L'OCCITANE
EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

49, Boulevard Prince Henri L-1724 Luxembourg
R.C.S. Luxembourg: B80359
(Incorporated under the laws of Luxembourg with limited liability)
(Stock code: 973)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

HIGHLIGHTS

- Net sales were €1,054.9 million, a growth of 1.1%. At constant exchange rates, sales growth was 9.4%
- Overall Same Store Sales Growth increased to 3.7% (compared to 2.4% last year)
- Growth was primarily driven by the expansion in the United States, China, Russia and Brazil. Brazil, China and Russia were among the fastest growing countries, and Japan resumed growth in local currency
- Continued investments in future sales growth, particularly in stores and store renovations, digital marketing, e-commerce and R&D
- Positive contributions from the brands' positioning in terms of prices and product mix, and from logistics and production costs
- The adverse currency situation impacted the Group's operating margin, foreign exchange result and effective tax rate
- Operating profit was €132.9 million, a decline of 16.0%, whilst Profit for the year was €92.5 million, a decrease of 26.3%
- Proposed dividend of €0.0213 per share, payout ratio of 35.0%

ANNUAL RESULTS

The board of directors (the "Board") of L'Occitane International S.A. (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014 ("FY2014") together with comparative figures for the year ended 31 March 2013 ("FY2013"). The following financial information, including the comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS").

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 March	*Notes*	2014	2013	% Change
		€ '000	*€ '000*	
Net Sales	2	1,054,872	1,043,363	1.1
Cost of sales		(199,279)	(187,902)	6.1
Gross profit		855,593	855,461	0.0
% of net sales		81.1%	82.0%	n/a
Distribution expenses		(493,032)	(478,744)	3.0
Marketing expenses		(113,867)	(107,350)	6.1
Research & development expenses		(10,936)	(8,918)	22.6
General and administrative expenses		(104,389)	(101,541)	2.8
Share of losses from joint ventures accounted for using the equity method		(10)	—	n/a
Other (losses) / gains, net	3	(438)	(624)	-29.8
Operating profit	4	132,921	158,284	-16.0
Finance costs, net	5	(1,376)	(1,302)	5.7
Foreign currency gains / (losses)		(12,197)	(1,901)	541.6
Profit before income tax		119,347	155,081	-23.0
Income tax expense	6	(26,825)	(29,473)	-9.0
Profit for the year		92,522	125,608	-26.3
Attributable to:				
Equity owners of the Company		89,349	122,702	-27.2
Non-controling controlling interests		3,173	2,906	9.2
Total		92,522	125,608	-26.3
Effective Tax rate		22.5%	19.0%	n/a
Earnings per share for profit attributable to the equity owners of the Company during the period *(expressed in Euros per share)*				
Basic	7	0.061	0.083	-27.2
Diluted	7	0.061	0.083	-27.2
Number of shares used in earnings per share calculation				
Basic		1,470,309,391	1,470,309,391	0.0
Diluted		1,470,943,111	1,470,483,186	0.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	*Notes*	**31 March 2014** *€ '000*	**31 March 2013** *€ '000*
ASSETS			
Property, plant and equipment, net		177,424	164,608
Goodwill		134,789	120,701
Intangible assets, net		69,748	62,531
Deferred income tax assets		57,169	52,550
Investments in associates		10	—
Other non-current receivables		25,594	27,329
Non-current assets		**464,733**	**427,719**
Inventories, net	9	148,723	137,177
Trade receivables, net	10	85,315	86,696
Other current assets		56,613	61,160
Derivatives financial instruments		313	406
Cash and cash equivalents		319,253	319,874
Current assets		**610,218**	**605,313**
TOTAL ASSETS		**1,074,951**	**1,033,032**
EQUITY AND LIABILITIES			
Share capital		44,309	44,309
Additional paid-in capital		342,851	342,851
Other reserves		(31,060)	(12,705)
Retained earnings		401,296	354,880
Capital and reserves attributable to the equity owners		**757,396**	**729,335**
Non-controlling interests		5,388	4,974
Total equity		**762,784**	**734,309**
Borrowings		73,552	76,771
Deferred income tax liabilities		3,127	3,207
Other financial liabilities		6,900	23,795
Other non-current liabilities		19,530	17,259
Non-current liabilities		**103,109**	**121,032**
Trade payables	11	91,253	94,990
Salaries, wages, related social items and other tax liabilities		47,862	50,195
Current income tax liabilities		7,533	10,294
Borrowings		5,811	5,944
Other current liabilities		51,570	9,504
Derivatives financial instruments		121	558
Provisions for other liabilities and charges		4,908	6,206
Current liabilities		**209,058**	**177,691**
TOTAL EQUITY AND LIABILITIES		**1,074,951**	**1,033,032**
NET CURRENT ASSETS		**401,160**	**427,622**
TOTAL ASSETS LESS CURRENT LIABILITIES		**865,893**	**855,341**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS.

The amended standards and interpretations that are effective for the first time for the Group for the financial year ended 31 March 2014 do not have any material impact on the consolidated financial statements.

The Company has no investments in associates or joint-ventures.

2. Net sales and segment information

The management assesses the performance of the two operating segments, which are Sell-out and Sell-in:

- Sell-out comprises the sales of products directly to the final customers. These sales are mainly done in the Group's stores and/or through the Group's websites;

- Sell-in comprises the sales of products to intermediates. These intermediates are mainly distributors, wholesalers, TV show channels and travel retailers. This segment also comprises sales of products to corporate customers, airline companies and hotels.

From a geographical perspective, the management assesses the performance of different countries.

2.1. Operating segments

For the year ended 31 March 2014

	Sell-out	**Sell-in**	**Other reconciling items**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Net sales	795,672	259,200	—	1,054,872
In %	75.4%	24.6%	—	100.0%
Gross profit	680,177	175,416	—	855,593
% of net sales	85.5%	67.7%	—	81.1%
Distribution expenses	(404,140)	(44,039)	(44,852)	(493,032)
Marketing expenses	(44,911)	(7,643)	(61,313)	(113,867)
Research & development expenses	—	—	(10,936)	(10,936)
General and administrative expenses	—	—	(104,389)	(104,389)
Share of profit / (losses) from joint operations	—	—	(10)	(10)
Other (losses) / gains-net	(711)	(41)	314	(438)
Operating profit	**230,415**	**123,692**	**(221,186)**	**132,921**
% of net sales	29.0%	47.7%	n/a	12.6%

For the year ended 31 March 2013

	Sell-out	Sell-in	Other reconciling items	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*
Net Sales	784,859	258,504	—	1,043,363
In %	75.2%	24.8%	—	100.0%
Gross profit	681,327	174,134	—	855,461
% of sales	86.8%	67.4%	—	82.0%
Distribution expenses	(386,366)	(42,196)	(50,182)	(478,744)
Marketing expenses	(43,057)	(6,762)	(57,531)	(107,350)
Research & development expenses	—	—	(8,918)	(8,918)
General and administrative expenses	—	—	(101,541)	(101,541)
Other (losses) / gains-net	(332)	30	(322)	(624)
Operating profit	**251,572**	**125,206**	**(218,494)**	**158,284**
% of sales	32.1%	48.4%	n/a	15.2%

2.2. **Geographic areas**

Net sales are allocated based on the country of the invoicing subsidiary.

