FINANCIAL REPORT

2015-2016

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets

In thousands of euros	NOTES	JUNE 30, 2016	JUNE 30, 2015
Goodwill	11	**20 637**	19 922
Intangibles assets	11	**71 006**	75 145
Tangibles assets	12	**73 012**	71 695
Financial assets	19	**1 456**	1 474
Deferred tax assets	8	**197**	0
Non current assets		**166 308**	168 236
Inventories	14	**106 925**	111 119
Accounts receivable	15-19	**51 294**	53 023
Other accounts receivable	16	**11 069**	12 962
Current tax assets		**10 736**	7 241
Derivative assets	19-24	**6 763**	3 564
Cash and cash equivalent	17-19-20	**39 008**	35 400
Current assets		**225 795**	223 309
Assets linked to discontinued activities		**852**	0
TOTAL ASSETS		**392 956**	**391 545**

Liabilities

In thousands of euros	NOTES	JUNE 30, 2016	JUNE 30, 2015
Share capital		**103 096**	103 096
Issued premium		**21 855**	21 855
Reserves		**62 428**	57 173
Shareholders equity		**187 379**	182 124
Financial liabilities	18-19	**7 553**	6 330
Employee benefits liabilities	21	**9 118**	7 097
Deferred tax liabilities		**13 285**	14 113
Non current liabilities		**29 956**	27 540
Financial liabilities	18-19	**42 269**	36 435
Provisions	22	**3 399**	6 936
Accounts payable	19	**69 313**	71 609
Other payable	23	**57 094**	61 960
Corrent tax liabilities		**1 854**	2 662
Derivative liabilities	19-24	**642**	2 279
Current liabilities		**174 571**	181 881
Liabilities linked to discontinued activities		**1 050**	0
TOTAL LIABILITIES		**392 956**	**391 545**

CONSOLIDATED INCOME STATEMENT

In thousands of euros	NOTES	JUNE 30, 2016	JUNE 30, 2015 RESTATED (*)
Sales	5	**717 266**	**695 498**
Purchase consumed		**-246 816**	-234 729
Salaries and benefits		**-121 016**	-118 095
External costs		**-318 696**	-311 353
Depreciation		**-11 197**	-11 600
Charges to ; writebacks from provisions		**2 101**	16
Current operating result		**21 641**	19 737
Other operating income	6	**189**	665
Other operating costs	6	**-1 273**	-133
Operating result		**20 557**	20 269
Financial income		**400**	46
Financial espenses		**-604**	-1 254
Financial result	7	**-204**	-1 208
Result before tax		**20 353**	19 061
Income tax	8	**-1 080**	-1 747
Net result		**19 273**	**17 314**
NET RESULT OF DISCONTINUED ACTIVITIES	4	**-2 413**	-4 652
NET GROUP RESULT		**16 860**	**12 662**
Net earning per share (in Euros)	9	**2,47**	1,78
Net diluted earning per share (in Euros)	9	**2,39**	1,73

(*) Restated following IFRIC 5 Happy D. by Damart brand classified as discontinued activity(note 4)

CONSOLIDATED COMPREHENSIVE INCOME

In thousands of euros	NOTES	JUNE 30, 2016	30 JUIN 2015
Net result		**16 860**	12 662
Foreign exchange hedging		**4 483**	1 094
Conversion adjustments		**-12 431**	11 239
Tax impact		**-770**	-971
Gains and loss transferable to income statement		**-8 718**	11 362
Employee benefit commitments		**-1 939**	-497
Tax impact		**447**	228
Gains and loss not transferable to income statement		**-1 492**	-269
Other comprehensive income after tax	10	**-10 210**	11 093
NET COMPREHENSIVE INCOME		**6 650**	23 755

The impact on the exchange difference is mostly due to the change of the British pound on the English subsidiaries of the Group.

CONSOLIDATED SHAREHOLDERS' EQUITY

En milliers d'euros	Share capital	Issued premium	Own share	Consolidated reserves and result	Foreign exchange hedging	Conversion adjustments	Tax impact	TOTAL SHAREHOLDERS EQUITY
As at june 30, 2014 restated (*)	103 096	21 855	-4 801	52 319	314	-5 405	2 213	169 591
Net result				12 662				12 662
Other comprehensive income				-497	1 094	11 239	-743	11 093
Net comprehensive income	0	0	0	12 165	1 094	11 239	-743	23 755
Dividends paid (**)				-3 206				-3 206
Own shares operations			-4 986	-3 030				-8 016
As at june 30, 2015	**103 096**	**21 855**	**-9 787**	**58 248**	**1 408**	**5 834**	**1 470**	**182 124**

En milliers d'euros	Share capital	Issued premium	Own share	Consolidated reserves and result	Foreign exchange hedging	Conversion adjustments	Tax impact	**TOTAL SHAREHOLDERS EQUITY**
As at june 30, 2015	103 096	21 855	-9 787	58 248	1 408	5 835	1 470	**182 124**
Net result				16 860				**16 860**
Other comprehensive income				-1 939	4 483	-12 431	-323	**-10 210**
Net comprehensive income	0	0	0	14 921	4 483	-12 431	-323	**6 650**
Dividends paid (**)				-3 732				**-3 732**
Own shares operations			2 391	-55				**2 336**
As at june 30, 2016	**103 096**	**21 855**	**-7 396**	**69 382**	**5 891**	**-6 596**	**1 147**	**187 379**

(*) Net dividend paid of 0,45 € per share for the year end of June 30, 2014 and O,55 € per share for the year end of june 30, 2015

CONSOLIDATED CASH-FLOW STATEMENT

In thousands of euros	NOTES	JUNE 30, 2016	JUNE 30, 2015 RESTATED (*)
OPERATING ACTIVITIES			
Result before tax		**20 353**	19 061
. Depreciation and provisions		**6 929**	9 929
. Gains and losses arising from change in faire value		**-338**	1 314
. Calculated income and expenses relating to stock option and equivalent		**176**	174
. Interest expenses		**298**	265
. Gains ond losses on disposal		**1 255**	-635
Income and expenses without cash impact or unrelated to operations		**8 320**	11 047
OPERATING CASH FLOW		**28 673**	**30 108**
Paid income tax		**-3 977**	-1 879
CASH FLOW		**24 696**	28 229
Decrease (+) and increase (-) in inventories		**1 129**	-2 152
Decrease (+) and increase (-) in accounts receivable		**-4 706**	4 617
Decrease (-) and increase (+) in accounts payable		**543**	1 898
Other variances		**-2 184**	-3 554
Change in working capital requirements relating to operations		**-5 218**	809
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**19 477**	29 037
INVESTMENTS ACTIVITIES			
Assets acquisitions:			
. Intangible assets	11	**-3 216**	-3 199
. Tangible assets	12	**-12 938**	-12 443
. Financial assets		**-158**	-133
Assets disposal		**290**	1 363
Acquisition of companies net of cash acquired		**-1 889**	0
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**-17 912**	-14 412
FINANCING ACTIVITIES			
Debt repayments		**171**	-2 051
Dividends paid		**-3 732**	-3 206
Purchase / sale of own share		**3 304**	-5 394
Interest paid		**-298**	-265
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**-555**	-10 916
Net cash flow from discontinued activities (D)	4	**-1 921**	-2 229
Impact in cash from variainces in currency transactions (D)		**-1 271**	1 220
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**-2 181**	**2 701**
Cash and cash equivalents		**35 400**	26 101
Bank lending facilities		**-35 642**	-29 044
OPENING CASH AND CASH EQUIVALENTS		**-242**	-2 943
Cash and cash equivalents		**39 008**	35 400
Bank lending facilities		**-41 431**	-35 642
CLOSING CASH AND CASH EQUIVALENTS	17	**-2 423**	-242

(*) Restated following IFRIC 5 Happy D. by Damart brand classified as discontinued activity(note 4)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL BACKGROUND

Damartex, the parent company of the Group is a public company with Management and Supervisory Boards, whose office is located 25 avenue de la Fosse aux Chenes, 59100 Roubaix, France.

The consolidated financial statements for the 2015/2016 financial year ended on June 30th, 2016 were approved by the Management Board on September 5th, 2016. They are based on the assumption that the business is a going concern.

2. ACCOUNTING POLICIES

2.1 General Principles

In accordance with European Regulation No 1606/2002 of July 19th 2002, the consolidated financial statements of the Damartex Group of June 30th 2016 were prepared in accordance with international accounting standards (IAS / IFRS) as adopted by the European Union and applicable as of June 30th 2016.

