damartex GROUP

ON SENIORS'SIDE

DAMART
AFIBEL
MAISON DU
JERSEY
XANDRES
SEDAGYL
DELABY
COOPERS OF
STORTFORD
3 PAGEN
VITRINE
MAGIQUE
JOURS HEUREUX

2018 2019

RAPPORT ANNUEL

MODE & PRÊT-À-PORTER — HOME & LIFESTYLE

FINANCIAL REPORT
2018-2019

CONSOLIDATED FIGURES

damartex GROUP

CONSOLIDATED BALANCE SHEET

Assets

In thousands of euros	NOTES	30 JUNE 2019	30 JUNE 2018
Goodwill	11	**16 573**	21 986
Intangibles assets	11	**82 039**	99 692
Tangibles assets	12	**80 770**	84 128
Financial assets	20	**1 814**	2 016
Deferred tax assets		**0**	0
Non current assets		**181 196**	207 822
Inventories	14	**118 840**	121 682
Accounts receivable	15	**47 127**	47 305
Other accounts receivable	16	**13 988**	15 580
Current tax assets		**4 288**	7 462
Derivative assets	20-25	**3 029**	4 381
Cash and cash equivalent	17-19-20	**29 298**	50 112
Current assets		**216 570**	246 522
TOTAL ASSETS		**397 766**	**454 344**

Liabilities

In thousands of euros	NOTES	30 JUNE 2019	30 JUNE 2018
Share capital		**103 096**	103 096
Issued premium		**21 855**	21 855
Reserves		**35 584**	75 429
Equity, group share		**160 535**	200 380
Minority interests		**-19**	-6
Shareholders equity	18	**160 516**	200 374
Financial liabilities	19-20-21	**718**	3 417
Employee benefits liabilities	22	**19 783**	18 813
Deferred tax liabilities		**11 568**	15 905
Non current liabilities		**32 069**	38 135
Financial liabilities	19-20-21	**56 743**	77 208
Provisions	23	**1 938**	1 922
Accounts payable	20	**90 794**	76 821
Other payable	24	**51 788**	57 633
Corrent tax liabilities		**3 387**	1 645
Derivative liabilities	20-25	**531**	606
Current liabilities		**205 181**	215 835
TOTAL LIABILITIES		**397 766**	**454 344**

CONSOLIDATED INCOME STATEMENT

In thousands of euros	NOTES	30 JUNE 2019	30 JUNE 2018 restated (*)
Sales	5	720 003	754 894
Purchase consumed		-253 959	-266 004
Salaries and benefits		-130 513	-132 421
External costs		-321 808	-328 545
Depreciation		-14 202	-13 058
Charges to ; writebacks from provisions		1 658	1 402
Current operating result		1 179	16 268
Other operating income	6	233	1 478
Other operating costs	6	-4 437	-345
Assets impairment	6	-27 424	0
Operating result		-30 449	17 401
Financial income		38	196
Financial espenses		-1 077	-1 078
Financial result	7	-1 039	-882
Result before tax		-31 488	16 519
Income tax	8	-1 926	-3 069
Net result		-33 414	13 450
NET RESULT OF DISCONTINUED ACTIVITIES	4	-1 435	-3 106
NET GROUP RESULT		-34 849	10 344
of which Group		-34 852	10 371
of which minority interest		3	-27
Résultat net du Groupe		-34 852	10 371
Net earning per share (in Euros)	9	-4,98	1,48
Net diluted earning per share (in Euros)	9	-4,97	1,48

(*) Restated following Vivadia closing (cf note 4)

CONSOLIDATED COMPREHENSIVE INCOME

In thousands of euros	NOTES	30 JUIN 2019	30 JUNE 2018 restated (*)
Net result		-34 849	10 344
Foreign exchange hedging		**-1 561**	9 018
Conversion adjustments		**-413**	-1 251
Tax impact		**584**	-3 073
Gains and loss transferable to income statement		**-1 390**	4 694
Employee benefit commitments		**-691**	953
Tax impact		**138**	-115
Gains and loss not transferable to income statement		**-553**	838
Other comprehensive income after tax	10	**-1 943**	5 532
NET COMPREHENSIVE INCOME		-36 792	15 876
of which Group		**-36 796**	15 903
of which minority interest		**3**	-27

(*) Restated following Vivadia closing (cf note 4)

CONSOLIDATED SHAREHOLDERS' EQUITY

In thousands of euros	Share capital	Issued premium	Own share	Consolidated reserves and result	Foreign exchange hedging	Conversion adjustments	Tax impact	Shareholders equity: Group share	Minority interests	TOTAL SHAREHOLDERS EQUITY
As at june 30, 2017	103 096	21 855	-6 849	85 263	-5 626	-11 124	5 092	191 707	-24	191 683
Net result				10 371				10 371	-27	10 344
Other comprehensive income				953	9 018	-1 251	-3 188	5 532	0	5 532
Net comprehensive income	0	0	0	11 324	9 018	-1 251	-3 188	15 903	-27	15 876
Dividends paid (*)				-4 540				-4 540		-4 540
Own shares operations			-3 306	616				-2 690		-2 690
Change in consolidation scope								0	45	45
As at june 30, 2018	**103 096**	**21 855**	**-10 155**	**92 663**	**3 392**	**-12 375**	**1 904**	200 380	**-6**	200 374

In thousands of euros	Share capital	Issued premium	Own share	Consolidated reserves and result	Foreign exchange hedging	Conversion adjustments	Tax impact	Shareholders equity: **Group share**	**Minority interests**	**TOTAL SHAREHOLDERS EQUITY**
As at june 30, 2018	103 096	21 855	-10 155	91 953	4 102	-12 375	1 904	**200 380**	-6	**200 374**
Net result				-34 852				**-34 852**	3	**-34 849**
Other comprehensive income				-691	-1 561	-413	722	**-1 943**		**-1 943**
Net comprehensive income	0	0	0	-35 543	-1 561	-413	722	**-36 796**	3	**-36 793**
Dividends paid (*)				-3 432				**-3 432**		**-3 432**
Own shares operations			143	231				**374**		**374**
Change in consolidation scope				9				**9**	**-15**	**-6**
As at june 30, 2019	**103 096**	**21 855**	**-10 012**	**53 217**	**2 541**	**-12 788**	**2 625**	**160 535**	**-19**	**160 516**

(*) Net dividend paid of 0,50 € per share for the year end of June 30, 2018. Taking account of the loss recorded this year, the Directoire will not propose dividend during the general meeting of November 13, 2019.