	FY2014		FY2013	
In thousands of Euros	**Total**	**In %**	**Total**	**In %**
Japan	177,749	16.9%	219,455	21.0%
United States	133,264	12.6%	124,916	12.0%
Hong Kong[1]	110,674	10.5%	111,007	10.6%
France	87,142	8.3%	82,532	7.9%
China	79,893	7.6%	67,724	6.5%
Russia	59,034	5.6%	56,309	5.4%
United Kingdom	58,582	5.6%	56,086	5.4%
Luxembourg[2]	52,591	5.0%	49,608	4.8%
Brazil	45,992	4.4%	44,217	4.2%
Taiwan	36,338	3.4%	36,196	3.5%
Other countries	213,612	20.3%	195,313	18.7%
Sales	1,054,872	100%	1,043,363	100%

(1) Includes sales in Macau and to distributors and travel retail customers in Asia.

(2) Sales invoiced by the Company to distributors and travel retail customers in Europe, Middle-East and Americas.

3. Profit / (losses) on sale of assets, net

31 March

	2014	**2013**
	€ '000	*€ '000*
Net profit / (losses) on sale of assets	(1,179)	(546)

4. Operating profit

Operating profit is arrived at after charging and (crediting) the following:

31 March

	2014	**2013**
	€ '000	*€ '000*
Employee benefit expenses	297,034	286,482
Rent and occupancy	190,953	183,913
Raw materials and consumables used	112,978	122,459
Change in inventories of finished goods and work in progress	(20,555)	(12,711)
Advertising costs	97,041	91,142
Professional fees	63,362	60,239
Depreciation, amortization and impairment	50,306	42,183
Transportation expenses	52,620	43,908
Auditor's remuneration	1,103	991
Other expenses	76,660	65,849
Total cost of sales, distribution expenses, marketing expenses, general and administrative expenses	921,503	884,455

5. Finance costs, net

31 March

	2014	**2013**
	€ '000	*€ '000*
Interest on cash and cash equivalents	3,075	2,830
Fair value gains on derivatives	—	140
Finance income	3,075	2,970
Interest expense	(2,530)	(3,146)
Unwinding of discount on financial liabilities	(1,921)	(1,126)
Finance costs	(4,451)	(4,272)
Finance costs, net	(1,376)	(1,302)

6. Taxation

The components of income tax expense are as follows:

31 March

	2014	**2013**
	€ '000	*€ '000*
Current income tax	(34,958)	(39,376)
Deferred income tax	8,133	9,903
Total tax expense	(26,825)	(29,473)

Reconciliation between the reported income tax expense and the theoretical amount that would arise using a standard tax rate is as follows:

31 March

	2014	**2013**
	€ '000	*€ '000*
Profit before tax and share of loss from joint ventures accounted for using the equity method	119,357	155,081
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 29.22% as at 31 March 2014 and 31 March 2013)*	(34,876)	(45,315)
Effect of different tax rates in foreign countries	12,842	19,983
Effect of unrecognized tax assets	(2,729)	(1,807)
Expenses not deductible for taxation purposes	(537)	(2,112)
Effect of unremitted tax earnings	(1,101)	(1,290)
Recognition of previously unrecognised tax assets	—	1,235
Minimum tax payments	(424)	(167)
Income tax expense	(26,825)	(29,473)

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity owners of the Company of €89.3 million for FY 2014 (€122.7 million for FY2013) and the weighted average number of shares in issue of 1,470,309,391 (basic) and 1,470,943,111 (diluted) in the year ended 31 March 2014 and 1,470,309,391 (basic) and 1,470,483,186 (diluted) in the year ended 31 March 2013.

8. Dividends

At the Board meeting held on 10 June 2014, the Board recommended a distribution of gross dividend of €0.0213 per share for a total amount of €31.3 million or 35.0% of the net profit attributable to the equity owners of the Company. The amount of the proposed dividend is based on 1,470,309,391 shares in issue excluding 6,655,500 treasury shares as at 10 June 2014.

9. Inventories, net

Inventories, net consist of the following items:

31 March

	2014	**2013**
	€ '000	*€ '000*
Raw materials and supplies	25,623	23,619
Finished goods and work in progress	138,397	125,819
Inventories, gross	164,020	149,438
Less: allowance	(15,297)	(12,261)
Inventories, net	148,723	137,177

10. Trade receivables, net

Ageing analysis of trade receivables from due date at the respective balance sheet date is as follows:

31 March

	2014	**2013**
	€ '000	*€ '000*
Current and past due within 3 months	83,996	85,397
Past due from 3 to 6 months	475	909
Past due from 6 to 12 months	443	262
Past due over 12 months	401	128
Trade receivables, net	85,315	86,696

The Group's sales to end customers are retail sales and no credit terms are granted to the end customers. For customers in the Sell-in segment, sales are made with credit terms generally from 60 to 90 days.

11. Trade payables

Ageing analysis of trade payables from due date at the respective balance sheet date is as follows:

31 March

	2014	**2013**
	€ '000	*€ ' 000*
Current and past due within 3 months	90,296	94,507
Past due from 3 to 6 months	102	480
Past due from 6 to 12 months	855	3
Trade payables	91,253	94,990

MANAGEMENT DISCUSSION & ANALYSIS

Summary:

For the year ended 31 March

	2014	**2013**
	€' million or %	*€' million or %*
Net sales	1,054.9	1,043.4
Operating profit	132.9	158.3
Profit for the year	92.5	125.6
Gross profit margin	81.1%	82.0%
Operating profit margin	12.6%	15.2%
Net profit margin	8.8%	12.0%
Net cash inflow from operations	119.6	144.4

Definitions:

Comparable Stores means existing retail stores which have been open for at least 24 months before the end of the financial year under discussion, including e-commerce and excluding renovated stores.

Non-comparable Stores means new retail stores opened, including renovated stores, within the 24 months before the end of the financial period under discussion and stores closed within this period.