All the standards adopted by the European Union can be found on the following European Commission website address: http://ec.europa.eu/internal_market/accounting/ias/standards_fr.htm

On June 30th 2016, the Group decided not to elect for an early application of the new standards, for which the application thereof is mandatory for periods beginning on or after July 1st 2016.

Certain standards applied to date by the Group are subject to changes or interpretations that could be retrospective. These interpretations could lead the Group to subsequently restate the consolidated financial statements.

2.2 Changes in Accounting Policies

2.2.1 Standards, amendments and interpretations applicable as of July 1st 2015

As of June 30th 2016, the new standards adopted within the European Union, that are mandatory for the Group on, or after July 1st 2015 are the following:

- IAS19 amendment – Contribution of staff
- Annual IFRS improvement 2011-2013

These texts are without incidences on consolidated financial statements of the group.

2.1.1 Standards, amendments and interpretations applicable as of July 1st 2014

The following already published standards whose application is obligatory for all periods beginning on or after January 1st 2016 are outlined below. The Group decided not to apply for these in advance.

NORMES
Annual IFRS improvement 2012-2014
IAS1 amendment – *Disclosure initiative*
IAS16 and IAS38 amendment – *Clarifications on the modes of acceptable amortizations*

These new texts will be without incidences on consolidated financial accounts of the group.

The application of the standard IFRS15 – *revenues*, will be without significant impact. The impact of the application of the standard IFRS16 – *Leases* are in the process of appreciation.

2.3 The uses of estimates

The preparation of consolidated financial statements requires Management to make assumptions and estimates that affect the carrying value of certain assets and liabilities, income and expenses, as well as information provided in certain annex notes. These assumptions are by nature uncertain, actual results may differ from these estimates. Group Management reviews its estimates and assumptions on a regular basis to ensure their relevance to previous experiences as well as to the current economic situation.

The financial statements reflect best estimates, based on information available at the date of year end closing of accounts.
The following principle items within the financial statements might be subject to estimation:

- Deferred tax assets - See Assumptions and Estimations-Note 8
- The calculation of goodwill, tangible and intangible assets via the results of impairment tests - See Assumptions and Estimations-Note 13

2.4 Principles of Consolidation

All companies included in the consolidation scope are entities over which the Group exercises control.
Control is presumed to exist when the Group holds over 50% of the controlled company's voting rights. This rule applies regardless of the percentage of equity participation. The concept of control can be defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
In this case all companies are fully consolidated.

The consolidated financial statements include the financial statements of companies acquired or created after the date of takeover and companies sold up until the date of loss of control.

The scope of the consolidation is presented in Note 30 of the Annex.

2.5 Conversion of foreign currency items

Items included in the financial statements of each Group entity are measured using the principal

currency of the main economic environment in which the entity operates ("the functional currency"). The Group's consolidated financial statements are expressed in Euros.

2.5.1 Accounting for foreign currency transactions within consolidated companies' accounts.

Transactions in foreign currencies are converted at the official exchange rate in effect on the date of the transaction. Monetary items denominated in foreign currencies are converted at the exchange rate in effect on the date of closure of the balance sheet. Any exchange discrepancies produced as a result are accounted for as income or expense in the period.

2.5.2 Conversion of financial statements of foreign subsidiaries

Financial positions and results of foreign subsidiaries whose functional currency is different from that of the Group are translated into euros as follows:

- Balance sheets are converted at the exchange rate in effect on the closing date of the period.
- Income statements are translated at the average exchange rate for the period in question.

Such currency exchange differences are accounted for in conversion variance in the "Consolidated comprehensive income".

No Group subsidiary is situated in a country of high-inflation.

2.6 Reporting dates

The annual consolidation is established on the basis of the accounts for the year ended on June 30th. All Group companies close on that date.

The Damartex Group prepares its financial statements (turnover to direct selling costs) on the basis of quarterly 4/4/5 method. Each quarter is divided into two periods of 4 weeks and one period of 5 weeks. Hence, the year ended June 30th 2016 covers the period from June 29th, 2015 to July 3rd 2016. The impact on the accounts as a result of using this method as opposed to a conventional one (period July 1st - June 30th) is not significant.

2.7 Goodwill

Goodwill is calculated on the one hand, as the difference between the share of the Group in the net fair value of the identifiable assets and liabilities at the date of acquisition, against the cost of acquisition of the company concerned, on the other.

After initial recognition, goodwill is measured at cost less accumulated depreciation, according to annually conducted impairment tests (see Note 2.11).

2.8 Intangible Assets

All software purchased is depreciated on a 4 year straight line basis.
Software developed internally by the Group and meeting all the IAS 38 criteria, are capitalized and depreciated over their life-span, which is generally between 3 and 10 years.
Brands are not depreciated, as they are considered to have an indefinite life. This indefinite status is reviewed annually.
Patents are depreciated over a 20 year straight-line basis.
Leasehold rights are not depreciated, since they are considered to have an indefinite life, due to the fact that the commercial leaseholder is entitled to an almost unlimited number of renewals.

Unamortized intangible assets are systematically tested annually for impairment (see Note 2.11).

Within the Group, research and development expenditure is accounted for within staff and external costs. These are essentially research costs that are not activated under IAS 38.

2.9 Tangible Assets

Tangible Assets are stated at cost of acquisition or production which includes the purchase price and all costs necessary to bring them into use.
In accordance with IAS 16, after their recognition as an asset, property and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method based on the estimated useable lifespan and is summarized as follows:

Lands	No depreciation
Buildings – heavy : components depreciated over an average of	33 years
Building – light – components Depreciated over an average of	21 years
Buildings – fittings	8 to 10 years
Plant and equipment	12 years
Land - improvements	20 years
Office furniture and equipment	10 years
IT equipment	3 to 4 years
Industrial, handling and Warehousing equipment	8 to 12 years
Telephone equipment	5 to 8 years
Vehicles	5 years

Due to the nature of the assets held by Damartex, significant components have been identified that are only used for construction.
Construction has hence been broken down into three separate assets with distinctive depreciation periods:

Shell	40 years for heavy building, 25 years for light building
Finishing	10 years
Roofing	30 year for heavy building, 15 years for light building

2.10 Leases

Leases which substantially transfer the majority of risks and rewards incidental to ownership of an asset are classified as finance lease contracts.

Assets leased through finance leases are recognized as fixed assets. The financial commitments arising are accounted for under "financial liabilities".
Assets are depreciated over a useable lifespan, in an identical way to that of fixed assets acquired outright.
If Damartex uncertain of becoming the owner, at the end of the contract, the asset will be depreciated based on the shorter of the useable life-span of the asset and the lease term.

The minimum payments under the leasehold agreement are allocated between interest expense and debt amortization fields.
The finance charge is allocated to each period during the lease-financing, so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

Leases that do not substantially transfer all the risks and rewards of ownership to the Group are classified as operating leases.

2.11 Depreciation of Assets

In accordance with IAS 36 - Depreciation of Assets, assets with indefinite useable life-spans and goodwill are subject to annual impairment tests, to be carried out during the second semester of the year.
Moreover, whenever an indication of loss in value appears, impairment tests are performed on both intangible and tangible fixed assets.

The impairment test serves to assess whether the recoverable value of an asset is less than its net book value.

The recoverable amount of an asset is the higher of fair value, less its cost of sale, and its value in use.

The fair value less its cost of sale is the amount that can be obtained from the sale of an asset in a standard arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The utility value is obtained from management approved medium-term projections over three successive years, using gross long-term market rates that in turn reflect market estimates of the time value of money and specifically asset related risks.
For these tests, the Group considers that a maximum 5-year maturity period is required to achieve breakeven.

If either of these amounts exceeds the carrying amount of the asset, the asset does not depreciate.

Definition of a Cash Generation Unit (CGU)

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The recoverable amount is estimated for each individual asset. If this is not possible (no market and cash flow allocable to that one asset), the assets are combined with others to form a CGU.

The identification of related cash generation units was carried out in the Damartex group. They are mainly formed by the legal entities of the Group.

2.12 Financial Assets

Financial assets are classified into three categories at initial recognition, according to their nature and the Group's intention:

- Asset evaluated at fair value through results
- Assets held until maturity
- Assets available for sale

The investment securities are classified as financial assets at fair value; they represent assets held for trading purposes. These assets are measured at fair value, with any changes in fair value being reported in income.

Security deposits are classified as assets held to maturity. These are payments to lenders in the form of rental guarantees. The value of these assets is adjusted regularly at rent review. They are subject to impairment testing in the case of indication of loss of value. An impairment loss is recognized if the carrying amount exceeds the estimated recoverable amount.