CONSOLIDATED CASH-FLOW STATEMENT

In thousands of euros	NOTES	30 JUNE 2019	30 JUNE 2018 restated (*)
OPERATING ACTIVITIES			
Result before tax		**-31 488**	16 519
. Depreciation and provisions		40 773	10 869
. Gains and losses arising from change in faire value		-278	-587
. Calculated income and expenses relating to stock option and equivalent		154	311
. Interest expenses		612	562
. Gains ond losses on disposal		53	340
Income and expenses without cash impact or unrelated to operations		**41 314**	11 495
OPERATING CASH FLOW		**9 826**	**28 014**
Paid income tax		1 160	4 906
CASH FLOW		**10 986**	32 920
Decrease (+) and increase (-) in inventories		3 703	-2 231
Decrease (+) and increase (-) in accounts receivable		-833	2 586
Decrease (-) and increase (+) in accounts payable		14 913	380
Other variances		-5 508	-4 061
Change in working capital requirements relating to operations		**12 274**	-3 327
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**23 260**	29 593
INVESTMENTS ACTIVITIES			
Assets acquisitions:			
. Intangible assets	11	-7 977	-6 036
. Tangible assets	12	-9 261	-11 180
. Financial assets		-225	-198
Assets disposal		1 512	1 546
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**-15 951**	-15 868
FINANCING ACTIVITIES			
Debt repayments		-1 837	-2 096
Dividends paid		-3 432	-4 540
Purchase / sale of own share		-14	-531
Interest paid		-612	-562
Acquisition of minority interests		-15	45
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		**-5 910**	-7 684
Net cash flow from discontinued activities (D)	4	-1 094	-947
Impact in cash from variainces in currency transactions (D)		215	-339
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**520**	**4 755**
Cash and cash equivalents		50 112	33 277
Bank lending facilities		-76 520	-64 440
OPENING CASH AND CASH EQUIVALENTS		**-26 408**	-31 163
Cash and cash equivalents		29 298	50 112
Bank lending facilities		-55 186	-76 520
CLOSING CASH AND CASH EQUIVALENTS	17	**-25 888**	-26 408

(*) Restated following Vivadia closing (cf 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 160 boulevard de Fourmies, 59100 Roubaix, France at 30 June 2019.

The consolidated financial statements for the 2018/2019 financial year ended on June 30th, 2019 were approved by the Management Board on September 6, 2019. 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 2019 were prepared in accordance with international accounting standards (IAS / IFRS) as adopted by the European Union and applicable as of June 30th 2019.

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 2019, 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 2019.

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 2018

As of June 30th 2019, the new standards adopted within the European Union, that are mandatory for the Group on, or after July 1st 2018 are the following:

- IFRS 15 - R*evenue from contracts with customers*
- IFRS 9 – *Financial instruments*

IFRS 15 sets out the revenue recognition principles applicable to all contracts with customers, with the exception of leasing, insurance, financial instruments and guarantees.
The manner in which these revenues are recorded in the income statement must reflect the rate of transfer to the customer of control of the good or service sold, for the amount to which the seller expects to be entitled in exchange for the good or service.
The application of this new standard did not result in any changes to the Group’s accounting treatments on income recognition.

IFRS 9 - Financial Instruments replaces IAS39 – Financial Instruments: Recognition and Measurement, which brings together the three aspects of accounting for financial instruments:

- Classification and Evaluation
- Depreciation
- Hedge accounting

The application of the "Classification and Valuation" component had no impact on the Group’s accounting policies with regard to the measurement of financial liabilities.

IFRS 9 introduces a “write-down” model for commercial receivables based on the recognition of expected credit losses from the moment financial instruments are recognised (forward-looking). The assessment of customer credit risk within the Group complies with the conditions of this new standard. The application of this procedure did not lead to any change in accounting procedures.

The application of the “hedge accounting” part requires the recognition of the ineffective share of hedging instruments in “other comprehensive income”, whereas previously this ineffectiveness was recorded as “financial expenses/income”. The consolidated income statement has not been restated from the first application of IFRS9 because the impacts are non-material.

2.2.2 Normes, amendements et interprétations applicables à compter du 1er janvier 2019

Les normes suivantes déjà publiées dont l'application est obligatoire pour les exercices ouverts à compter du 1er janvier 2019 sont listées ci-dessous. Le Groupe a décidé de ne pas les appliquer par anticipation.

NORMES
IFRS 16 – *Contrats de location*
Amendement à IFRS 9 – *Instruments financiers*

2.2.3 Expected impacts under future standards, amendments and interpretations

Method of applying IFRS 16
For the Damartex group, the application of IFRS 16, from 1 July 2019, will impact the financial statements, mainly due to the retail activity within the "Mode and ready-to-wear" division.
The Group will apply the simplified method for the first application of IFRS 16 by recognising an asset for lease rights for contracts previously classified as single leases (according to IAS 17), for the amount of the lease debt as of June 30, 2019.

Financial estimate of IFRS 16 as at 30 June 2019
With this in mind, the Group conducted simulations to value the expected lease debt at the transition date. This is estimated at €57.2M. The Ebitda would be improved by €11.6M. The definitive valuation of the amount of the debt on rental contracts, as well as the impact of Ebitda could be required to evolve by the publication of the half-yearly accounts on 31 December 2019.
As at June 30, 2019, IFRS 16 does not incorporate:

- Contracts already signed on 30 June 2019 but for which the effective date is after the transition date
- Leases with an initial term of one year or less
- Leases where the underlying asset is considered low value

Impact on financial statement presentation
The application of IFRS 16 will require a new presentation of the consolidated financial statements from the half-year accounts as at 31 December 2019:

- The Consolidated Statement of Financial Position will include:
  - o The right to use and the associated amortizations in "tangible capital assets" according to the underlying assets ("Non-current assets")
  - o The lease debt in "Non-current financial liabilities" for the share greater than one year and in "Current financial liabilities" for the share of debt less than or equal to one year.
- The consolidated income statement will show:
  - o Rental charges in “External charges”, for variable rents, low-value asset rents and contracts with an initial term of less than or equal to one year
  - o Amortization expenses of user charges in “Amortization expenses” for the discounted fixed portion of rents with an initial term greater than one year or whose underlying asset is not of low value

o The interest expense relating to lease debts in "Financial charges"

• The consolidated cash flow statement will present the impact of lease agreements in:

- o "Net cash flows generated by the activity" which will include disbursements related to variable rents, low value asset rents and contracts with an initial term of one year or less
- o "Net cash flows related to financing" which will include disbursements related to fixed rents, corresponding to the repayment of debt on lease contracts (including interest)

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.

2.4.1 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.