Comparable Store Sales means net sales from Comparable Stores and internet sales during the financial period under discussion. Unless otherwise indicated, discussion of Comparable Store Sales excludes foreign currency translation effects.

Non-comparable Store Sales means net sales from Non-comparable Stores during the financial period under discussion. Non-comparable Store Sales also include sales from a limited number of promotional campaigns usually held at temporary common areas of shopping malls. Unless otherwise indicated, discussion of Non-comparable Store Sales excludes foreign currency translation effects.

Same Store Sales Growth represents a comparison between Comparable Store Sales for two financial periods. Unless otherwise indicated, discussion of Same Store Sales Growth excludes foreign currency translation effects.

Overall Growth means the total worldwide net sales growth for the financial period(s) presented excluding foreign currency translation effects.

REVENUE ANALYSIS

The Group's net sales were €1,054.9 million in FY2014, an increase of €11.5 million or 1.1% as compared to FY2013. In FY2014, net sales in Sell-out and Sell-in segments (representing 75.4% and 24.6% of total net sales, respectively) increased by 11.0% and 4.5%, respectively, excluding foreign currency translation effects. At constant exchange rates, the net sales growth was 9.4%.

The Company increased the total number of retail locations from 2,364 as at 31 March 2013 to 2,572 as at 31 March 2014, an increase of 208 or 8.8%. The Company remained on track with its global retail expansion strategy and increased the number of its own retail stores from 1,198 as at 31 March 2013 to 1,295 as at 31 March 2014, representing a net increase of 97 own stores or 8.1%. During FY2014, certain exceptional events including acquisition, disposal and retail network rationalization for Melvita impacted the like-for-like net own store openings comparison. These events included acquiring 6 stores from the distributor in South Africa (10 stores in Ireland in FY2013); switching 8 stores from retail stores to wholesale accounts in China; and disposing of and closing down 16 Melvita stores. Thus the comparable net own store openings for FY2014 were 115 (FY2013: 135).

At constant exchange rates, Comparable Stores, Non-comparable stores, Other Sell-out and Sell-in segments contributed 20.1%, 66.8%, 1.2% and 12.0% respectively to Overall Growth in FY2014. The Company's sales in the United States, China, Russia and Brazil were the driving factors of net sales growth in FY2014.

Business Segments

The following table provides a breakdown of the net sales year-on-year growth (including and excluding foreign currency translation effects as indicated) by business segment for FY2014:

	FY2014 compared to FY2013			
	€ '000 Growth	*% Growth*	*% Growth[2]*	*% Contribution to Overall Growth[2]*
Sell-out	10,813	1.4	11.0	88.0
Comparable Stores	(26,348)	(4.9)	3.7	20.1
Non-comparable Stores	38,322	16.2	27.7	66.8
Other[1]	(1,160)	(8.3)	8.5	1.2
Sell-in	696	0.3	4.5	12.0
Overall Growth	**11,509**	**1.1**	**9.4**	**100.0**

[1] Includes mail-order and other sales.

[2] Excludes the impact of foreign currency translation effects.

Sell-out

The sell-out business segment accounted for 75.4% of the Group's total sales and amounted to €795.7 million, an increase of 1.4% as compared to FY2013 and an 11.0% increase at constant exchange rates. The growth was mainly contributed by Non-comparable Stores.

There was a net addition of 97 own stores during FY2014, including net additions of 17 stores in China, 11 stores in Russia, 11 stores in USA, 8 stores in Brazil, 6 stores each in Japan and the UK and 5 stores in France. Furthermore, the Company added 6 stores following the acquisition of the distributor in South Africa in June 2013.

Sell-out segment contributed 88.0% to Overall Growth in FY2014, with Non-comparable Stores providing 66.8% and Comparable Stores, internet and Other Sell-out providing 21.2% of the Overall Growth. The Group's online retail sales remained dynamic with a 29.7% at constant exchange rates and sales from this online channel accounted for more than 7.0% of its overall global retail sales in FY2014.

Sell-in

The Sell-in business segment accounted for 24.6% of the Group's total sales and amounted to €259.2 million, an increase of 0.3% as compared to FY2013 and a 4.5% increase at constant exchange rates. Wholesale sales grew by 10.7% at constant rates, with contribution from L'Occitane, Melvita and Erborian brands. Sales to distributors grew by 9.0% at constant rates, thanks to Erborian brand and new developments in Russia and Brazil. The travel retail channel grew in a difficult environment caused by weak Japanese Yen and slowdown in traffic from Korean and Japanese travelers within Asia. Sell-in segment contributed 12.0% to the Overall Growth in FY2014.

Geographic Areas

The following table presents the net sales growth for FY2014 and contribution to net overall growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth FY2014 compared to FY2013			
	€ '000 Growth	*% Growth*	*% Growth(1)*	*% Contribution to Overall Growth(1)*
Japan	(41,706)	(19.0)	2.4	5.3
Hong Kong(2)	(332)	(0.3)	3.8	4.4
China	12,169	18.0	19.9	13.8
Taiwan	142	0.4	5.5	2.0
France	4,610	5.6	5.6	4.7
United Kingdom	2,496	4.4	8.3	4.7
United States	8,348	6.7	11.2	14.2
Brazil	1,775	4.0	20.8	9.4
Russia	2,725	4.8	17.4	10.0
Other countries (3)	21,283	8.7	12.6	31.5
All countries	**11,509**	**1.1**	**9.4**	**100.0**

(1) Excludes the impact of foreign currency translation effects and reflects growth from all business segments, including growth from the own retail store sales.

(2) Includes sales in Macau and to distributors and travel retail customers in Asia.

(3) Includes sales from Luxembourg.

The following table provides a breakdown, by geographic area, of the number of own retail stores, their contribution percentage to Overall Growth and the Same Store Sales Growth for periods indicated:

	FY2014 compared to FY2013							
	Own Retail Stores				% contribution to Overall Growth[(1)(2)]			
	31 Mar 2014	*Net openings FY2014*	*31 Mar 2013*	*Net openings FY2013*	*Non-comparable Stores*	*Comparable stores*	*Total Stores* [(2)]	*Same Store Sales Growth*
Japan[(3)]	106	6	100	10	7.0	(1.7)	5.3	(1.4)
Hong Kong[(4)]	32	1	31	2	5.0	0.2	5.1	1.1
China[(5)]	136	17	119	26	13.0	2.7	15.7	6.1
Taiwan[(6)]	54	(7)	61	(1)	0.6	1.0	1.6	5.4
France[(7)]	75	5	70	4	3.0	0.4	3.4	1.2
United Kingdom[(8)]	68	6	62	5	3.1	1.7	4.7	4.4
United States[(9)]	197	11	186	16	7.1	6.1	13.3	7.1
Brazil	78	8	70	7	5.5	3.6	9.2	14.0
Russia[(10)]	110	11	99	23	4.9	0.0	4.9	0.1
Other countries[(11)]	439	39	400	53	17.5	6.1	23.6	4.7
All countries	**1,295**	**97**	**1,198**	**145**	**66.8**	**20.1**	**86.8**	**3.7**

(1) Represents percentage of overall net sales growth attributable to Non-comparable Stores, Comparable Stores and Total Stores for the geographic area and period indicated.

