Lectra Danmark A/S
Vestergade 41
DK-7400 Herning

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Lectra Danmark A/S

Annual report 2015

The annual report was presented and adopted at the Company's annual general meeting

on 31-05 2016

chairman

CVR no. 79 13 02 14

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lectra Danmark A/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

The Board of Directors and the Executive Board recommend to the general meeting that the financial statements for 2016 not be audited. The Board of Directors and the Executive Board consider the conditions for the non-performance of an audit to have been met.

We recommend that the annual report be approved at the annual general meeting.

Herning, 31 May 2016
Executive Board:

Jean-Patrice Gros

Board of Directors:

Jérome Viala Chairman	Jean-Patrice Gros	Daniel Dufag

Véronique Zoccoletto

The general meeting has decided that the financial statements for the coming financial year are not to be audited.

Independent auditor's report

To the shareholders of Lectra Danmark A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Lectra Danmark A/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's activities for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 31 May 2016
KPMG
Statsautoriseret Revisionspartnerselskab
CVR-No. 25 57 91 98

Michael Mortensen
State Authorised
Public Accountant

Management's review

Company details

Lectra Danmark A/S
Vestergade 41
DK-7400 Herning

Telephone:	+45 9715 4966
CVR no.:	79 13 02 14
Established:	20 September 1985
Registered office:	Herning
Financial year:	1 January – 31 December

Board of Directors

Jérome Viala (Chairman)
Jean-Patrice Gros
Daniel Dufag
Véronique Zoccoletto

Executive Board

Jean-Patrice Gros

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Operating review

Principal activities

The Company's principal activities comprise trade in CAD/CAM solutions and related services. The Company's product range is directed at textile, clothing, padded furniture and industrial businesses. Due to its affiliation with the Lectra Group, no research and development takes place in Denmark.

Activities and financial position

Profit for the year came in at DKK 480 thousand.

In an overall perspective, performance for 2015 was in with expectations and is considered satisfactory.

Events after the balance sheet date

After the balance sheet date, no events have occurred of significant importance to the annual report for 2015.

The general meeting has decided that the financial statements for the coming financial year are not to be audited.

Outlook

Management expects to report a profit for 2016 in line with that for 2015.

Financial statements 1 January – 31 December

Accounting policies

The annual report of Lectra Danmark A/S for 2015 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reclassification of financial statement items

Deposits in the balance sheet have been reclassified to financial assets compared to previous financial years. Comparative figures have been restated.

Income statement

Gross profit

Revenue from the sale of systems is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place and that the income may be reliably measured and is expected to be received.

Revenue from software sales is recognised at the time of the transfer of ownership of the computer in cases where the Company has also sold the computer hardware on which its software is installed. Otherwise, revenue is recognised at the time of the installation of the software on the customer's computer (by CD-Rom or download).

Revenue from recurring contracts is recognised on a monthly basis throughout the contractual period of contracts. Revenue linked to the billing of services not subject to recurring contracts is recognised when the service is completed.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of sales comprises costs of consumables, spare parts, freight costs, software, etc.

Other external charges comprise costs of distribution, sale, advertising, administration, premises, bad debt, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense, realised and unrealised gains and losses on payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Intangible assets are amortised on a straight-line basis over the estimated useful life, which is estimated to three to five years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial assets

Financial assets comprise deposits and are measured at amortised cost, which corresponds to nominal value.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January – 31 December

Accounting policies

Inventories

Inventories are measured at cost in accordance with the FIFO method. Inventories are written down to the lower of net realisable value and cost.

Consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value. The value is reduced by write-down for bad debts.

Prepayments

Prepayments comprise prepayments of costs relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

Financial statements 1 January – 31 December

Accounting policies

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Deferred net tax assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement and in equity, respectively.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions

Trade payables and payables to group entities are recognised at cost.

Subsequently, these financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Prepayments and deferred income

Prepayments and deferred income comprise payments received from customers that cannot be recognised until the subsequent financial year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 December

Income statement

	Note	2015	2014
			DKK'000
Gross profit		1,471,010	829
Staff costs	1	-843,427	-856
Depreciation and amortisation		-17,677	-16
Operating profit/loss		609,906	-43
Financial income	2	0	4
Financial expenses	3	-5,753	-1
Profit/loss before tax		604,153	-40
Tax on profit/loss for the year	4	-124,301	0
Profit/loss for the year		479,852	-40

Proposed profit appropriation/distribution of loss		
Retained earnings	479,852	-40
	479,852	-40

Financial statements 1 January – 31 December

Balance sheet

	Note	2015	2014
			DKK'000
ASSETS			
Non-current assets			
Intangible assets			
Software		29,467	37
		29,467	37
Financial assets			
Deposits		16,781	16
		16,781	16
Total non-current assets		46,248	53
Current assets			
Inventories			
Consumables		3,248	9
		3,248	9
Receivables			
Trade receivables		190,534	208
Receivables from group entities		1,833,993	1,787
Prepayments		29,648	24
Deferred tax asset		139,486	264
Other receivables		6,284	25
		2,199,945	2,308
Cash at bank and in hand		1,316,466	940
Total current assets		3,519,659	3,257
TOTAL ASSETS		3,565,907	3,310

Financial statements 1 January – 31 December

Balance sheet

	Note	2015	2014
			DKK'000
EQUITY AND LIABILITIES			
Equity			
Share capital	5	500,000	500
Retained earnings		1,341,799	862
Total equity		1,841,799	1,362
Liabilities			
Current liabilities			
Trade payables		0	79
Intercompany payables		515,554	588
Deferred income		643,044	610
Other payables		565,510	583
Prepayments		0	88
Total liabilities		1,724,108	1948
TOTAL EQUITY AND LIABILITIES		3,565,907	3,310

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Financial statements 1 January – 31 December

Notes

		2015	2014
			DKK'000
1	**Staff costs**		
	Wages and salaries	769,341	783
	Pensions	66,207	63
	Other social security costs	7,879	10
		843,427	856
2	**Financial income**		
	Interest income from group entities	0	4
3	**Other financial expenses**		
	Interest expense to group entities	5,753	1
4	**Tax on profit for the year**		
	Current tax for the year	0	0
	Change in deferred tax	-124,301	0
		-124,301	0

Financial statements 1 January – 31 December

Notes

5 Equity

	Share capital	Retained earnings	Proposed dividends	Total
Balance at 1 January 2015	500,000	861,947	0	1,361,947
Transferred; see the profit appropriation	0	479,852	0	479,852
Balance at 31 December 2015	500,000	1,341,799	0	1,841,799

The share capital have not undergone any changes during the past five years.

Share capital

The share capital consists of 5,000 shares with a face value of DKK 100 each or multiples hereof.

All shares rank equally.

6 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company has entered into operating lease agreements at the following amounts:

Rent commitment with a period of notice of 6 months, equivalent to DKK 31 thousand.

Operating lease obligations with a period of notice of 42 months, equivalent to DKK 361 thousand.

7 Related party disclosures

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Lectra SA, 16-18 rue Chalgrin, 75016 Paris, France

The Company is included in a group structure with Lectra SA, France, which is the ultimate parent company. The consolidated financial statements can be downloaded from the Group's website:

www.lectra.com