Equity investments in unconsolidated companies are classified as assets held for sale. They are measured at fair value. Fluctuations of recorded fair value changes are recognized in other comprehensive income until they are sold. There is no equity investments in unconsolidated companies at June 30, 2016.

2.13 Inventory

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price of goods given expected turnover, less the costs of production and distribution still to be incurred to make the sale.

Inventories of materials, goods and finished goods are mainly valued at weighted average unit cost.

2.14 Trade and other receivables

Receivables from trade and other receivables are expressed at their nominal value. They are depreciated by means of provisions, based on assessment of risk of non-recovery on a case by case basis.

2.15 Own shares

The Damartex shares held by the Group are deducted from the consolidated shareholders' equity, regardless of their purpose. The net proceeds from the sale of these shares are recognized directly in equity and do not contribute to the income statement.

2.16 Share-based payments

Some Group employees and corporate officers benefit from stock option plans and plans granting free shares.

The cost of attributing these options is measured at the fair value on the date of issue.
Fair value has been estimated using the Black-Scholes model, an evaluation model that enables us to calculate the fair value of the advantage thus granted, and notably takes diverse parameters into account such as the share price, the exercise price, expected volatility, expected dividends and the risk free interest rate as well as the life of the option.

The resulting cost is recognized in personnel expenses over the vesting period with a corresponding increase in equity.

2.17 Cash and Cash equivalents

Cash is accounts receivable balances with banks and savings funds. Cash equivalents are mainly in term deposits or minimum risk investments available for sale.

2.18 Provisions

A provision is recognized provided that there is a current obligation resulting from a past event, which will result in a probable disbursement for the Group for an amount that can be reliably estimated.

This section may notably include the commitments arising from restructuring, litigation and other risks.

If necessary, the commitments arising from restructuring plans are recognized when detailed plans have been established, their implementation is based on a valid expectation and if such measure has been satisfactorily communicated to personnel and /or their representatives.

2.19 Pensions and other post-employment benefits

With regard to pension commitments, the Group, complying with regulations and practices in force in each country, actively participates in pension plans or grants allowances and benefits to employees on their retirement. An inventory of these benefits has been carried out.
The benefits on offer are as follows:

- Defined benefit retirement plans in France and Great Britain
- Defined contribution retirement plans in France, Belgium and Great Britain
- End of Career Bonus schemes in France (defined benefit)
- Long service "*Médaille du Travail*" bonus schemes in France (defined benefit)
- Retirement System “Article 83” for some employees in France (defined contribution)

For defined contribution plans, Group payments are expensed in the period to which they relate.

For defined benefit plans for post-employment benefits, benefit costs are estimated using the "projected unit credit" method: under this method, each subsequent period of service gives rise to an additional unit of benefit entitlement and each unit is evaluated separately to sum up its total value.

For defined benefit plans, net expense for the year corresponds to the cost of services rendered, the interest on the debt and income from funds allocated to covering these obligations.

The amount of future payments for employee benefits is evaluated on the basis of financial assumptions (wage growth, discount rates, and interest rates on long-term bonds of first class issuers) as well as demographics (age, retirement, life expectancy, workforce turnover rate).
Actuarial gains and losses are recognized in equity in accordance with paragraph 93 of IAS 19.

Funds are allocated to the long-term commitment of staff coverage in France and Great Britain. They are managed by an external organization independent of the Group. The net balance (between assets and commitment) is recognized as an asset if it has been over-financed in relation to commitment, or liability in case of underfunding.

If financed, assets subject to a ceiling test in accordance with paragraph 58 of IAS 19.

2.20 Borrowing and Cost of Borrowing

On initial recognition, liabilities are measured at fair value and are charged transaction costs that are directly attributable to the issuance of liability.
After initial recognition, borrowings and debts are stated at amortized cost using the "effective interest rate" method.
Interest on borrowings is recorded as expenses for the period in question.

2.21 Current and Deferred taxes

2.21.1 Current Taxes

A tax consolidation regime was introduced in France on July 1st 2003. All French companies have been included in the scope of this consolidation as of July 1st 2015.

Two integration periods were set in motion from July 2003 to June 2013. A third integration period was extended for a period of 5 years from July 2013.

Under the agreement, the tax benefit related to the tax consolidation calculated between the tax actually paid in the taxable income group and the sum of the individual taxes payable is due to the parent company, Damartex.
The tax savings generated through losses transferred from loss-making subsidiaries are considered as tax income.

In the case of departure from the tax consolidation group, the outgoing affiliates shall be indemnified by Damartex in the in accordance to mutually agreed terms with the release taking the current situation into account at that date.

2.21.2 Deferred tax assets/liabilities

The deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset is realized or the liability is settled: This is based on tax rates (and regulations) that have been adopted or substantively adopted at the date of the balance sheet.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and their values determined, as per fiscal law The principal temporary differences relate to provisions for pensions and other employee benefits and other temporarily fiscally non-deductible provisions.

- Deferred taxes relating to tax losses of companies not included in the tax consolidation, or prior to entry into the scope of the tax consolidation are recognized when the conditions defined by IAS 12 are met:
- The entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses and unused tax credits can be utilized
- It is probable that the entity will generate taxable profits before tax losses or unused tax credits expire
- Unused tax losses result from identifiable causes which are unlikely to recur
- Opportunities related to the fiscal management of the entity will generate taxable profit in the period in which the tax losses or unused tax credits can be utilized

In the case that it is unlikely that the entity will have taxable income on which to allocate the unused tax losses or unused tax credits, deferred tax asset is not recognized.

2.22 Derivative financial instruments and hedging

For acquisition flow and sale of goods and gifts, the Group is part of a currency risk hedge accounting, hedged on future cash flows.

Foreign exchange requirements for these purchases are hedged by financial instruments that are tested to determine if they are eligible for hedge accounting.

For the instrument to be considered "hedge-able", the hedging relationship must be clearly defined and documented at the date of its implementation, and the effectiveness of the hedging relationship must be demonstrated by the ratio of changes in fair value of the derivative and the hedged item (A ratio between 80% and 125%, prospective and retrospective testing at each balance sheet).

At closing, the instruments are measured at Fair Value ("Mark to Market").

If a cash flow hedge meets the conditions set out in paragraph 88 of IAS 39 during the period, it is recorded as follows:

- The amount of profit or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity through the statement of changes in consolidated shareholders' equity.
- The ineffective portion of the profit or loss on the hedging instrument is recognized in income statement.

2.23 Earnings per share

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

Net income per diluted share is calculated on the basis of the weighted average number of shares before dilution, plus the weighted average number of shares resulting from the exercise of existing stock options during the year.

2.24 Turnover

Turnover consists of the total revenue from the ordinary activity from the integrated companies.

The following types of sales flow are predominant within the Group: Cash sale, sale by order, credit sale and cash on delivery sale.

Revenue is recognized on receipt of order, when the goods are available in the given stocks the following criteria: the goods are produced and identified, delivery is probable, the possible postponement of delivery is recognized by buyer and terms and conditions are accepted by the customer.
These sales are made with a “right of return”, a statistical estimate of these returns is recorded as a reduction of revenue.

The Damartex group has a loyalty program. IFRIC 13 clarifies that such concessions constitute separate elements of the initial sale. The share of revenues corresponding to the future benefit granted are deferred until the "points" earned by customers are used.

2.25 Advertising costs

Advertising costs mainly include gifts to customers, catalogues, flyers, mailings and media costs.

These expenses are expensed as soon as the service is provided or when the product is delivered.

2.26 Operating Income

Operating income includes all income and expenses directly related to Group activities, whether these revenues and expenses are recurring or result from one-off or regular operations decisions.

Current operating income is an analytical balance that facilitates the understanding of the operating performance of the Group.

Other operating income and expenses correspond to unusual, abnormal or infrequent activities. They include gains and losses on asset disposals, restructuring costs and capital depreciation that would disturb the interpretation of current operating income

2.4 Financial Income

Financial income consists of financial products linked to investments, financial expenses related to debt and currency effects.

2.5 Operating sectors

In accordance with IFRS 8 - Operating Segments, the segment information is prepared on the basis of internal management data used for the analysis of the performance of activities and the allocation of resources by Patrick Seghin, CEO

The operating segments have similar economic characteristics, based on the performance indicators reviewed by the chief operating decision maker together with additional criteria set out by the norm, which was consolidated in order to determine which sectors to present.

3. KEY POINTS

May 6th 2016, the Group conducted to acquisition of 100% of securities in the company Vivadia for 1,9 M€.
Vivadia is the French leader in the senior market place relative to personal and home equipment (Home & Lifestyle).
This acquisition did not give rise to any fee.