(2) Excludes foreign currency translation effects.

(3) Includes 12 and 11 Melvita stores as at 31 March 2013 and 31 March 2014 respectively.

(4) Includes 1 L'Occitane store in Macau and 9 Melvita stores in Hong Kong as at 31 March 2013 and 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 March 2014.

(5) 8 stores were transferred to wholesale accounts during FY2014.

(6) Includes 9 Melvita stores as at 31 March 2013.

(7) Includes 4 Melvita stores as at 31 March 2013 and 31 March 2014.

(8) Includes 2 Melvita stores as at 31 March 2013.

(9) Includes 2 Melvita stores as at 31 March 2013.

(10) Includes 8 and 6 Melvita stores as at 31 March 2013 and 31 March 2014 respectively.

(11) Includes 7 and 6 Melvita stores as at 31 March 2013 and 31 March 2014 respectively. The net openings include 10 stores from the acquisition of distributor in Ireland as at 31 March 2013 and 6 stores from the acquisition of distributor in South Africa as at 31 March 2014.

Japan

In a still challenging environment Japan's net sales for FY2014 were €177.7 million, a decrease of 19.0% as compared to FY2013. At constant exchange rates, the growth was 2.4%, contributing 5.3% to Overall Growth. Sell-out sales growth in local currency was 3.0%, contributing 6.2% to Overall Growth. During the year, Japan had a net addition of 6 stores in FY2014. Non-comparable Store Sales contributed 7.0% to Overall Growth. Same Store Sales Growth had improved in the second half and ended at -1.4% in FY2014, compared to -4.9% in FY2013. Comparable Stores contributed -1.7% to Overall Growth. Sell-in sales decreased by 4.8% at constant exchange rate, mainly due to fewer activities in the TV sales channel.

Hong Kong

Hong Kong's net sales for FY2014 were €110.7 million, a decrease of 0.3% as compared to FY2013. At constant exchange rates, the growth was 3.8%, contributing 4.4% to Overall Growth. Sell-out segment contributed 5.1% to Overall Growth, notably 5.0% from Non-comparable Stores. The contribution of Non-comparable stores mainly came from the 3 renovated stores and 2 new stores in Macau in FY2014 (FY2013: 3 renovated stores). Sell-in sales decreased by 1.2% at constant exchange rate. This was mainly due to soft demand in the travel retail and B-to-B businesses. Travel retail was affected by the slowdown in traffic from Korean and Japanese travelers in Asia.

China

China's net sales for FY2014 were €79.9 million, an increase of 18.0% as compared to FY2013. At constant exchange rates, the growth was 19.9%, contributing 13.8% to Overall Growth. Comparable Store Sales and Non-comparable Store Sales contributed 2.7% and 13.0% respectively to Overall Growth. Same Store Sales Growth was 6.1%. The growth in Non-comparable Store Sales was driven by the net opening of 17 stores in FY2014 (FY2013: 26). Such performance confirms the growing importance of the Chinese market for the Group. The retail network in China reached 136 at the end of FY2014. At constant exchange rates, Sell-in sales decreased by 17.3%, due to the slowdown in the macro-economic environment, combined with soft demand from the wholesale and B-to-B businesses.

Taiwan

Taiwan's net sales for FY2014 were €36.3 million, an increase of 0.4% as compared to FY2013. At constant exchange rates, the growth was 5.5%, contributing 2.0% to Overall Growth. The growth rates for Sell-out and Sell-in in Taiwan were a healthy 5.2% and 8.2% respectively. Same Store Sales Growth was 5.4%. The growth of Sell-out sales was driven by both Comparable Stores and Non-comparable Stores, which contributed to 1.0% and 0.6% respectively to Overall Growth. The net opening in Taiwan was negative 7 as a result of disposing of Melvita business to a local distributor in FY2014. To enhance brand awareness in Taiwan, the on-going plan to upgrade, relocate and consolidate the existing retail network continued during the year. The growth of Sell-in sales was mainly supported by development in Distribution and B-to-B channels.

France

France's net sales for FY2014 were €87.1 million, an increase of 5.6% as compared to FY2013, contributing 4.7% to Overall Growth. Sell-out sales growth was 7.5%, with Same Store Growth of 1.2%. Non-comparable Stores contributed 3.0% to Overall Growth. Sales growth was driven by net own store additions of 5 in FY2014 (FY2013: 4). E-commerce sales were strong due to efforts in developing the digital channel. At constant exchange rates, Sell-in sales increased by 3.5% and contributed 1.4% to Overall Growth. The growth was driven by extension in distribution and wholesale networks in particular for Melvita and Erborian.

United Kingdom

United Kingdom's net sales for FY2014 were €58.6 million, an increase of 4.4% as compared to FY2013. At constant exchange rates, the local currency growth was 8.3%, contributing 4.7% to Overall Growth. The Sell-out segment contributed 4.7% to Overall Growth, driven by both Comparable Stores and Non-comparable stores. E-commerce performed well and Comparable stores sales grew by 4.4% in local currency, contributing 1.7% to Overall Growth. Non-comparable Stores also contributed 3.1% to Overall Growth with net opening of 6 stores in FY2014 (FY2013: 5).

United States

United States' net sales for FY2014 were €133.3 million, an increase of 6.7% as compared to FY2013. At constant exchange rates, the local currency growth was 11.2%, contributing 14.2% to Overall Growth. The good performance was mainly driven by the Sell-out segment. Comparable Stores Sales Growth was 7.1% which contributed 6.1% to Overall Growth. The investment in the store renovation program during the past few years continued to yield positive benefits. E-commerce channel posted strong growth, supported by corporate initiatives to improve digital marketing and enhance customer relationship management. Non-comparable Store Sales contributed 7.1% to Overall Growth mainly benefited by the 11 net store openings in FY2014 (FY2013: 16). Sell-in segment grew by 5.7%, contributing 0.9% to Overall Growth, which was driven by wholesalers of L'Occitane and Le Couvent des Minimes brands.