2.4.2 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 2019 covers the period from July 2, 2018- to June 30, 2019. 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, 2019.

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, Great Britain and Germany
- 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., it is renewed automatically every 5 years. il est renouvelé par tacite reconduction tous les 5ans. All French companies have been included in the scope of this consolidation as of July 1st 2018.

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.

Revenue is valued at the amount to which the Group expects to be entitled in exchange for the good or service.

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.

2.27 Financial Income

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

2.28 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

This year, the Group ended the activities of Vivadia and E-wear Solutions, whose contributions to the results were negative, with activities not offering enough prospects.

4. DISCONTINUED ACTIVITIES

In October 2018, the Group took the decision to stop the Vivadia brand. This activity marketed, via a web platform, personal and home equipment products for seniors.
This decision meets the criteria of IFRS 5 – Discontinued business to the extent that Vivadia:

- Is a component from which the Group has separated
- Represents a separate line of businesse

Results as of June 30 are presented below:

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Sales	333	1 129
Purchase consumed	**-298**	-676
Salaries and benefits	**-640**	-863
External costs	**-267**	-371
Depreciation	**-87**	-80
Charges to ; writebacks from provisions	**3**	-3
Current operating result	**-956**	-864
Other operating income	**0**	-900
Other operating costs	**-477**	-1 340
Operating result	**-1 433**	-3 104
Financial income	**0**	0
Financial espenses	**-2**	-2
Financial result	**-2**	-2
Result before tax	**-1 435**	-3 106
Income tax	**0**	0
NET RESULT OF DISCONTINUED ACTIVITIES	-1 435	-3 106

The net cash flows generated by Vivadia are analysed as follows:

In thousands of euros	30 JUNE 2019	30 JUNE 2018
NET CASH FLOW FROM OPERATING ACTIVITIES	**-1 056**	-688
NET CASH FLOW FROM INVESTING ACTIVITIES	**-38**	-259
NET CASH FLOW FROM FINANCING ACTIVITIES	**0**	0
Net cash flow from discontinued activities	-1 094	-947

Given the small size of E-wear Solutions, the Group did not proceed with the discontinued business classification of this entity.

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, 2018

In thousands of euros	FASHION	HOME & LIFESTYLE	TOTAL
Sales (*)	585 483	169 411	**754 894**
Operating result (*)	10 151	7 250	**17 401**
Depreciation (*)	11 466	1 592	**13 058**
Investments	14 939	2 277	**17 216**

(*) Restated following Vivadia closing (cf note 4)

June 30th, 2019

In thousands of euros	FASHION	HOME & LIFESTYLE	**TOTAL**
Sales	548 070	171 933	**720 003**
Operating result	-32 423	1 974	**-30 449**
Depreciation	12 583	1 619	**14 202**
Investments	14 845	2 436	**17 281**

Breakdown of consolidated sales according to customer location

En milliers d'euros	**30 JUNE 2019**	**30 JUNE 2018 restated (*)**
France	**377 517**	405 272
Belgium - Luxembourg	**96 650**	96 391
United Kingdom	**155 911**	160 148
Germany	**72 215**	71 759
Austria	**7 683**	7 791
Switzerland	**9 990**	11 350
Austria	**36**	2 183
TOTAL	**720 003**	**754 894**

(*) Restated following Vivadia closing (cf note 4)

6. OTHER OPERATING INCOME AND EXPENSES

In thousands of euros	30 JUNE 2019	30 JUNE 2018 restated (*)
Other Comprehensive Income	**0**	1 020
Net result from disposal of assets	**233**	458
Other operating income	**233**	1 478
Other non current items	**-4 437**	-345
Other operating expenses	**-4 437**	-345
Assets impairment	**-27 424**	0
TOTAL	-31 628	1 133

Impairment of assets consists of impairment related to impairment losses recognised during the period (see Note 11)

(*) Restated following Vivadia closing (cf note 4)

7. FINANCIAL RESULT

In thousands of euros	30 JUNE 2019	30 JUNE 2018 restated (*)
Financial income	**38**	36
Foreign exchange	**0**	160
Financial income	**38**	196
Financial expenses	**-946**	-1 078
Foreign exchange	**-131**	0
Financial expenses	**-1 077**	-1 078
TOTAL	-1 039	-882

(*) Restated following Vivadia closing (cf note 4)

8. TAX

8.1 Income tax

In thousands of euros	30 JUNE 2019	30 JUNE 2018 restated (*)
RESULT BEFORE TAX	**-31 488**	16 519
Tax rate	*34,43%*	*34,43%*
Theoretical tax at the applicable tax rate	**-10 841**	5 687
Rate differences (**)	**3 169**	-1 688
Non activated deficits (+ : unrecognized ; - : used)	**6 734**	379
Tax credit	**894**	-636
Non deductible charge and various	**1 970**	-673
Total income tax recognised in the income statement	**1 926**	3 069
Tax payable	**5 277**	4 933
Deferred tax	**-3 351**	-1 864
Effective tax rate	***-6,1%***	*18,6%*

(*) Restated following Vivadia closing (cf note 4)

(**) Mainly linked to Great Britain activities with tax rate of 20% and also the decrease of the tax rate forecasted in France (25%) (impact on medium and long term deferred tax)

8.2 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 2019 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.

Given the results of the year and the prudence over the next few years, conditions are not being met in France. As a result, all deficits activated in previous years were resumed and no activation was recorded as of 30 June 2019. At that time, deficits now amount to €25.0 million base for a tax amount of €7.0 million.

As in previous years, not all conditions were met in Switzerland and Belgium (for Labels by Andres), no activation was found.

On the other hand, pursuant to the principle described above, all English deficits created during the year were activated for an amount of €0.3 million in taxes.

As a result, the Group’s unactivated deficits represent approximately €35.8 million of base revenue for an unactivated tax amount of €9.7 million (compared to €9.5 million of base revenue for an unactivated tax amount of €2.4 million as of June 30, 2018).

8.3 Analysis by country

Deferred Tax Assets

As at 30 June 2019, there was no deferred tax asset.