4. HISTORICAL RESTATEMENTS

The Executive Committee of Damartex group decided to stop the Happy D. by Damart brand in December 2015.
This activity marketed textiles products in France and Belgium mainly via a store network .

As at June 30th 2016, the stop of the Happy D. by Damart brand is effective and thus classified as a discontinued activity in the balance sheet of the group

The results of Happy D. by Damart on June 30th are presented below :

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Sales	1 316	1 210
Purchase consumed	**-1 061**	-703
Salaries and benefits	**-699**	-923
External costs	**-451**	-1 195
Depreciation	**-142**	-154
Charges to ; writebacks from provisions	**-146**	-362
Current operating result	**-1 182**	-2 127
Other operating income	**0**	0
Other operating costs	**-1 211**	-2 525
Operating result	**-2 393**	-4 652
Financial income		0
Financial espenses	**-21**	0
Financial result	**-21**	0
Result before tax	**-2 413**	-4 652
Income tax	**0**	0
NET RESULT OF DISCONTINUED ACTIVITIES	-2 413	-4 652

June 30th 2016, the mains groups of assets and liabilities of Happy D. by Damart classed as discontinued activity are the following :

Assets	JUNE 30, 2016
Intangible assets	270
Financial assets	64
Inventories	396
Other accounts receivable	122
Assets linked to discontinued activities	852

Liabilities	JUNE 30, 2016
Provisions	839
Other payable	211
Liabilities linked to discontinued activities	1 050

The net cash flow generated by Happy D. by Damart was as :

	JUNE 30, 2016	JUNE 30, 2015
NET CASH FLOW FROM OPERATING ACTIVITIES	**-1 938**	-2 204
NET CASH FLOW FROM INVESTING ACTIVITIES	**17**	-23
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**0**	-2
NET CASH FLOW FROM DISCONTINUED ACTIVITIES	-1 921	-2 229

5. OPERATING SEGMENTS

Damartex Group is organised in two operating segments :

- « Textile » sector
- « Home & Lifestyle » sector

These segments give a pertinent vision of the performance of Damartex Group in connection with its strategy.

June 30th, 2015

In thousands of euros	TEXTILE	HOME AND LIFESTYLE	TOTAL
Sales (*)	604 227	91 271	**695 498**
Operating result (*)	13 589	6 680	**20 269**
Depreciation (=)	10 935	665	**11 600**
Investments (*)	15 578	64	**15 642**

(*) Restated following IFRIC 5 Happy D. by Damart brand classified as discontinued activity(note 4)

June 30th, 2016

In thousands of euros	TEXTILE	HOME & LIFESTYLE	TOTAL
Sales	620 829	96 437	**717 266**
Operating result	15 278	5 278	**20 557**
Depreciation	10 588	609	**11 197**
Investments	15 956	198	**16 154**

Breakdown of consolidated sales according to customer location

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015 RESTATED (*)
France	**418 277**	408 328
Belgium - Luxembourg	**74 230**	73 212
United Kingdom	**207 854**	198 054
Switzerland	**13 900**	14 124
United States	**3 005**	1 780
TOTAL	717 266	695 498

(*) Restated following IFRIC 5 Happy D. by Damart brand classified as discontinued activity(note 4)

6. OTHER OPERATING INCOME AND EXPENSES

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015 RESTATED (*)
Autres éléments opérationnels	**189**	0
Net result from disposal of assets	**0**	655
Other operating income	**189**	655
Other non current items	**-464**	0
Net result from disposal of assets	**-809**	-133
Other operating expenses	**-1 273**	-133
TOTAL	**-1 084**	**522**

(*) Restated following IFRIC 5 Happy D. by Damart brand classified as discontinued activity(note 4)

7. FINANCIAL RESULT

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015 RESTATED (*)
Financial income	**18**	45
Foreign exchange	**382**	0
Financial income	**400**	45
Financial expenses	**-604**	-638
Foreign exchange	**0**	-615
Financial expenses	**-604**	-1 253
TOTAL	**-204**	**-1 208**

(*) Restated following IFRIC 5 Happy D. by Damart brand classified as discontinued activity(note 4)

8. TAX

8.4 Income Tax

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015 RESTATED (*)
RESULT BEFORE TAX	**20 353**	19 061
Tax rate	*38,0%*	*38,0%*
Theoretical tax at the applicable tax rate	**7 734**	7 243
Rate differences (**)	**-1 422**	-1 729
Non activated deficits (+ : unrecognized ; - : used)	**-3 215**	-1 128
Tax credit	**-2 501**	-2 888
Non deductible charge and various	**484**	249
Total income tax recognised in the income statement	**1 080**	1 747
Effective tax rate	***5,3%***	*9,2%*
Dont part des activités poursuivies		
Tax payable	**2 573**	2 706
Deferred tax	**-1 493**	-959

(*) Restated following IFRIC 5 Happy D. by Damart brand classified as discontinued activity(note 4)
(**) Mainly linked to Great Britain activities with tax rate of 20%

8.5 Deferred Taxes

A net deferred tax asset is recognized when it is probable that the entity will have a taxable income above its existing losses to the same tax authority in future years. This probability was measured as at June 30th 2016 from the budgets, long term plans approved by Management during the current fiscal year, and fiscal provisions in force in each country.
The tax was then applied to the level of expected results in the next three years.

In France, it decided to activate all the fiscal losses which represent € 2,1 million of assets deferred taxes. In fact, according to analyses conducted by the tax integration group and further to the recovery in activity on this area, we can impute 100% of our previous fiscal losses (€ 6,1 million) in the next exercises.

However, in application of the above principle, all the conditions are not respected en Switzerland, no activation was not challenged.

Inactivated deficits within the Group represent a base of approximately € 1,7 million, representing a non-activated tax of € 0,4 million (against a base of € 9.8 million amounting to € 3.2 million in taxes not activated as of June 30th 2015).

8.6 Analysis by country

Deferred Tax Assets

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
United Kingdom	**197**	0
TOTAL	197	0

Deferred Tax Liabilities

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Belgium	**1 887**	1 861
United Kingdom	**2 508**	2 934
France	**8 890**	9 318
TOTAL	13 285	14 113

8.7 Analysis by type

Deferred Tax Assets

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
DTA linked to employee benefits	**2 799**	2 230
DTA linked to fiscal and social debts	**2 435**	2 717
DTA linked to IFRIC 13 customer loyalty	**316**	342
DTA linked to marketing costs	**249**	335
DTA linked to temporary differences	**1 199**	1 867
DTA linked to fiscal reported losses	**2 124**	56
DTA/DTL compensation	**-8 925**	-7 547
TOTAL	197	0

Deferred Tax Liabilities

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
DTL linked to difference in depreciation plans	**5 100**	5 583
DTL linked to leasing	**1 266**	1 114
DTL linked to foreign exchange hedging instruments	**2 160**	524
DTL linked to temporary differences	**2 084**	2 635
DTL linked to brands	**11 105**	11 538
Other	**494**	266
DTA/DTL compensation	**-8 925**	-7 547
TOTAL	**13 285**	**14 113**

Deferred tax expense for the period

En milliers d'euros	JUNE 30, 2016	JUNE 30, 2015
DT Linked to difference in provision	**-17**	0
DT linked to employee benefits	**-155**	-130
DT linked to differences in depreciation plans	**-229**	-113
DT linked to temporary differences social and fiscal	**1 126**	-483
DT linked to foreign exhange hedging instruments	**864**	-447
DT linked to fiscal losses activation	**-2 070**	0
DT linked to IFRIC 13 customer loyalty	**26**	51
Other	**-1 038**	163
TOTAL	**-1 493**	**-959**

9. EARNINGS PER SHARE

	JUNE 30, 2016	JUNE 30, 2015
Net profit group share (in thousands of Euros)	**16 860**	**12 662**
Average number of shares	**7 364 000**	7 364 000
Average number of own shares	**524 866**	264 250
Number of shares used in the calculation	**6 839 134**	7 099 750
Net earnings per sahre (in Euros)	**2,465**	1,783
Dilution effect		
Dilution effect of stock option plans	**204 531**	200 669
Number of shares used in the calculation	**7 043 665**	7 300 419
Net diluted earning per share (in Euros)	**2,394**	1,734

Share movements during the period concerning treasury shares :

	JUNE 30, 2015	PURCHASES	SALES	REALISED GAINS (+) OR LOSSES (-)	JUNE 30, 2016
Number of own shares	579 763	50 715	-209 961		**420 517**
Average price (in Euros)	16,88	22,29	21,12		**17,59**
TOTAL (in thousands of Euros)	**9 787**	**1 130**	**-4 435**	**914**	**7 396**