Brazil

Brazil's net sales for FY2014 were €46.0 million, an increase of 4.0% as compared to FY2013. At constant exchange rates, the growth was 20.8%, contributing 9.4% to Overall Growth. The economic environment in Brazil remained challenging, yet growth was recorded in both Comparable and Non-comparable stores. The good result was partly due to the launch of the new local brand, L'Occitane au Brésil, during the year. Same Store Sales Growth had an encouraging 14.0% and a contribution of 3.6% to Overall Growth. The Non-comparable Stores Sales contributed 5.5% to Overall Growth with net own store additions of 8 (including 3 L'Occitane au Brésil stores) in FY2014 (FY2013:7). At constant exchange rates, Sell-in sales increased by 3.1%, contributing 0.2% to Overall Growth.

Russia

Russia's net sales for FY2014 were €59.0 million, an increase of 4.8% as compared to FY2013. At constant exchange rates, the growth was 17.4%, contributing 10.0% to Overall Growth. The growth was driven by both Sell-out and Sell-in segments, which contributed respectively 5.1% and 4.9% to Overall Growth. The business had been impacted by economic slowdown and the continued weakening of the ruble against major world currencies, notably on Same Store Sales Growth which was 0.1% in FY2014. The Non-comparable Store Sales contributed 4.9% to Overall Growth with net own store additions of 11 in FY2014 (FY2013: 23). At constant exchange rates, Sell-in segment grew by 54.1%, mainly fuelled by further development of wholesale and distribution channels, and contributed 4.9% to Overall Growth.

Other countries

Other countries' net sales for FY2014 were €266.2 million, an increase of 8.7% as compared to FY2013. At constant exchange rates, the growth was 12.6%, contributing 31.5% to Overall Growth. Sell-out segment contributed 23.6% to Overall Growth, with 6.1% contributed by Comparable store and 17.5% by Non-comparable Store. Same Store Sales Growth was 4.7%. During FY2014, the net opening in Other countries was 39 (17 in Asia, 5 in Americas and 11 in Europe) as compared to 27 in FY2013. The Company also acquired 6 stores from the distributor in South Africa during FY2014. Net Sales in Canada, Malaysia, Korea, Germany, and Australia grew by 30.1%, 16.0%, 14.9%, 13.4% and 13.2% respectively, excluding foreign currency translation effects. At constant exchange rates, Sell-in sales increased by 9.6% excluding currency effect and contributed 7.9% to Overall Growth. This was mainly due to increased sales to wholesalers and travel retail customers in Europe and America.

PROFITABILITY ANALYSIS

COST OF SALES AND GROSS PROFIT

Cost of sales increased by 6.1%, or €11.4 million, to €199.3 million in FY2014. The gross profit margin decreased by 0.9 points to 81.1%, due to the exchange rates for 1.1 points of net sales, the phasing of our deliveries, negatively impacting freight and duties for 0.2 points, reclassifications and other effects for 0.5 points. The reclassifications were related to labeling and packing quality check costs previously accounted for in the distribution costs. In addition, the softer sales affected our country mix by 0.1 point. This was mitigated by:

- favourable prices and mix effects in both our Sell-out and Sell-in segments for 0.5 points; and
- gains in production costs for 0.5 points.

DISTRIBUTION EXPENSES

Distribution expenses increased by 3.0%, or €14.3 million, to €493.0 million in FY2014. As a percentage of net sales, distribution expenses increased by 0.9 points to 46.7%. This increase is attributable to a combination of:

- the impact of softer sales growth on personnel expenses, rent and occupation costs relative to sales, for 0.6 points;
- unfavourable channel mix effects for 0.3 points; and
- investments in Sell-in and Sell-out segments, related to store openings, store renovations and relocations, and to the strengthening of our sales organizations, impacting for 0.6 points.

This was partly offset by lower logistic costs for 0.1 points, reclassification to the cost of sales as mentioned above for 0.4 points and other effects for 0.1 points.

MARKETING EXPENSES

Marketing expenses increased by 6.1%, or €6.5 million, to €113.9 million in FY2014. Our marketing expenses, as a percentage of net sales, marketing expenses increased by 0.5 points to 10.8% of net sales. This increase was attributable to:

- a brand mix effect, with the development of our new brands, accounting for 0.1 points;
- investments in digital media for 0.3 points notably in Japan, the USA, France and the UK,;
- investments in mailings and customer relationship management ("CRM") particularly in France, the USA and the UK, for 0.2 points; and
- investments in samples, windows, other communication tool, and other effects for 0.1 points.

The lowered investment in traditional media allowed to partly help balance the increased efforts in marketing expenses by 0.2 points.

RESEARCH & DEVELOPMENT EXPENSES

Research and development ("R&D") expenses increased by 22.6%, or €2.0 million, to €10.9 million in FY2014, mainly due to increased resources dedicated to new brands and strategic product developments.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by 2.8%, or €2.8 million, to €104.4 million in FY2014 and increased by 0.2 points of net sales, which was due to unfavourable exchange rates effects, which was compensated partly by favourable one-time effects.

OTHER GAINS AND LOSSES

Other losses were €0.4 million in FY2014 (FY2013: €0.6 million). The loss in FY2014 was due to the partial impairment of the goodwill related to our operation in the Netherlands for €1.0 million and capital losses on the disposal of store assets for a net €0.5 million, partly offset by other net gains including principally the research tax credit granted by the French government.

OPERATING PROFIT

Operating profit decreased by 16.0%, or €25.4 million, to €132.9 million in FY2014, and the operating profit margin declined by 2.6 points of net sales to 12.6%. The decrease in our operating profit margin is explained by:

- unfavourable exchange rates effects for 1.5 points;
- investments in our future sales growth and increased efforts in R&D, digital media and marketing tools for a total 1.2 points;
- the effect of the softer sales growth, essentially impacting our distribution expenses, for 0.7 points; and
- unfavourable channel mix and others for 0.3 points.

Favourable evolutions contributed to balance the above, with:

- the effect of improved product mix and price increases for a total 0.5 points;
- gains in production and logistics costs and other gains for 0.6 points.

FINANCE INCOME AND COSTS, NET

Net finance costs were €1.4 million in FY2014, as compared to €1.3 million in FY2013. The net of interest income on cash balances and interest expenses on borrowings resulted in an income of €0.5 million, as compared to a cost of €0.2 million in FY2013. This gain was more than offset by an increase in non-cash bookings, principally due to the recognition of increased liabilities in relation to put options granted to minority partners in certain entities, notably our subsidiary in Russia.