Deferred Tax Liabilities

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Germany	**6 210**	6 384
Belgium	**1 585**	1 744
United Kingdom	**2 694**	3 064
France	**1 079**	4 713
TOTAL	11 568	15 905

8.4 Analysis by nature

Deferred Tax Assets

In thousands of euros	30 JUNE 2019	30 JUNE 2018
DTA linked to employee benefits	**3 130**	3 110
DTA linked to fiscal and social debts	**1 974**	2 129
DTA linked to IFRIC 13 customer loyalty	**300**	296
DTA linked to marketing costs	**55**	60
DTA linked to temporary differences	**1 777**	1 287
DTA linked to fiscal reported losses	**345**	1 606
DTA/DTL compensation	**-7 581**	-8 488
TOTAL	0	0

Deferred Tax Liabilities

In thousands of euros	30 JUNE 2019	30 JUNE 2018
DTL linked to difference in depreciation plans	**4 235**	4 574
DTL linked to leasing	**1 300**	1 213
DTL linked to foreign exchange hedging instruments	**860**	1 300
DTL linked to temporary differences	**1 378**	1 296
DTL linked to brands	**10 371**	15 051
Other	**1 005**	959
DTA/DTL compensation	**-7 581**	-8 488
TOTAL	11 568	15 905

Deferred tax expense for the period

In thousands of euros	30 JUNE 2019	30 JUNE 2018
DT Linked to difference in provision	**51**	145
DT linked to employee benefits	**84**	228
DT linked to differences in depreciation plans	**-4 992**	-2 108
DT linked to temporary differences social and fiscal	**-173**	316
DT linked to foreign exhange hedging instruments	**144**	183
DT linked to fiscal losses activation	**1 258**	-72
DT linked to IFRIC 13 customer loyalty	**-4**	-4
Other	**281**	-552
TOTAL	-3 351	-1 864

9. EARNINGS PER SHARE

	30 JUNE 2019	30 JUNE 2018
Net profit group share (in thousands of Euros)	**-34 852**	**10 371**
Average number of shares	**7 364 000**	7 364 000
Average number of own shares	**363 750**	358 637
Number of shares used in the calculation	**7 000 250**	7 005 363
Net earnings per sahre (in Euros)	**-4,979**	1,480
Dilution effect		
Dilution effect of stock option plans	**9 215**	11 902
Number of shares used in the calculation	**7 009 465**	7 017 265
Net diluted earning per share (in Euros)	**-4,972**	1,478

Share movements during the period concerning treasury shares :

	30 JUNE 2018	PURCHASES	SALES	REALISED GAINS (+) OR LOSSES (-)	30 JUNE 2019
Number of own shares	498 903	16 674	-23 457		**492 120**
Average price (in Euros)	20,35				**20,34**
TOTAL (in thousands of Euros)	**10 155**	**348**	**-451**	**-40**	**10 012**

10. ELEMENT OF NET COMPREHENSIVE INCOME

In thousands of euros	FOREIGN EXCHANGE HEDGING INSTRUMENTS	CONVERSION ADJUSTMENTS	EMPLOYEE BENEFITS	TOTAL
Change in value	14 946	-1 251	955	**14 650**
Transfered in income statement	-5 928			**-5 928**
Tax impact	-3 105	30	-115	**-3 190**
AS AT JUNE 30, 2018	**5 913**	**-1 221**	**841**	**5 532**

In thousands of euros	FOREIGN EXCHANGE HEDGING INSTRUMENTS	CONVERSION ADJUSTMENTS	EMPLOYEE BENEFITS	TOTAL
Change in value	-1 845	-413	-691	**-2 948**
Transfered in income statement	284			**284**
Tax impact	538	46	138	**722**
AS AT JUNE 30, 2019	**-1 023**	**-367**	**-553**	**-1 943**

11. INTANGIBLE ASSETS

In thousands of euros	30 JUNE 2019 GROSS	30 JUNE 2019 AMORT. AND DEP.	30 JUNE 2019 NET	30 JUNE 2018 NET
Goodwill	**24 116**	**-7 543**	**16 573**	21 986
Patent, licenses and software	**39 693**	**-29 189**	**10 504**	8 967
Trademarks	**74 378**	**-20 474**	**53 904**	74 107
Right to Lease	**10 046**	**-670**	**9 376**	9 843
Other intangible assets	**10 604**	**-2 349**	**8 255**	6 775
TOTAL	**158 836**	**-60 224**	**98 612**	**121 678**

11.1 Gross Value

In thousands of euros	GOODWILL	PATENT, LICENSES, SOFTWARE	TRADEMARKS	RIGHT TO LEASE	OTHER INTANGIBLE ASSETS	TOTAL
As at june 30, 2018	24 219	34 968	74 501	9 907	9 003	**152 597**
Acquisitions		3 036	42	140	4 802	**8 020**
Disposal		-1 168			-330	**-1 498**
Exchange effect	-103	-5	-165	-1	-9	**-283**
Other movements		2 862			-2 862	**0**
As at june 30, 2019	**24 116**	**39 693**	**74 378**	**10 046**	**10 604**	**158 836**

11.2 Amortizations and Depreciations

In thousands of euros	GOODWILL	PATENT, LICENSES, SOFTWARE	TRADEMARKS	RIGHT TO LEASE	OTHER INTANGIBLE ASSETS	TOTAL
As at june 30, 2018	-2 233	-26 001	-394	-64	-2 228	**-30 919**
Amortizations & depreciation	-5 310	-3 737	-20 037	-606	-124	**-29 814**
Disposals		541				**541**
Exchange effect		8	-43		3	**-32**
Other movements						**0**
As at june 30, 2019	**-7 543**	**-29 189**	**-20 474**	**-670**	**-2 349**	**-60 224**
Net amount as at June 30, 2019	**16 573**	**10 504**	**53 904**	**9 376**	**8 255**	**98 612**

The depreciations recognized over the year are detailed in the note 13.2.

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:

En milliers d'euros	GOODWILL	TRADEMARKS	RIGHT TO LEASE	30 JUNE 2019	30 JUNE 20118
Belgium	3 711	1 360	1 573	**6 644**	6 652
Switzerland	0	0	0	**0**	1 893
France	0	12 586	7 680	**20 266**	44 100
United Kingdom	8 649	20 533	123	**29 305**	29 654
Germany	4 213	19 425	0	**23 638**	23 638
TOTAL	**16 573**	**53 904**	**9 376**	**79 853**	**105 937**

12. TANGIBLE ASSETS

In thousands of euros	30 JUNE 2019 GROSS	30 JUNE 2019 AMORT. AND DEP.	30 JUNE 2019 NET	30 JUNE 2018 NET
Land	**10 388**	**-222**	**10 166**	10 279
Buildings	**80 646**	**-45 235**	**35 411**	34 802
Plant, equipment and tooling	**47 977**	**-40 236**	**7 741**	8 612
Other property, plant and equipment	**99 852**	**-73 326**	**26 526**	27 968
Property, plant and equipment under construction	**927**	**0**	**927**	2 468
TOTAL	239 790	-159 019	80 770	84 128

12.1 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, 2018	10 498	77 570	47 533	96 813	2 468	**234 882**
Acquisitions		1 730	536	6 047	948	**9 261**
Disposal	-81	-448	-367	-2 994		**-3 890**
Exchange effect	-29	-239	-79	-100	-2	**-449**
Other movements		2 033	354	86	-2 487	**-14**
As at june 30, 2019	10 388	80 646	47 977	99 852	927	239 790

12.2 Amortizations and Depreciations

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, 2018	-219	-42 768	-38 921	-68 845	0	**-150 753**
Amortizations & depreciation	-6	-3 001	-1 709	-7 053		**-11 769**
Disposals		383	335	2 478		**3 196**
Exchange effect	3	151	59	85		**298**
Other movements				9		**9**
As at june 30, 2019	-222	-45 235	-40 236	-73 326	0	-159 019
Net amount as at June 30, 2019	10 166	35 411	7 741	26 526	927	80 770

The depreciations recognized over the year are detailed in the note 13.2.