10. ELEMENT OF NET COMPREHENSIVE INCOME

In thousands of euros	FOREIGN EXCHANGE HEDGING INSTRUMENTS	CONVERSION ADJUSTMENTS	EMPLOYEE BENEFITS	TOTAL
Change in value	774	11 239	-497	11 516
Transfered in income statement	320			320
Tax impact	-428	-544	229	-743
AS AT JUNE 30, 2015	**666**	**10 695**	**-268**	**11 093**

In thousands of euros	FOREIGN EXCHANGE HEDGING INSTRUMENTS	CONVERSION ADJUSTMENTS	EMPLOYEE BENEFITS	TOTAL
Change in value	4 634	-12 431	-1 939	**-9 736**
Transfered in income statement	-151			**-151**
Tax impact	-1 515	746	447	**-323**
AS AT JUNE 30, 2016	**2 968**	**-11 685**	**-1 493**	**-10 210**

11. INTANGIBLE ASSETS

In thousands of euros	JUNE 30, 2016 GROSS	JUNE 30, 2016 AMORT. AND DEP.	JUNE 30, 2016 NET	JUNE 30, 2015 NET
Goodwill	**20 637**	**0**	**20 637**	19 922
Patent, licenses and software	**29 925**	**-23 615**	**6 310**	4 712
Trademarks	**55 328**	**-1 713**	**53 615**	57 270
Right to Lease	**9 623**	**-144**	**9 479**	10 410
Other intangible assets	**3 234**	**-1 632**	**1 602**	2 753
TOTAL	**118 747**	**-27 104**	**91 643**	**95 067**

11.1 Gross Value

In thousands of euros	GOODWILL	PATENT, LICENSES, SOFTWARE	TRADEMARKS	RIGHT TO LEASE	OTHER INTANGIBLE ASSETS	TOTAL
As at June 30, 2015	19 922	27 672	59 016	10 705	4 123	**121 438**
Acquisitions		1 621	4	368	1 223	**3 216**
Disposals		-1 251		-478		**-1 729**
Exchange impacts	-1 518	-437	-3 692	-22	-104	**-5 773**
Assets liked to discontinued activities				-1 020		**-1 020**
Change in consolidation scope	2 233	310				**2 543**
Other movements		2 010		69	-2 008	**71**
As at June 30, 2016	**20 637**	**29 925**	**55 328**	**9 623**	**3 234**	**118 747**

11.2 Amortizations and Depreciations

En milliers d'euros	GOODWILL	PATENT, LICENSES, SOFTWARE	TRADEMARKS	RIGHT TO LEASE	OTHER INTANGIBLE ASSETS	TOTAL
As at June 30, 2015	0	-22 961	-1 746	-295	-1 370	**-26 372**
Acquisitions		-2 194	33	-599	-300	**-3 060**
Disposals		1 251				**1 251**
Exchange impacts		398			38	**437**
Assets liked to discontinued activities				750		**750**
Other movements		-110				**-110**
As at June 30, 2016	**0**	**-23 615**	**-1 713**	**-144**	**-1 632**	**-27 104**
Net amount as at June 30, 2016	**20 637**	**6 310**	**53 615**	**9 479**	**1 602**	**91 643**

11.3 Goodwill and intangible assets with indefinite useable life-spans

The net book value of goodwill and intangible assets with indefinite useable life-pans are detailed by CGU as follows:

In thousands of euros	GOODWILL	TRADEMARKS	RIGHT TO LEASE	JUNE 30, 2016	JUNE 30, 2015
Belgium	3 711	57	1 222	**4 990**	5 157
Switzerland		2 015	0	**2 015**	2 103
France	7 543	29 268	8 394	**45 205**	43 407
United Kingdom	9 383	22 275	133	**31 791**	36 935
TOTAL	**20 637**	**53 615**	**9 749**	**84 001**	**87 602**

12. TANGIBLE ASSETS

In thousands of euros	JUNE 30, 2016 GROSS	AMORT. AND DEP.	NET	JUNE 30, 2015 NET
Land	**8 335**	**0**	**8 335**	8 723
Buildings	**64 869**	**-37 557**	**27 312**	29 576
Plant, equipment and tooling	**40 237**	**-30 090**	**10 147**	7 993
Other property, plant and equipment	**89 893**	**-63 862**	**26 031**	22 929
Property, plant and equipment under construction	**1 188**	**0**	**1 188**	2 474
TOTAL	204 522	-131 510	73 012	71 695

11.4 Gross Value

In thousands of euros	LAND	BUILDINGS	PLANT, EQUIPMENT AND TOOLING	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
As at June 30, 2015	8 723	66 301	38 889	92 289	2 474	**208 676**
Acquisitions		1 321	3 211	7 993	425	**12 950**
Disposals			-1 960	-7 807		**-9 767**
Exchange impacts	-388	-2 767	-941	-1 888	-34	**-6 018**
Assets liked to discontinued activities			-31	-1 244		**-1 275**
Change in consolidation scope		9		18		**27**
Other movements		5	1 069	532	-1 677	**-71**
As at June 30, 2016	**8 335**	**64 869**	**40 237**	**89 893**	**1 188**	**204 522**

11.5 Amortizations and Depreciations

En milliers d'euros	LAND	BUILDINGS	PLANT, EQUIPMENT AND TOOLING	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
As at June 30, 2015	0	-36 725	-30 896	-69 360	0	**-136 981**
Acquisitions		-2 208	-1 719	-4 186		**-8 113**
Disposals			1 814	6 815		**8 629**
Exchange impacts		1 382	680	1 644		**3 705**
Assets liked to discontinued activities			31	1 244		**1 275**
Other movements		-6		-19		**-25**
As at June 30, 2016	**0**	**-37 557**	**-30 090**	**-63 862**	**0**	**-131 510**
Net amount as at June 30, 2016	**8 335**	**27 312**	**10 147**	**26 031**	**1 188**	**73 012**

11.6 Property and equipment held under lease-financing agreements

The schedule of the minimal payments relative to contracts of lease-financing agreements are presenting in the following manner :

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Due within one year	**838**	793
Due over one year to less than 5 years	**2 342**	3 180
Due over 5 years	**0**	0
TOTAL	3 180	3 973

12. FIXES ASSETS – IMPAIRMENT TESTS

The principles of impairment of non-financial assets are detailed in note 2.11. Goodwill and other intangible assets with indefinite useful lives are broken down in Note 11.3.

12.1 Assumptions

The average annual growth rate of activity in the budget and medium-term plan phases is based on the company's historical results and data. The perpetual growth rate applied was 2% as at June 30th 2016 and 2% as at June 30th 2015.
The Group has adopted the WACC (weighted average cost of capital) as its cash flow discount rate, it is a pre-tax rate. Its components are mainly OAT 10-year rate (1.1%) associated with a risk premium (7.9%).

The rate selected for the period is 9.6% (June 30th 2015: 9.6%).

For this fiscal year, the recoverable amount is the value in use.

The Group's various activities located in a relatively homogeneous environment, the assumptions presented above have been applied to all of the Cash Generating Units (CGU).

12.2 Impairment Tests

For all assets, the recoverable amount has always proved greater than the carrying amount of the CGU; no more impairment has been recorded as at June 30th 2016.
To remind, June 30th, 2015, Group has recognised accrual on Happy D. by Damart stores for € 2.5 million. A complementary impairment of € 0,5 million has been recorded this year, bringing the value of tangible assets to recorded € 0,3 million.

12.3 Sensitivity to changes in assumptions

Sensitivity tests to changes in assumptions (to the discount rate and to the key assumptions used in determining cash flows) were carried out by the Group.

The results of these tests (+/- 1 point of the discount rate and a decrease of 5% of the key assumptions used in the determination of cash flows) does not put into question the absence of impairment recognized during the year.

13. INVENTORIES

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Gross amount	**116 834**	124 142
Provisions	**-9 909**	-13 023
TOTAL	106 925	111 119

14. TRADE RECEIVABLE

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Gross amount	**54 967**	57 223
Provisions	**-3 673**	-4 200
TOTAL	51 294	53 023

MATURITY OF RECEIVABLE

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Unmatured and undepreciated	**50 602**	52 910
Due and undepreciated < 30 days	**0**	0
Due and undepreciated > 30 days	**0**	0
Due and depreciated	**4 365**	4 314
TOTAL	54 967	57 224

RECEIVABLE RISK

Almost all of our customers are individuals; hence receivables are individually very low.
The customer risk relates to customers paying on receipt of order or to those we grant payment terms. Provisions are recognized based on the recovery probabilities to deal with this risk.