FOREIGN CURRENCY GAINS/LOSSES

Net foreign currency losses amounted to €12.2 million in FY2014 and were explained by €12.2 million unrealized losses primarily due to the impact of the strong Euro on:

- financing of certain subsidiaries, notably Brazil, for €5.1 million;
- cash balances in foreign currencies, notably in Japanese Yen and US Dollar for €4.9 million; and
- unsettled trading operations, for €2.3 million, primarily related to the transactions with Russia, Brazil and China.

Such unrealized losses were partly compensated by realized gain on trading operations essentially in Japanese Yen.

INCOME TAX EXPENSE

The effective income tax rate was 22.5% in FY2014, as compared to 19.0% for FY2013. This increase in effective income tax rate of 3.5 points is explained by:

- lower deferred income tax gains related to the intercompany margin in inventory for 2.8 points. This is due to exchange rates effects for 1.8 points, a country mix effect with the reduced share of Japan for 0.5 points and other effects for 0.5 points;
- provision on tax losses carried forward in Brazil for 0.9 points; and
- impact of higher tax rates in certain countries like France for 0.2 points.

This was partly offset by a more favourable country mix with the lower share of Japan, and other effects, for 0.4 points

PROFIT FOR THE PERIOD

For the aforementioned reasons, profit for the year decreased by 26.3% or €33.1 million to €92.5 million in FY2014, as compared to FY2013. Basic and diluted earnings per share in FY2014 decreased by 27.2% to €0.061 (FY2013: €0.083). The number of shares used in the calculations of basic earnings per share remained the same in FY2014 (1,470,309,391 shares) and of diluted earnings per share increased to 1,470,943,111 or by 0.03% in FY2014 (2013: 1,470,483,186).

BALANCE SHEET AND CASH-FLOW REVIEW

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2014, the Group had cash and cash equivalents of €319.3 million, as compared to €319.9 million as at 31 March 2013.

As at 31 March 2014, the aggregate amount of undrawn borrowing facilities was €298.4 million.

As at 31 March 2014, total borrowings, including finance lease liabilities, current accounts with non-controlling interests and related parties and bank overdrafts, amounted to €79.4 million, as compared to €82.7 million as at 31 March 2013, with the decrease being explained by the regular repayments of the finance lease liabilities and the first repayment concerning the financing of the new warehouse.

SUMMARIZED CASH-FLOW STATEMENT

For the year ended 31 March

	2014	**2013**
	€ '000	*€ '000*
Profit before tax, adjusted for non-cash items	174,486	205,578
Changes in working capital	(16,478)	(19,191)
Income tax paid	(38,400)	(41,988)
Net cash inflow from operating activities	119,608	144,399
Net cash (outflow) from investing activities	(79,081)	(100,884)
Net cash (outflow) from financing activities	(49,479)	(28,713)
Effect of exchange rate changes	8,397	(3,277)
Net (decrease) / increase in cash, cash equivalents and bank overdrafts	(555)	11,525

Net cash inflow from operating activities decreased by €24.8 million or 17.2%, in FY2014 compared to FY2013 as a result principally of top-line and operating profit change as commented above and the lower impact of the increase in working capital and income tax paid.

INVESTING ACTIVITIES

Net cash used in investing activities was €79.1 million in FY2014, as compared to €100.9 million in FY2013, representing a decrease of €21.8 million. This reflected capital expenditures primarily related to:

- the additions of leasehold improvements, other tangible assets, key moneys and changes in deposits related to stores for €44.0 million;

- the additions in information technology software and equipment for €16.2 million, including €7.2 million for the implementation of SAP as the Group's enterprise resources planning system; and
- the addition of machinery, equipment, construction, fittings and others to the Group's factories, R&D and warehousing facilities for €16.7 million.

FINANCING ACTIVITIES

Net cash used in financing activities in FY2014 was €49.5 million (FY2013: €28.7 million). Net cash used during the year mainly reflected the following:

- a net decrease in bank borrowings and finance leases, for €3.6 million; and
- the payment of €45.9 million dividends to the Company's shareholders and non-controlling interests in its subsidiaries.

INVENTORIES

The following table sets out a summary of average inventory days for the periods indicated:

	FY2014	FY2013
Average Inventory turnover days(1)	262	256

(1) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 365. Average inventory equals the average of net inventory at the beginning and end of a given period.

Inventory value increased by €11.5 million to €148.7 million as at 31 March 2014, growing by 8.4% over FY2013. Inventory turnover increased by 6 days as a result of:

- increased turnover days of raw material, components and finished goods at the factories, in relation to inventory revaluations and the anticipation of earlier deliveries; and
- increased turnover days in Brazil partly due to the development of the L'Occitane au Brésil product range.

This was partly offset by favourable exchange rates effects and higher allowances.

TRADE RECEIVABLES

The following table sets out a summary of turnover of trade receivables for the periods indicated:

	FY2014	FY2013
Turnover days of trade receivables(1)	30	29

(1) Turnover days of trade receivable equals to average trade receivables divided by net sales and multiplied by 365. Average trade receivables equals to the average of net trade receivables at the beginning and end of a given period.

Turnover days of trade receivables increased by 1 day during FY2014 primarily due to development of Sell-out channel in China and slightly higher turnover of retail receivables in Japan. This added to the unfavourable impact of the development of new Sell-in activities in Russia and in the USA but was partly balanced by favourable exchange rate effects.

TRADE PAYABLES

The following table sets out a summary of average trade payables days for the periods indicated:

	FY2014	FY2013
Turnover days of trade payables[1]	171	174

[1] Turnover days of trade payables equals to the average trade payables divided by cost of sales and multiplied by 365. Average trade payables equals to the average of trade payables at the beginning and end of a given period.

The decrease in turnover days of trade payables was mainly due to decrease in trade payables at factory level together with foreign currency impact on trade payables conversion, in particular for Japan.

BALANCE SHEET RATIOS

Return on capital employed decreased in FY2014 primarily because of increase in working capital and non-current assets and decrease in net operating profit after tax. The capital and reserves attributable to the equity owners increased by €28.1 million from 31 March 2013 to 31 March 2014 primarily as a combination of the Group's profit during this period partly offset by the payment of dividend in 2013. Combined with the lower profitability, this resulted in the decrease of the return on equity ratio to 11.8%. As a consequence of the Group's high net cash position, its liquidity and capital adequacy ratio remained favourable.