12.3 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	30 JUNE 2019	30 JUNE 2018
Due within one year	**579**	688
Due over one year to less than 5 years	**483**	769
Due over 5 years	**0**	0
TOTAL	1 062	1 457

The net value of assets linked with the lease-financing is € 5 406 k€ at 30 June 2019.

13. IMMOBILISATIONS - TEST DE PERTE DE VALEUR

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.

13.1 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 as at June 30th 2019 is :

- 1% for CGU « Fashion »
- 2% CGU « Home & Lifestyle »

The rate was 2% for both activities as at June 30th 2018.

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 (0.8%) associated with a risk premium (7.9%).

The rate selected for the period is 9.6% (June 30th 2018: 9.6%).

For this fiscal year, the recoverable amount is the expert value or by default, 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).

13.2 Impairment Tests

The impairment tests realised this year led the Group to note several impairments for a total amount of €27.4 million (excluding deferred tax) and consist mainly of:

- the impairment of the entire Afibel brand's goodwill for €5.3 million
- depreciation of the entire Swiss Damart brand and part of the Afibel brand for a total amount of €19.9 million
- impairment of assets for €2.2 million mainly within the Damart retail network.

The impairment are recorded into the Group P&L on the line « assets impairment ».

For all other 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 2019.

13.3 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 are :

- For CGU that impairment is already recorded :
  - Increase of the discount rate for 0.5pt should recognize a new impairment for +2.1M€
  - Decrease of the discount rate for -0.5pt should decrease the impairment for -1.0M€
- For CGU that no impairment was recorded, the results of these sensitivity tests do not call into question the absence of impairment on the exercise.

14. INVENTORIES

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Gross amount	**130 692**	134 846
Provisions	**-11 852**	-13 164
TOTAL	118 840	121 682

15. TRADE RECEIVABLE

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Gross amount	**52 399**	52 950
Provisions	**-5 272**	-5 646
TOTAL	47 127	47 305

MATURITY OF RECEIVABLE

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Unmatured and undepreciated	**44 372**	46 220
Due and undepreciated < 30 days	**1 134**	0
Due and undepreciated > 30 days	**737**	0
Due and depreciated	**6 156**	6 730
TOTAL	52 399	52 950

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.

16. OTHER RECEIVABLES

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Advance and deposits paid, suppliers	**4 759**	5 361
Prepaid charges	**5 196**	4 913
Other receivables	**4 032**	5 306
TOTAL	13 988	15 580

17. CASH AND CASH EQUIVALENTS

In thousands of euros	NOTES	30 JUNE 2019	30 JUNE 2018
Cash		**29 298**	50 112
Cash and cash equivalents		**29 298**	50 112
Bank lending facilities	19	**-55 186**	-76 520
Closing cash		**-25 888**	**-26 408**

18. SHAREHOLERS EQUITY

Equity has been broken down as follows:

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Issued capital	**103 096**	103 096
Legal reserve	**9 458**	8 788
Issued premium	**21 855**	21 855
Conversion adjustments	**-12 788**	-12 375
Other reserves	**73 746**	68 667
Net profit group share	**-34 850**	10 344
TOTAL	**160 516**	**200 374**

As at June 30th, 2019, Share capital consisted of 7,364,000 fully paid shares at a nominal value of 14 euros. No changes were made during the year.

Given the loss for the year, the Management Board will not propose a dividend distribution at the General Meeting scheduled for November 13, 2019.
The dividend distributed for the year ended 2018 amounted to €0.50 per share.

19. FINANCIAL LIABILITIES

19.1 Analysis by category

In thousands of euros	NOTES	30 JUNE 2019	30 JUNE 2018
Financial lease borrowings		**483**	768
Miscellaneous financial liabilities		**235**	2 649
Non current financial liabilities		**718**	3 417
Financial lease borrowings		**579**	688
Bank lending facilities	17	**55 186**	76 520
Miscellaneous financial liabilities		**978**	0
Current financial liabilities		**56 743**	77 208
FINANCIAL LIABILITIES		**57 461**	**80 625**

19.2 Analysis by rate

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Variable rate	**55 186**	76 520
Fixed rate	**2 275**	4 105
TOTAL	**57 461**	**80 625**

19.3 Analysis by currency

In thousands of euros	30 JUNE 2019	30 JUNE 2018
GBP	**0**	1 374
EUR	**57 461**	79 246
USD	**0**	5
TOTAL	**57 461**	**80 625**

19.4 The covenants

Damartex has of medium-term loans permits (credit lines maturing in 2024 and 2026) totalling € 120 million from 4 bank institutions. As at June 30th, 2019, € 55 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 2019.

20. FINANCIAL INSTRUMENTS

In thousands of euros	30 JUNE 2018 RECOGNISED VALUE	FAIR VALUE	BREAKDOWN BY ACCOUNTING CLASSIFICATION FAIR VALUE BY RESULT	AMORTIZED COSTS	DERIVATIVE INSTRUMENTS
Accounts receivable	47 305	47 305		47 305	
Cash	50 112	50 112		50 112	
Guarantee deposits	1 555	1 555		1 555	
Derivative assets	4 381	4 381			4 381
Financial assets	103 353	103 353	0	98 972	4 381
Bank lending facilities	-76 520	-76 520		-76 520	
Financial lease borrowings	-1 456	-1 403		-1 403	
Miscellaneous financial liabilities	-2 649	-2 649		-2 649	
Derivative liabilities	-606	-606			-606
Accounts payable	-76 821	-76 821		-76 821	
Financial liabilities	-158 052	-157 999	0	-157 393	-606
TOTAL	-54 699	-54 646	0	-58 421	3 775