15. OTHER RECEIVABLES

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Advance and deposits paid, suppliers	**4 447**	4 676
Prepaid charges	**4 193**	4 758
Other receivables	**2 429**	3 528
TOTAL	11 069	12 962

16. CASH AND CASH EQUIVALENTS

In thousands of euros	NOTES	JUNE 30, 2016	JUNE 30, 2015
Cash		**39 008**	35 400
Cash and cash equivalents		**39 008**	35 400
Bank lending facilities	18	**-41 431**	-35 642
Closing cash		**-2 423**	**-242**

17. SHAREHOLERS EQUITY

Equity has been broken down as follows:

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Issued capital	**103 096**	103 096
Legal reserve	**7 499**	6 489
Issued premium	**21 855**	21 855
Conversion adjustments	**-6 596**	5 835
Other reserves	**44 666**	32 187
Net profit group share	**16 860**	12 662
TOTAL	**187 379**	**182 124**

As at June 30th, 2016, Share capital consisted of 7,364,000 fully paid shares at a nominal value of 14 euros. No changes were made during the year.

A distribution of a dividend € 0.65 per share for the year will be proposed at the General Meeting of Shareholders on November 8th, 2016.
The dividend distributed for the year ended 2015 amounted to € 0.55 per share.

18. FINANCIAL LIABILITIES

18.1 Analysis by category

In thousands of euros	NOTES	JUNE 30, 2016	JUNE 30, 2015
Financial lease borrowings		**2 342**	3 180
Miscellaneous financial liabilities		**5 211**	3 150
Non current financial liabilities		**7 553**	6 330
Financial lease borrowings		**838**	793
Bank lending facilities	17	**41 431**	35 642
Current financial liabilities		**42 269**	36 435
FINANCIAL LIABILITIES		**49 822**	**42 765**

18.2 Analysis by rate

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Variable rate	**41 431**	35 642
Fixed rate	**8 391**	7 123
TOTAL	**49 822**	**42 765**

18.3 Analysis by currency

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
GBP	**8**	229
EUR	**46 481**	39 747
USD	**405**	15
CHF	**2 928**	2 774
TOTAL	**49 822**	**42 765**

18.4 The covenants

Damartex has of medium-term loans permits (credit lines maturing in 2020) totalling € 120 million from 4 bank institutions. As at June 30th, 2016, € 20 million of this line had been used.

The availability of these funds by credit institutions is subject to the commitment made by Damartex to adhere to financial covenants relating to the Group's financial structure (net debt / consolidated equity) and its repayment capacity (consolidated net debt / consolidated gross operating surplus).

The Financial covenants were respected as of June 30th 2016.

19. FINANCIAL INSTRUMENTS

In thousands of euros	JUNE 30, 2015 RECOGNISED VALUE	JUNE 30, 2015 FAIR VALUE	BREAKDOWN BY ACCOUNTING CLASSIFICATION FAIR VALUE BY RESULT	AMORTIZED COSTS	DERIVATIVE INSTRUMENTS
Accounts receivable	53 023	53 023		53 023	
Cash	35 400	35 400		35 400	
Guarantee deposits	1 474	1 474		1 474	
Derivative assets	3 564	3 564			3 564
Financial assets	93 461	93 461	0	89 897	3 564
Bank lending facilities	-35 642	-35 642		-35 642	
Financial lease borrowings	-3 973	-3 671		-3 671	
Miscellaneous financial liabilities	-3 150	-3 150		-3 150	
Derivative liabilities	-2 279	-2 279			-2 279
Accounts payable	-71 609	-71 609		-71 609	
Financial liabilities	-116 653	-116 351	0	-114 072	-2 279
TOTAL	-23 192	-22 890	0	-24 175	1 285

In thousands of euros	JUNE 30, 2016 RECOGNISED VALUE	JUNE 30, 2016 FAIR VALUE	BREAKDOWN BY ACCOUNTING CLASSIFICATION FAIR VALUE BY RESULT	AMORTIZED COSTS	DERIVATIVE INSTRUMENTS
Accounts receivable	**51 282**	**51 282**		51 282	
Cash	**39 008**	**39 008**		39 008	
Guarantee deposits	**1 520**	**1 520**		1 520	
Derivative assets	**6 763**	**6 763**			6 763
Financial assets	**98 573**	**98 573**	0	91 810	6 763
Bank lending facilities	**-41 431**	**-41 431**		-41 431	
Financial lease borrowings	**-3 180**	**-3 045**		-3 045	
Miscellaneous financial liabilities	**-5 211**	**-5 211**		-5 211	
Derivative liabilities	**-642**	**-642**			-642
Accounts payable	**-69 343**	**-69 343**		-69 343	
Financial liabilities	**-119 807**	**-119 672**	0	-119 030	-642
TOTAL	-21 234	-21 099	0	-27 220	6 121

The fair value of financial instruments carried at fair value is determined by reference to market data (Level 2 defined by IFRS 7).

To cope with this commitment, as a reminder, the Group has a confirmed credit line of € 120 million.

20. FINANCIAL SURPLUS

In thousands of euros	NOTES	JUNE 30, 2016	JUNE 30, 2015
Cash and cash equivalents	17	**39 008**	35 400
Financial liabilities	19	**-49 822**	-42 765
TOTAL		**-10 814**	**-7 365**

21. STAFF BENEFITS

21.1 Assets linked to staff benefits

There is no assets linked to staff benefits at June 30, 2016.

21.2 Liabilities linked to staff benefits

	JUNE 30, 2016			JUNE 30, 2015
In thousands of euros	GROSS COMMITMENTS	FUNDS ASSETS	NET ASSETS	NET ASSETS
Retirement allowance - France	**-10 616**	**3 532**	**-7 084**	-6 403
Retirements allowance - United Kingdom	**-30 325**	**28 741**	**-1 584**	-48
Early retirement - Belgium	**-303**		**-303**	-341
Statutory profit sharing - France	**-147**		**-147**	-305
TOTAL	**-41 391**	**32 273**	**-9 118**	**-7 097**

21.3 Net costs

Employee benefits impacted the consolidated income statement as follows:

In thousands of euros		JUNE 30, 2016	JUNE 30, 2015
Costs of services rendered		**-920**	-537
Net financial costs		**-138**	-203
Net costs for the year		**-1 058**	-740
Which accounted	in operating costs	**-920**	-537
	in financial costs	**-138**	-203

21.4 Analysis by country

Retirement allowance in France :

In thousands of euros	GROSS COMMITMENTS	FUNDS ASSETS	NET COMMITMENTS
As at june 30, 2014	-9 028	4 051	-4 977
Variation de périmètre			0
Net charge for the year	-793	73	-720
- Costs of services rendered	*-537*	*0*	*-537*
- Financial costs	*-256*	*0*	*-256*
- Expected fund asset yield	*0*	*73*	*73*
Contribution paid	0	181	181
Benefits paid out	384	-384	0
Actuarial gain or losses	-999	112	-887
As at june 30, 2015	-10 437	4 034	-6 403
Variation de périmètre			0
Net charge for the year	-718	53	**-665**
- Costs of services rendered	*-529*		***-529***
- Financial costs	*-189*		***-189***
- Expected fund asset yield		*53*	***53***
Contribution paid		214	**214**
Benefits paid out	545	-544	**1**
Actuarial gain or losses	-6	-225	**-231**
As at june 30, 2016	**-10 616**	**3 532**	**-7 084**

Retirement allowance in Great Britain :

In thousands of euros	GROSS COMMITMENTS	FUNDS ASSETS	NET COMMITMENTS
As at june 30, 2014	-25 526	25 008	-518
Net charge for the year	-1 137	1 117	-20
- Costs of services rendered	*0*		*0*
- Financial costs	*-1 137*		*-1 137*
- Expected fund asset yield		*1 117*	*1 117*
Contribution paid		131	131
Benefits paid out	805	-805	0
Actuarial gain or losses	-1 009	1 399	390
Translation differences	-3 329	3 298	-31
As at june 30, 2015	-30 196	30 148	-48
Net charge for the year	-1 078	1 076	**-2**
- Costs of services rendered	*0*		***0***
- Financial costs	*-1 078*		***-1 078***
- Expected fund asset yield		*1 076*	***1 076***
Contribution paid			**0**
Benefits paid out	710	-710	**0**
Actuarial gain or losses	-4 416	2 715	**-1 701**
Translation differences	4 655	-4 488	**167**
As at june 30, 2016	**-30 325**	**28 741**	**-1 584**

21.5 Actuarial Assumptions

The main actuarial assumptions are as follows:

	France		United Kingdom	
	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2016	JUNE 30, 2015
Discount rate	**1,3%**	2,0%	**2,8%**	3,8%
Future salary increase	**0,8%**	1,1%	**2,9%**	3,3%

- Expected return on assets

The expected return on assets is identical to the discount rate.
This discount rate is determined by geographical region based on long-term corporate AA bond yields as of the valuation date.