		FY2014	FY2013
Profitability			
Net operating profit after tax (NOPAT)[1]	*€ '000*	93,589	126,663
Capital employed[2]	*€ '000*	522,893	497,150
Return on capital employed (ROCE)[3]		17.9%	25.5%
Return on equity (ROE)[4]		11.8%	16.8%
Liquidity			
Current ratio (times)[5]		2.92	3.41
Quick ratio (times)[6]		2.21	2.63
Capital adequacy			
Gearing ratio[7]		7.4%	8.0%
Debt to equity ratio[8]		Net cash position	Net cash position

[1] (Operating profit + foreign currency net gains or losses) x (1 - effective tax rate)

[2] Non-current assets - (deferred tax liabilities + other non-current liabilities) + working capital

[3] NOPAT / Capital employed

[4] Net profit attributable to equity owners of the Company / shareholders' equity at period end excluding minority interest

[5] Current assets / current liabilities

[6] (Current assets - inventories) / current liabilities

[7] Total debt / total assets

[8] Net debt / (total assets - total liabilities)

FOREIGN EXCHANGE RISK MANAGEMENT

The Company enters into forward exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in its presentation currency, the Euro, for periods consistent with its identified exposures. As at 31 March 2014, the Company had foreign exchange derivatives net assets of €0.2 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 31 March 2014 were primarily Japanese Yen for an equivalent of €14.0 million, Singapore dollars for an equivalent of €7.9 million, British pounds for €5.4 million, Mexican Pesos for €3.4 million, Swiss francs for 2.5 million and Australian dollars for €2.4 million.

CONTINGENCIES

1. Legal proceedings

The Group is subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Group's management does not expect that the ultimate costs to resolve these other matters will have a material adverse effect on the Group's consolidated financial position, statement of income or cash flows.

In the United States, the Group is facing two legal actions:

- The Federal Trade Commission is pursuing legal settlement versus L'Occitane Inc. as a result of an investigation of advertising claims. Based on the lawyer's opinion, the risk is probable but the final outcome of this legal action cannot be reliably estimated. As at 31 March 2014 the legal accrual was based on the final settlement cost, for a total amount of €400,000 including legal expenses. The fine was paid on 11 April 2014.

- A class action lawsuit is pending in the State of California versus L'Occitane Inc. as a result of the collection of customer personal information by L'Occitane. Based on the lawyer's opinion, the risk is probable but the final outcome of this legal action cannot be reliably estimated. As at 31 March 2014, after consultation with external lawyer, the Group recorded an accrual for a total amount of €610,000 which includes (i) the accrued lawyer's fees, (ii) the distribution to customers in the form of gift cards, and (iii) the legal fees to be paid for the class action lawyer for the plaintiff.

2. **Tax risks**

In October 2012, the Group has received a tax reassessment from the tax authority in Brazil amounting to €4.9 million for the year 2008, 2009 and 2010. This reassessment does not relate to an underestimation of the declared revenues in Brazil but to a lack of formal adequate paper documentation (instead of the electronic documentation provided by the Group). After consultation with external lawyers and comparison with other similar cases in Brazil for which the final penalty was significantly reduced, the Group recorded a provision amounting to €600,000.

In July 2012, the French tax authorities started an audit of the tax returns filed by L'Occitane SA for the years ended in March 2009, 2010 and 2011. In December 2012, the company received a tax reassessment for a total amount of €10,000,000 plus the late payment of interests and penalties relating to the year-ended 31 March 2009. In December 2013, the company received a tax reassessment for a total amount of €23,000,000 plus the late payment of interests and penalties relating to the year-ended 31 March 2010 and 2011. The French tax authorities questioned the nature and level of intercompany transactions. After consulting its tax advisors, the Group considers that the French tax authorities' position is unfounded and has challenged this reassessment. At the present time, the probability and the amount of the obligation cannot be reliably assessed. Consequently, no provision has been recorded.

DIVIDENDS

At the Board meeting held on 17 June 2013, the Board recommended a distribution of gross dividend of €0.0292 per share for a total amount of €42.9 million or 35.0% of the net profit attributable to the equity owners of the Company. The amount of the proposed dividend is based on 1,470,309,391 shares in issue as at 17 June 2013 excluding 6,655,500 treasury shares. The shareholders approved this dividend at a meeting held on 25 September 2013. The dividend was paid on 23 October 2013.

Considering the performance delivered during FY2014, the Board is pleased to recommend a gross dividend of €0.0213 per share. The total amount of dividend is €31.3 million, representing 35.0% of the net profit attributable to the equity owners of the Company. The same ratio was 35.0% in FY2013. The dividend is based on 1,470,309,391 shares in issue as at 10 June 2014 excluding 6,655,500 treasury shares.

POST BALANCE SHEET EVENTS

There are no post balance sheet events that require to be reported.

USE OF PROCEEDS FROM THE COMPANY'S LISTING

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 7 May 2010. The gross proceeds from the Company's issue of 202,568,500 new shares (including 20,508,500 new shares issued upon exercise of an over-allotment option) amounted to HKD 3,055 million. The net proceeds after deducting underwriting commission and related expenses amounted to €298.9 million (the "Net Proceeds"). As at 31 March 2014, the Company had utilised €268.0 million of the Net Proceeds as follows:

- new store openings and store renovations for €143.5 million;

- extension and improvement of manufacturing plants and R&D equipment for €77.8 million;
- increase in R&D operating expenses for €6.9 million;
- development of internet and e-commerce channel for €11.3 million; and
- general corporate purposes for €28.5 million dedicated to the implementation of SAP as enterprise resources planning system.

Such utilisation of the Net Proceeds was in accordance with the proposed allocations set out in the section headed "Use of Proceeds" in the Company's prospectus dated 26 April 2010 (the "Prospectus"). The unutilised portion of the Net Proceeds is currently held in cash and cash equivalents and it is intended that it will also be applied in a manner consistent with the proposed allocations in the Prospectus.

STRATEGIC REVIEW AND PROSPECTS

In FY2014, the Group continued its program of R&D, retail and digital investment with the management focused on executing its corporate strategies and achieved encouraging growth figures amid the difficult economic environment in many countries.

The Group continued to invest in upgrading the retail network through store renovations and relocations whilst maintaining sustainable business performance with the focus on growth for the future. However, it remained impacted by the volatility in the exchange rates, especially with the strong Euro and weak Japanese Yen. All key markets delivered growth in local currency. Brazil, China and Russia were the best performing markets growing at 20.8%, 19.9% and 17.4%, respectively at constant exchange rates. The United States market continued to contribute and posted strong sales growth of 11.2% at constant exchange rates.