In thousands of euros	30 JUNE 2019 RECOGNISED VALUE	FAIR VALUE	BREAKDOWN BY ACCOUNTING CLASSIFICATION FAIR VALUE BY RESULT	AMORTIZED COSTS	DERIVATIVE INSTRUMENTS
Accounts receivable	**47 127**	**47 127**		47 127	
Cash	**29 298**	**29 298**		29 298	
Guarantee deposits	**1 590**	**1 590**		1 590	
Derivative assets	**3 029**	**3 029**			3 029
Financial assets	**81 045**	**81 045**	0	78 016	3 029
Bank lending facilities	**-55 186**	**-55 186**		-55 186	
Financial lease borrowings	**-1 062**	**-1 035**		-1 035	
Miscellaneous financial liabilities	**-1 213**	**-1 213**		-1 213	
Derivative liabilities	**-531**	**-531**			-531
Accounts payable	**-90 794**	**-90 794**		-90 794	
Financial liabilities	**-148 786**	**-148 759**	0	-148 228	-531
TOTAL AU 30 JUIN 2019	-67 741	-67 714	0	-70 212	2 498

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.

21. FINANCIAL SURPLUS

In thousands of euros	NOTES	30 JUNE 2019	30 JUNE 2018
Cash and cash equivalents	18	**29 298**	50 112
Financial liabilities	19	**-57 461**	-80 625
TOTAL		-28 163	-30 513

22. STAFF BENEFITS

22.1 Assets linked to staff benefits

In thousands of euros	30 JUNE 2019			30 JUNE 2018
	GROSS COMMITMENTS	FUNDS ASSETS	NET ASSETS	NET ASSETS
Retirements allowance - United Kingdom	**-27 995**	**28 219**	**224**	460
TOTAL	-27 995	28 219	224	460

22.2 Liabilities linked to staff benefits

In thousands of euros	30 JUNE 2019			30 JUNE 2018
	GROSS COMMITMENTS	FUNDS ASSETS	NET LIABILITIES	NET LIABILITIES
Retirement allowance - France	**-10 872**	**1 406**	**-9 466**	-8 387
Retirements allowance - Germany	**-10 214**		**-10 214**	-10 189
Early retirement - Belgium	**-95**		**-95**	-228
Statutory profit sharing - France	**-8**		**-8**	0
TOTAL	-21 189	1 406	-19 783	-18 804

22.3 Net costs

Employee benefits impacted the consolidated income statement as follows:

In thousands of euros		30 JUNE 2019	30 JUNE 2018
Costs of services rendered		-743	-1 003
Costs of services past		-227	0
Net financial costs		-164	-426
Net costs for the year		**-1 134**	-1 429
Which accounted	in operating costs	**-743**	-1 003
	in financial costs	**-164**	-426
	in other operating charges	**-227**	0

22.4 Analysis by country

Retirement allowance in France:

In thousands of euros	GROSS COMMITMENTS	FUNDS ASSETS	NET COMMITMENTS
As at june 30, 2017	-10 744	3 241	-7 503
Net charge for the year	-727	45	-682
- Costs of services rendered	*-559*	*0*	*-559*
- Financial costs	*-168*	*0*	*-168*
- Expected fund asset yield	*0*	*45*	*45*
Contribution paid	0	248	248
Benefits paid out	1 842	-1 841	1
Actuarial gain or losses	-653	202	-451
As at june 30, 2018	-10 282	1 895	-8 387
Variation de périmètre			0
Net charge for the year	-810	21	**-789**
- Costs of services rendered	*-657*	*0*	***-657***
- Financial costs	*-153*	*0*	***-153***
- Expected fund asset yield	*0*	*21*	***21***
Contribution paid	0	160	**160**
Benefits paid out	538	-545	**-7**
Actuarial gain or losses	-316	-127	**-443**
As at june 30, 2019	**-10 870**	**1 404**	**-9 466**

Retirement allowance in Great Britain :

In thousands of euros	GROSS COMMITMENTS	FUNDS ASSETS	NET COMMITMENTS
As at june 30, 2017	-30 251	28 660	-1 592
Net charge for the year	-796	759	-37
- Costs of services rendered			*0*
- Financial costs	*-796*		*-796*
- Expected fund asset yield		*759*	*759*
Contribution paid		493	493
Benefits paid out	1 140	-1 140	0
Actuarial gain or losses	1 236	348	1 584
Translation differences	230	-218	12
As at june 30, 2018	-28 441	28 902	460
Net charge for the year	-984	775	**-210**
- Costs of services rendered			***0***
- Costs of past services	*-227*		***-227***
- Financial costs	*-758*		***-758***
- Expected fund asset yield		*775*	***775***
Contribution paid		284	**284**
Benefits paid out	3 094	-3 094	**0**
Actuarial gain or losses	-1 996	1 688	**-308**
Translation differences	333	-335	**-2**
As at june 30, 2019	**-27 995**	**28 218**	**224**

Retirement allowance in Germany :

In thousands of euros	GROSS COMMITMENTS	FUNDS ASSETS	NET COMMITMENTS
As at june 30, 2017	-9 300	0	-9 300
Net charge for the year	-710	0	-710
- Costs of services rendered	*-444*		*-444*
- Financial costs	*-266*		*-266*
- Expected fund asset yield			*0*
Contribution paid			0
Benefits paid out			0
Actuarial gain or losses	-179		-179
As at june 30, 2018	-10 189	0	-10 189
Net charge for the year	-135	0	**-135**
- Costs of services rendered	*-86*		***-86***
- Financial costs	*-49*		***-49***
- Expected fund asset yield			***0***
Contribution paid			**0**
Benefits paid out			**0**
Actuarial gain or losses	110		**110**
As at june 30, 2019	**-10 214**	**0**	**-10 214**

22.5 Actuarial Assumptions

The main actuarial assumptions are as follows:

	France	
	30 JUNE 2019	**30 JUNE 2018**
Discount rate	1,1%	1,4%
Future salary increase	1,5%	1,5%

	United Kingdom	
	30 JUNE 2019	**30 JUNE 2018**
Discount rate	**2,4%**	2,8%
Future salary increase	**3,4%**	3,2%

	Germany	
	30 JUNE 2019	**30 JUNE 2018**
Discount rate	1,8%	1,8%
Future salary increase	2,0%	2,0%

- 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.

