the company has not hedged its US dollar future flows exposure.

13. SENSITIVITY ANALYSIS

Sensitivity of Income from Operations to a Change in the 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 Currencies Exchange Rates

The company has based its 2013 scenarios on the February 1 parities of the currencies in which the Group generates its revenues, in particular $1.35/€1. The parity at the date of this report is $1.32/€1.

In view of the estimated share of revenues and costs denominated in dollars or in currencies correlated with the dollar, a 1% rise in the euro against the dollar would mechanically entail a fall in FY 2013 revenues of around €0.8 million and of €0.4 million in income from operations. Conversely, a 1% fall in the euro would increase revenues and income from operations by the same amounts.

In addition to fluctuating against the dollar and against currencies strongly correlated with it, the euro also fluctuates against the other currencies. However, these variations are frequently heterogeneous both in direction (upward and downward) and in scale. Nonetheless, the monetary policies of most major countries could lead to a more global appreciation of the euro against a very large number of currencies, as illustrated by the evolution and high volatility of exchange rates since the beginning of 2013.

Consequently, on an annual basis, the theoretical hypothesis of a 1% appreciation of the euro against all of the other currencies in which the company conducts its business would mechanically reduce revenues by an additional €0.2 million and income from operations by an additional €0.1 million. Conversely, a 1% fall in the euro would boost revenues and income from operations by the same additional amounts.

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STATUTORY AUDITORS' REVIEW REPORT ON THE 2013 CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Following our appointment as statutory auditors us by the Shareholders' meeting and in accordance with 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-yearly consolidated financial statements of Lectra SA, for the six months ended June 30, 2013 ;
- the verification of the information contained in the half-yearly management report.

These condensed half-yearly 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 interim 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 2013 and the comparative 2012 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-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

Without qualifying our conclusion, we draw your attention to Note 2 to the condensed half-year consolidated financial statements, which describes a change in accounting method related to the application of the revised IAS 19 – employee benefits.

2. Specific verification

We have also verified the information given in the half-yearly management report on the condensed half-yearly 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-yearly consolidated financial statements.

Neuilly-sur-Seine and Mérignac, July 25, 2013

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit SA	KPMG SA	
Bruno Tesnière	Anne Jallet-Auguste	Eric Junières