- Turnover rate

France, the rate is calculated by the company, according to its socio-professional category. It is decreasing in relation to the age of the employee. The average rate does not exceed 10%.
In Britain, in the case of a defined benefit plan, rights are definitively acquired during the period of presence of employees; the turnover rate is not used.

21.6 Sensitivity test

21.6.1 Commitment

As at June 30th 2016 the change of one percentage point in the discount rate would have the following effects:

	France		United Kingdom	
In thousands of euros	1 POINT DECREASE	1 POINT INCREASE	1 POINT DECREASE	1 POINT INCREASE
Impact on costs of services rendered	-71	58	0	0
Impact shareholders equity	-828	699	-5 629	4 936

21.6.2 Hedging Assets

In France, the hedging assets consist mainly of products at fixed rates. The amount of the asset has been relatively stable for several years; there is no additional payment into the fund.
In Britain, the hedging assets consist mainly of bonds (about 74% as at June 30th 2016 and 75% as at June 30th 2015).

	France		United Kingdom	
En milliers d'euros	1 POINT DECREASE	1 POINT INCREASE	1 POINT DECREASE	1 POINT INCREASE
Impact expected long terme yield of fund assets	-7	47	-284	285

21.7 Fees payable to the scheme in 2016-2017

The best estimate of payments due at the rate for the annual period following that covered by the present annual financial statements (i.e. at the end of June 30th 2017) is:

- French companies: 240k€

22. PROVISIONS

During this period, the balance of provisions was as follows:

In thousands of euros	PROVISONS FOR LITIGATION	PROVISIONS FOR RESTRUCTURING	OTHER PROVISIONS	TOTAL
As at June 30, 2015	2 568	2 376	1 992	6 936
Charge	186	183	47	**416**
Used write back	-275	-1 869	-568	**-2 712**
Impact of exchange rate fluctuations	-12	-15		**-27**
Liabilities linked to discontinued activities		-63	-1 151	**-1 214**
As at June 30, 2016	**2 467**	**612**	**320**	**3 399**

23. OTHER LIABILITIES

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Deposits and down payments received on orders	**20 004**	23 481
Employee benefits liabilities	**27 564**	28 106
Tax liabilities	**6 836**	7 044
Deferred income	**1 302**	1 561
Mescellaneous liabilities	**1 388**	1 767
TOTAL	**57 094**	**61 960**

24. DERIVATIVE INSTRUMENTS

24.1 Summary

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
Derivative assets	**6 763**	3 564
Derivative liabilities	**-642**	-2 279
TOTAL	**6 121**	**1 285**

Derivatives relate only to the hedging of foreign exchange risk related to a policy of currency purchases within the Group. These instruments consist mainly of forward exchange contracts and currency options.

24.2 Analysis of derivative instruments

In thousands of euros	JUNE 30, 2016	JUNE 30, 2015
CHF	**3**	63
USD	**3 833**	2 007
GBP	**2 286**	-785
TOTAL	**6 121**	**1 285**

25. RISK MANAGEMENT

Besides the derivatives instruments, the main liabilities consist of loans, leases with purchase options, bank overdrafts, supplier debts and other payables.

The Group holds assets such as trade and other receivables, cash and term deposits.

The Derivative assets and liabilities are predominantly of purchases and sales of foreign currencies aiming to provide management of foreign exchange risks associated with the Group. The use of derivatives is part of a strict hedging policy.

The main risks related to financial instruments are foreign currency risk, the risk of interest rate and liquidity risk.

25.1 Currency exchange risk

The Damartex Group implements currency hedging instruments on its future cash flows. The bulk of these flows concern purchases in USD in view of imports from Asia and the Middle East.

In thousands of euros	TOTAL
As at june 30, 2014	-70
Changes via shareholders equity	1 094
Changes in financial result	280
Ecart de conversion	-20
As at june 30, 2015	1 285
Changes via shareholders equity	**4 483**
Changes in financial result	**343**
Conversion adjustments	**11**
As at june 30, 2016	**6 121**

The following table shows the sensitivity of profit before tax (due to changes in fair value of monetary assets and liabilities) and the Group's equity (related to the fair value of futures contract variations) to reasonable changes in the exchange rate of the various currencies used in the Group, assuming that all other variables remain constant.

	JUNE 30, 2016	
In thousands of euros	- 10%	+ 10%
Impact on result	-584	92
Impact on shareholders equity	-11 386	12 472

25.2 Interest rate risk

As at June 30th 2016 The Group's financial liabilities consist primarily of bank loans and a lease.

To date, bank credits, paid at variable rates, are not the subject of any hedging.

The lease finance debt is at a variable rate. The table below shows the sensitivity of the Group's profit before tax to a reasonable change in interest rates, with all other variables held constant (impact on medium-term floating rate borrowings). The Group's equity is not affected.

In thousands of euros	BASE POINT VARIATION	JUNE 30, 2016	JUNE 30, 2015
Euro	+/- 10	+/- 4	+/- 4
Euro	+/- 15	+/- 5	+/- 7

25.3 Liquidity risk

Group financing is mainly based on a lease, bank loans, and medium-term credit facilities used occasionally, given the level of the Group's net cash. The Group does not use revolving credit, nor does it practice securitization.

The following table shows the maturity profile of the Group's liabilities as at June 30th, based on contractual undiscounted payments

In thousands of euros	SIGHT	LESS THAN 6 MONTS	6 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Borrowings bearing interest		391	402	3 180		3 973
Accounts payable	68 727	2 977	205			71 909
Bank lending facilities	35 642					35 642
As at June 30, 2015	**104 369**	**3 368**	**607**	**3 180**	**0**	**111 524**

In thousands of euros	SIGHT	LESS THAN 6 MONTS	6 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Borrowings bearing interest		413	425	2 342		**3 180**
Accounts payable	65 460	3 468	385			**69 313**
Bank lending facilities	41 431					**41 431**
As at June 30, 2016	**106 891**	**3 881**	**810**	**2 342**	**0**	**113 924**

25.4 Equity risk

As at June 30th 2016, the Group is not exposed to any equity risk.

25.5 Capital management

Equity includes share capital, share premium, revaluation reserves, and reserves with retained earnings.

The Group's objective is to maintain the ratios on capital as healthy as possible to ensure in particular a good credit rating from its external financial partners. The Group also aims to maximize the value of equity vis-à-vis shareholders and respect the thresholds laid down by the law.

These objectives have remained constant for several years, and have been achieved.
The Group has a liquidity contract. This agreement aims to promote the liquidity of transactions and the true and fair quotation of its shares through an investment service provider. These commitments relate to a minimum of €150K cash and 3,000 shares.

25.6 Credit risk

Given the large number of customers in many countries, there is no concentration of credit risk on receivables held by the Group.

25.7 Other risks

In order to reduce the potential volatility of the assets of hedge funds related to employee benefits, the Damartex group reduced the share portion of these assets in previous financial years, in exchange for an increase in the weight of bonds. The repartition is still stable this year.

26. STOCK-OPTIONS AND FREE SHARE PLANS

Stock options and free shares are valued at their market value at the grant date. From that date, an expense is recognized in the income statement over the vesting period of the rights of employees. The annual IFRS 2 expense is calculated by an external expert in the relevant plans. As at June 30th 2016, the IFRS 2 expense represents annual 168 K €. It is recognized in personnel expenses.