22.6 Sensitivity test

22.6.1 Commitment

As at June 30th 2019 the change of one percentage point in the discount rate would have the following effects:

	France	
In thousands of euros	1 POINT DECREASE	1 POINT INCREASE
Impact on costs of services rendered	-74	88
Impact shareholders equity	-1441	1218

	United Kingdom	
In thousands of euros	1 POINT DECREASE	1 POINT INCREASE
Impact on costs of services rendered	0	0
Impact shareholders equity	-5 039	5 039

	Germany	
In thousands of euros	1 POINT DECREASE	1 POINT INCREASE
Impact on costs of services rendered	-28	22
Impact shareholders equity	-1 902	1 477

22.6.2 Actifs de couverture

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 66% as at June 30th 2019 and 73% as at June 30th 2018).

	France	
In thousands of euros	1 POINT DECREASE	1 POINT INCREASE
Impact expected long term yield of fund assets	-9	16

	United Kingdom	
In thousands of euros	1 POINT DECREASE	1 POINT INCREASE
Impact expected long term yield of fund assets	-2	1

22.7 Fees payable to the scheme in 2018-2019

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 2019) is:

- French companies: 160k€
- British companies: 280k€

23. 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, 2018	1 268	421	234	1 922
Charge	431	160	85	**676**
Used write back	-386	-235	-39	**-660**
Impact of exchange rate fluctuations	0	0	0	**0**
As at June 30, 2019	**1 313**	**346**	**280**	**1 938**

24. OTHER LIABILITIES

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Deposits and down payments received on orders	**17 631**	18 876
Employee benefits liabilities	**23 153**	25 532
Tax liabilities	**8 794**	10 158
Deferred income	**1 286**	1 261
Mescellaneous liabilities	**923**	1 813
TOTAL	**51 787**	**57 640**

25. DERIVATIVE INSTRUMENTS

25.1 Summary

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Derivative assets	**3 029**	4 381
Derivative liabilities	**-531**	-606
TOTAL	**2 498**	**3 775**

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.

25.2 Analysis of derivative instruments

In thousands of euros	30 JUNE 2019	30 JUNE 2018
CHF	**-106**	-117
USD	**2 250**	3 960
GBP	**368**	-22
EUR	**-14**	-46
TOTAL	**2 498**	**3 775**

26. 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.

26.1 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, 2017	-5 837
Changes via shareholders equity	9 969
Changes in financial result	-357
As at june 30, 2018	3 775
Changes via shareholders equity	**-1 561**
Changes in financial result	**284**
As at june 30, 2019	**2 498**

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.

	30 JUNE 2019	
En milliers d'euros	- 5%	+ 5%
Impact on shareholders equity	-6 511	6 511

26.2 Interest rate risk

As at June 30th 2019 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	**30 JUNE 2019**	**30 JUNE 2018**
Euro	+/- 10	**+/-1**	+/- 3
Euro	+/- 15	**+/-2**	+/- 4

26.3 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		462	227	3 032		3 721
Accounts payable	76 821					76 821
Bank lending facilities	76 520					76 520
As at June 30, 2018	**153 341**	**462**	**227**	**3 032**	**0**	**157 062**

In thousands of euros	SIGHT	LESS THAN 6 MONTS	6 TO 12 MONTHS	1 TO 5 YEARS	OVER 5 YEARS	**TOTAL**
Borrowings bearing interest		286	293	483		**1 062**
Accounts payable	90 794					**90 794**
Bank lending facilities	55 186					**55 186**
As at June 30, 2019	**145 980**	**286**	**293**	**483**	**0**	**147 042**

26.4 Equity risk

As at June 30th 2019, the Group is not exposed to any equity risk.

26.5 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.

26.6 Credit risk

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

26.7 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.

27. 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 2019, the IFRS 2 expense represents annual 154 K €. It is recognized in personnel expenses.

27.1 Stock-options plans

No stock-options plan as at June 30th 2019.

Changes over the past three years

	2018/2019		2017/2018		2016/2017	
	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	18,25
Options granted	**0**	**0,00**	0	0,00	0	0,00
Options canceled	**0**	**0,00**	0	0,00	0	0,00
Options exercised					22 000	19,21
Options exercised					8 000	15,62
Options not exercised by year end	**0**	**0,00**	0	0,00	0	0,00
Options available for exercise by year end	**0**	**0,00**	0	0,00	0	0,00

27.2 Free share plans

DATE DU PLAN	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, 2019
December 3, 2014	1	1 150	17,68	05.12.2018	05.12.2018	-391	-759	**0**
December 11, 2015	1	2 300	19,95	11.12.2019	11.12.2019	-564		**1 736**
December 6, 2016	7	16 000	30,80	06.12.2018	07.12.2020	-9 784	-6 216	**0**
December 6, 2016	1	2 300	30,80	07.12.2020	07.12.2020	-1 279		**1 021**
December 6, 2016	2	9 000	30,80	06.12.2019	06.12.2019	0		**9 000**
Total		30 750				-12 018	-6 975	11 757

28. 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	30 JUNE 2019	30 JUNE 2018
Bank guarantee			873	**873**	2 865
Warranty given		2 722		**2 722**	2 822
Leasing contracts (*)	11 563	37 210	8 384	**57 158**	58 334
TOTAL	11 563	39 932	9 257	60 753	64 021

(*) 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.

29. MANPOWER

	30 JUNE 2019	30 JUNE 2018
Manpower	**3 278**	3 524

30. CONSOLIDATION PERIMETER

Companies consolidated as at June 30th 2019:

COMPANY NAME	HEAD OFFICE	% CONTROL JUNE 30, 2019	% INTEREST JUNE 30, 2019	% INTEREST JUNE 30, 2018
Damartex	59100 Roubaix (France)	(mère)		
Damart	59100 Roubaix (France)	100,00	100,00	100,00
D.S.B.	59100 Roubaix (France)	100,00	100,00	100,00
Vernier Leurent	59100 Roubaix (France)	100,00	100,00	100,00
La Maison du Jersey	59650 Villeneuve d'Ascq (France)	100,00	100,00	100,00
Damartex UK Ltd	Bingley (Grande Bretagne)	100,00	100,00	100,00
SHC	Bingley (Grande Bretagne)	100,00	100,00	100,00
Cofisel	Bale (Suisse)	100,00	100,00	100,00
Damart Swiss AG	Genève (Suisse)	100,00	100,00	100,00
Damart TSD	Dottignies (Belgique)	100,00	100,00	100,00
DMT	Zaghouan (Tunisie)	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
Jours Heureux	59100 Roubaix (France)	100,00	100,00	100,00
Silveredge	59650 Villeneuve d'Ascq (France)	100,00	100,00	100,00
TEDL	Bishops Stortford (Grande Bretagne)	100,00	100,00	100,00
TEDR	Bishops Stortford (Grande Bretagne)	100,00	100,00	100,00
Vivadia	Valbonne (France)	100,00	100,00	100,00
Labels by Andres NV	Destelbergen (Belgique)	100,00	100,00	100,00
Xandres Nederland BV	Naarden (Pays Bas)	100,00	100,00	-
3Pagen Versand und Handelsgesellschaft GmbH	Alsdorf (Allemagne)	100,00	100,00	100,00
Mandata Grundstücks-Vermietungsgesellschaft mbH & Co KG	Alsdorf (Allemagne)	94,00	94,00	94,00
3Pagen Vertriebsgesellschaft AG	Otelfingen (Suisse)	100,00	100,00	100,00
3Pagen Handelsgesellschaft mbH	Hallein (Autriche)	100,00	100,00	100,00
Damartex Seed+	59100 Roubaix (France)	100,00	100,00	100,00
Ewear Solutions	59120 Loos (France)	100,00	100,00	85,00
Damartex Shanghaï	Shanghai (Chine)	100,00	100,00	100,00
Madrague Invest	59100 Roubaix (France)	0,00	0,00	100,00