26.1 Stock-options plans

PLAN DATE	NUMBER OF BENEFICIARIES	NUMBER OF OPTIONS GRANTED	OPTION EXERCISE PRICE	OPENING DATE FOR EXERCISE OF OPTIOS	UTIMATE DATE FOR EXERCISE OF OPTIONS	OPTIONS ASSOCIATED TO CONDITIONS NOT SATISFIED	EXERCISED OPTIONS	NUMBER OF OPTIONS TO BE EXERCISED AS AT JUNE 30, 2016
December 2, 2010	4	18 000	20,80	02.12.2014	30.06.2016	-10 000	-8 000	**0**
February 21, 2012	5	22 000	19,21	22.02.2016	30.06.2017	0	0	**22 000**
March 5, 2013	4	18 000	15,62	06.03.2017	29.06.2018	-18 000	0	**0**
TOTAL		58 000				-28 000	-8 000	22 000

Changes over the past three years

	2015/2016		2014/2015		2013/2014	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Options non exercised by july 1	**30 000**	**18,89**	36 000	18,89	55 806	17,62
Options granted	**0**	**0,00**	0	0,00	0	0,00
Options canceled	**0**	**0,00**	0	0,00	11 806	19,68
Options exercised	**8 000**	**0,00**	6 000	14,85	8 000	14,85
Options not exercised by year end	**22 000**	**0,00**	30 000	19,70	36 000	18,89
Options available for exercise by year end	**4 000**	**21,06**	8 000	21,06	6 000	14,85

26.2 Free share plans

PLAN DATE	NUMBER OF BENEFICIARIES	NUMBER OF ACTIONS GRANTED	VALORIZATION	ACQUISITION DATE	AVAILABILITY DATE	ACTIONS ASSOCIATED TO CONDITIONS NOT SATISFIED	EXERCISED ACTIONS	NUMBER OF ACTIONS TO BE EXERCISED AS AT JUNE 30, 2016
March 5, 2013	31	20 150	14,53	05.03.2015	06.03.2017	-2 500	-17 650	**0**
March 5, 2013	33	42 300	14,53	05.03.2015	06.03.2017	-42 300		**0**
March 5, 2013	6	3 900	13,63	06.03.2017	05.03.2017	-634		**3 266**
March 5, 2013	6	7 300	13,63	06.03.2017	06.03.2017	-7 300		**0**
June 12, 2014	1	750	17,80	13.06.2016	14.06.2018		-750	**0**
December 3, 2014	2	7 400	17,68	05.12.2016	04.12.2018	-1 850		**5 550**
December 3, 2014	1	1 150	17,68	05.12.2018	04.12.2018	-288		**862**
December 11, 2015	7	15 800	19,95	11.12.2017	11.12.2019	0		**15 800**
December 11, 2015	1	2 300	19,95	11.12.2019	11.12.2019	0		**2 300**
Total		101 050				-54 872	-18 400	27 778

27. OFF-BALANCE SHEET COMMITTMENTS

Off-balance sheet commitments given by the Damartex Group are as follows:

In thousands of euros	Less than 1 Years	1 to 5 years	Over 5 years	JUNE 30, 2016	JUNE 30, 2015
Bank guarantee			2 760	**2 760**	2 760
Warranty given		3 025		**3 025**	3 514
Leasing contracts (*)	15 436	12 643		**28 079**	25 678
TOTAL				**33 864**	**31 952**

(*) The amount mentioned on the "Leases" represents the amount of future minimum lease payments under lease agreements, the non-cancellable period by the leaser. These are mainly non-cancellable store leases.

28. MANPOWER

	JUNE 30, 2016	JUNE 30, 2015
Manpower	**3 181**	3 205

29. CONSOLIDATION PERIMETER

Companies consolidated as at June 30th 2016:

COMPANY NAME	REGISTRED OFFICE	% CONTROL JUNE 30, 2016	% INTEREST JUNE 30, 2016	% INTEREST JUNE 30, 2015
Damartex	59100 Roubaix (France)	**(mère)**		
Damart Serviposte	59100 Roubaix (France)	**100,00**	**100,00**	100,00
D.S.B.	59100 Roubaix (France)	**100,00**	**100,00**	100,00
Vernier Leurent SAS	59100 Roubaix (France)	**100,00**	**100,00**	100,00
La Maison du Jersey	59100 Roubaix (France)	**100,00**	**100,00**	100,00
Damartex UK Ltd	Bingley (United Kingdom)	**100,00**	**100,00**	100,00
SHC	Bingley (United Kingdom)	**100,00**	**100,00**	100,00
Cofisel	Bale (Switzerland)	**100,00**	**100,00**	100,00
Damart Swiss AG	Lenzburg (Switzerland)	**100,00**	**100,00**	100,00
Damart TSD	Dottignies (Belgium)	**100,00**	**100,00**	100,00
DCT	La Marsa (Tunisia)	**100,00**	**100,00**	100,00
DMT	Zaghouan (Tunisia)	**100,00**	**100,00**	100,00
Afibel	59650 Villeneuve d'Ascq (France)	**100,00**	**100,00**	100,00
Auber Tissus	59650 Villeneuve d'Ascq (France)	**100,00**	**100,00**	100,00
Happy D. by Damart	59100 Roubaix (France)	**100,00**	**100,00**	100,00
Developpex2	59100 Roubaix (France)	**100,00**	**100,00**	100,00
Developpex3	59100 Roubaix (France)	**100,00**	**100,00**	100,00
TEDL	Bishops Stortford (United Kingdom)	**100,00**	**100,00**	100,00
TEDR	Bishops Stortford (United Kingdom)	**100,00**	**100,00**	100,00
Vivadia	Valbonne (France)	**100,00**	**100,00**	-

30. SUBSEQUENT EVENTS

As at September 1st, 2016, Damartex has acquired 100% of part of Xandres company, based in Belgium.

The Xandres group is one of the up-market textile distribution leaders. This acquiring allows to Damartex to expand his brand portfolio in the up-market to 50-60 years people and enjoy the know-how of Xandres in wholesale distribution.

31. PERTINENT INFORMATION FOR PARTIES INVOLVED

31.1 Relationship between Damartex and the parent company

JPJ-D is the parent company of Damartex.
There are no significant transactions with the JPJ-D company outside of the dividend paid for the year ended June 30th 2015 (3,732 K€ for all shareholders).

31.2 Relationship between Damartex and its subsidiaries

They are of a conventional nature:
- tax consolidation agreement
- cash pooling
- financing activities
- service activities

31.3 Director remuneration

The gross compensation and benefits paid to members of the Damartex Supervisory Board, and Board and Directors for the year, in payment for their functions within Group companies amounted to 787 K€.

In thousands of euros	**JUNE 30, 2016**	JUNE 30, 2015
Remuneration granted	**723**	619
Post employment benefits	**6**	6
Share-based payment	**58**	38
TOTAL	787	663

The post-employment benefit corresponds to the rights acquired during the period for the retirement allowance. Payment in shares represents the IFRS 2 expense plans of stock options and free shares concerning directors.

31.4 Directors' interests in the stock options plans and free shares allocation plans

The options plans where Directors have interests have the following characteristics:

* Stock options

PLAN DATE	OPTION EXERCISE PRICE	OPENING DATE FOR EXERCISE OF OPTIOS	UTIMATE DATE FOR EXERCISE OF OPTIONS	NUMBER OF OPTIONS TO BE EXERCISED AS AT JUNE 30, 2016	NUMBER OF OPTIONS TO BE EXERCISED AS AT JUNE 30, 2015
December 2, 2010	20,80	02.12.2014	30.06.2016	0	8 000
February 21, 2012	19,21	22.02.2016	30.06.2017	22 000	22 000
March 5, 2013	15,62	06.03.2017	29.06.2018	0	8 000
TOTAL				22 000	38 000

* Free shares

PLAN DATE	VALORIZATION	ACQUISITION DATE	AVAILABILITY DATE	NUMBER OF ACTIONS TO BE EXERCISED AS AT JUNE 30, 2016	NUMBER OF ACTIONS TO BE EXERCISED AS AT JUNE 30, 2015
March 5, 2013	14,53	05.03.2015	06.03.2017	0	0
March 5, 2013	14,53	05.03.2015	06.03.2017	0	0
December 3, 2014	17,68	05.12.2016	04.12.2018	5 550	5 550
December 11, 2015	19,95	11.12.2017	10.12.2019	15 800	
Total				21 350	5 550

FINANCIAL REPORT
2015-2016

AUDITOR'S REPORT

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting, we hereby report to you, for the year ended June 30, 2016&, on:
- the audit of the accompanying consolidated financial statements of Damartex;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the executive board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.
Without questioning the opinion expressed above, we draw your attention to the note 8.2 "Deferred taxes" from the appendix which exposes the modalities of activation of the deficits of the French fiscal group of integration.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Intangible and tangible assets

As indicated in paragraph 2.11 of section "2-Accounting principles and methods" of the notes to the consolidated financial statements, your group performs annual impairment tests of its goodwill and its non-depreciable intangible assets, and also evaluates whether there is any indication that its tangible assets may be impaired. We have reviewed the conditions in which these impairment tests are set up and have made sure of the reasonableness of the assumptions on which they are based.

Realization value of inventories

As indicated in paragraph 2.13 of section "2-Accounting principles and methods" of the notes to the consolidated financial statements, your group records provisions for inventory depreciation. Our procedures consisted in assessing the assumptions selected by your group in terms of realization value, particularly on the basis of previous years' actual sales.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Lille, October 14, 2016

The statutory auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
French original signed by	
Jean-Yves Morisset	Carole Dessaint

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