31. SUBSEQUENT EVENTS

Following the transfer of the logistics activities of the Coopers Of Stortford brand to an external service provider during the 2018-2019 fiscal year, the Group transferred the brand’s warehouse for an amount of £6.8M. The sale was carried out in July 2019.

32. PERTINENT INFORMATION FOR PARTIES INVOLVED

32.1 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 2018 (3,432 K€ for all shareholders).

32.2 Relationship between Damartex and its subsidiaries

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

32.3 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 801 K€.

In thousands of euros	30 JUNE 2019	30 JUNE 2018
Remuneration granted	778	733
Post employment benefits	8	8
Share-based payment	15	73
TOTAL	801	814

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.

32.4 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

No stock-option plan as at June 30th 2019.

* Free shares

DATE DU PLAN	VALORIZATION	ACQUISITION DATE	AVAILABILITY DATE	NUMBER OF ACTIONS TO BE EXERCISED AS AT JUNE 30, 2019	NUMBER OF ACTIONS TO BE EXERCISED AS AT JUNE 30, 2018
December 6, 2016	30,80	06.12.2018	07.12.2020	0	6 216
Total				0	6 216

FINANCIAL REPORT
2018-2019

AUDITOR'S REPORT

Rapport des commissaires aux comptes sur les comptes consolidés

A l’Assemblée Générale de la société Damartex,

Opinion

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons effectué l’audit des comptes consolidés de la société Damartex relatifs à l’exercice clos le 30 juin 2019, tels qu’ils sont joints au présent rapport.

Nous certifions que les comptes consolidés sont, au regard du référentiel IFRS tel qu’adopté dans l’Union européenne, réguliers et sincères et donnent une image fidèle du résultat des opérations de l’exercice écoulé ainsi que de la situation financière et du patrimoine, à la fin de l’exercice, de l’ensemble constitué par les personnes et entités comprises dans la consolidation.

Fondement de l’opinion

Référentiel d’audit

Nous avons effectué notre audit selon les normes d’exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.
Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des commissaires aux comptes relatives à l’audit des comptes consolidés » du présent rapport.

Indépendance

Nous avons réalisé notre mission d’audit dans le respect des règles d’indépendance qui nous sont applicables, sur la période du 1er juillet 2018 à la date d’émission de notre rapport, et notamment nous n’avons pas fourni de services interdits par le Code de déontologie de la profession de commissaire aux comptes.

Justification des appréciations

En application des dispositions des articles L. 823 9 et R. 823 7 du Code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les appréciations suivantes qui, selon notre jugement professionnel, ont été les plus importantes pour l’audit des comptes consolidés de l’exercice.
Les appréciations ainsi portées s’inscrivent dans le contexte de l’audit des comptes consolidés pris dans leur ensemble et de la formation de notre opinion exprimée ci avant. Nous n’exprimons pas d’opinion sur des éléments de ces comptes consolidés pris isolément.

Immobilisations incorporelles et corporelles

Comme décrit au paragraphe 2.11 de la note 2 « Principes et méthodes comptables » de l’annexe des comptes consolidés, votre groupe teste chaque année la valeur de ses écarts d’acquisition et de ses immobilisations incorporelles non amortissables, et évalue également s’il existe un indice de perte de valeur des immobilisations corporelles. Nous avons examiné les modalités de mise en œuvre de ces tests et le caractère raisonnable des hypothèses retenues.

Valeur de réalisation des stocks

Comme décrit dans le paragraphe 2.13 de la note 2 « Principes et méthodes comptables » de l’annexe des comptes consolidés, votre groupe constitue des provisions pour dépréciation des stocks de marchandises. Nos travaux ont consisté à revoir les hypothèses retenues par votre groupe en termes de valeur de réalisation, notamment en fonction des ventes observées au cours des exercices antérieurs.

Vérifications spécifiques

Nous avons également procédé, conformément aux normes d’exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires des informations données dans le rapport sur la gestion du groupe du directoire.
Nous n’avons pas d’observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.
Nous attestons que la déclaration consolidée de performance extra financière prévue par l’article L. 225 102 1 du Code de commerce figure dans le rapport sur la gestion du groupe, étant précisé que, conformément aux dispositions de l’article L. 823 10 de ce code, les informations contenues dans cette déclaration n’ont pas fait l’objet de notre part de vérifications de sincérité ou de concordance avec les comptes consolidés et doivent faire l’objet d’un rapport par un organisme tiers indépendant.

Responsabilités de la direction et des personnes constituant le gouvernement d’entreprise relatives aux comptes consolidés

Il appartient à la direction d’établir des comptes consolidés présentant une image fidèle conformément au référentiel IFRS tel qu’adopté dans l’Union européenne ainsi que de mettre en place le

contrôle interne qu'elle estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.
Lors de l'établissement des comptes consolidés, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.
Les comptes consolidés ont été arrêtés par le directoire.

Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés

Il nous appartient d'établir un rapport sur les comptes consolidés. Notre objectif est d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L. 823 10 1 du Code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- il identifie et évalue les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;
- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes consolidés ;
- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- il apprécie la présentation d'ensemble des comptes consolidés et évalue si les comptes consolidés reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle ;
- concernant l'information financière des personnes ou entités comprises dans le périmètre de consolidation, il collecte des éléments qu'il estime suffisants et appropriés pour exprimer une opinion sur les comptes consolidés. Il est responsable de la direction, de la supervision et de la réalisation de l'audit des comptes consolidés ainsi que de l'opinion exprimée sur ces comptes.

Lille, le 23 octobre 2019

Les Commissaires aux Comptes

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