As part of the on-going retail development, in FY2014 the Group increased the total number of own retail stores to 1,295 (FY2013: 1,198). During the same period, the Group renovated and relocated 121 stores (compared to 74 during FY2013). The management team has stepped up digital marketing investments to promote greater brand awareness in the digital space and support the higher margin E-commerce retail business which is the fastest growing channel of the Group (accounts for about 7% of the Group's retail sales). These corporate actions are combined with an on-going active customer relationship management program to encourage greater customer engagement and retail sales conversion, both in-store and online.

To ensure the Group has a steady pipeline of innovative new products, higher R&D efforts were dedicated to the Group's portfolio of brands for strategic product developments and regulatory issues. These corporative initiatives executed with the support of a committed management team will transform the Group to maintain its role as the leader in the natural beauty and personal care business in the context of rising competition.

As the Group executed its strategy to drive infrastructure efficiency, the Group achieved progress and succeeded to implement and roll-out SAP in our factories, China and Switzerland during FY2014. With the support of the new expanded main Manosque factory, the Group has increased production capacity and implemented further initiatives to deliver greater operational efficiencies. The launch of "Operations roadmap" has been smooth and has led to savings and improvements in our logistics and productions costs.

The Group's profit for FY2014 was less than that of the same period last year due to factors that were highlighted during the first half of the financial year. Japan, one of the key markets, posted an improvement in sales trend during the second half of the financial year. This positive result demonstrates the management's focus to improve the business in Japan. For FY2014, the Group was significantly affected by the currencies conversion effect which had reduced the operating margin by 1.5 points. In addition, the Group had unrealized foreign currency losses of €12.2 million in FY2014 (as compared to €1.9 million in FY2013). The foreign currency exchange impacts from weak Japanese Yen and strong Euro put together pressure the profitability which led to higher spending and investments in the retail business and thus lowered overall business performance.

The Group's operations and performance are exposed to the risks that it faces as an international player in the natural beauty and personal care industry. The risks included the global market uncertainty that had softened consumer demand and volatile exchange rates fluctuations which have affected the Group's revenue, costs, margins and profitability.

For FY2014, the Group had achieved a balanced development focus on revenue growth and further investments. It also managed to maintain a net cash position and its cash balance unchanged while funding the investing activities. During FY2014, management continued its global assessment project to optimize and drive infrastructure efficiency. The Group resumed to identify and to set clear objectives to track the performance of cost savings projects that have been undertaken.

Outlook

In FY2015 and beyond, the Group continues to pursue its corporate strategy to build a stronger and more efficient company.

- Enhance customer engagement with CRM initiatives, both in-store and digital to drive sales frequency
- Selective retail network expansion to complement the Group's E-commerce strategy
- Accelerate the upgrade of retail network through increased renovations and relocations
- Launch pipeline of innovative new products from Group's portfolio of brands
- Set operational targets to drive operational efficiency and cost-savings

Looking ahead, the global macro-economic outlook may remain challenged, particularly with high currency volatility. Nevertheless, the management and the Board believe that the combined results of the operational, sales and marketing initiatives will drive growth and deliver strong sustainable results in the interest of the shareholders.

AUDIT COMMITTEE

As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has an Audit Committee comprising of three non-executive Directors of the Company, two of whom are independent non-executive Directors. The Audit Committee together with external auditor has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the consolidated results of the Group for FY2014.

CORPORATE GOVERNANCE

The Board reviews its corporate governance practices regularly in order to meet the rising expectations of shareholders, to comply with increasingly stringent regulatory requirements and to fulfil its commitment to excellence in corporate governance. The Board is committed to maintaining a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining shareholders' returns.

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules throughout FY2014 save as disclosed below:

The role of the Chief Executive Officer (CEO) of the Group has been assumed by Mr. Reinold Geiger ("Mr. Geiger"), the Chairman of the Board. This deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a CEO and it provides the Group with strong and consistent leadership. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are four independent non-executive Directors in the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests. Moreover, Mr. Geiger is not a member of any of the committees (Audit Committee, Nomination Committee, and Remuneration Committee) and each committee is composed of a majority of independent non-executive Directors. Nevertheless, the Board will regularly review the management structure to ensure that it meets the business development requirements of the Group.

Furthermore, Mr. Geiger is supported by Mr. Emmanuel Osti, Managing Director, and Mr. André Hoffmann, Managing Director Asia-Pacific. Mr. Geiger is responsible to the Board and focuses on Group strategies and Board issues, ensuring a cohesive working relationship between members of the Board and management. The two Managing Directors have full executive responsibilities in the business directions and operational efficiency of the business units under their respective responsibilities and are accountable to Mr. Geiger.

Code provision F.1.3 provides that the company secretary should report to the Chairman and CEO.

Mrs. Sylvie Duvieusart-Marquant resigned as joint company secretary of the Company on 31 August 2013 and was replaced on 1 September 2013 by Mr. Karl Guénard. Mr. Guénard is based in Luxembourg and reports to Thomas Levilion, the Group's Deputy General Manager whose primary responsibility is to oversee the Group's finance functions worldwide. The Company believes this is appropriate because both Mr. Guénard and Mr. Levilion work closely together on a day to day basis including dealing with matters relating to corporate governance and other Board-related matters. Mr. Kenny Yee Hing Choy resigned as joint company secretary on 25 April 2013 and was replaced on the same date by Ms. Yung Mei Yee, who is based in Hong Kong. Ms. Yung works in coordination with Mr. Guénard in the discharge of all company secretarial duties.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct for dealing in the Securities of the Company by the Directors of the Company. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code during FY2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

GENERAL INFORMATION

The consolidated financial statements of the Group for the year ended 31 March 2014 have been reviewed by the Audit Committee of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 18 September 2014 to Wednesday, 24 September 2014, both days inclusive, during which period no share transfers can be registered. The record date to determine which shareholders will be eligible to attend and vote at the forthcoming AGM of the Company will be Wednesday, 24 September 2014 (the "AGM Record Date"). All transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 17 September 2014.

Subject to the shareholders approving the recommended final dividend at the AGM of the Company, such dividend will be payable on or about Wednesday, 22 October 2014 to shareholders whose names appear on the register of members on Friday, 10 October 2014 (the "Dividend Record Date"). To determine eligibility for the final dividend, the register of members will be closed from Tuesday, 7 October 2014 to Friday, 10 October 2014, both days inclusive, during which period no shares can be registered. In order to be entitled to receive the final dividend, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 6 October 2014.

PUBLICATION OF FINAL RESULTS AND 2014 ANNUAL REPORT

The final results announcement of the Company is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com). The annual report will be dispatched to the shareholders of the Company and will be available on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com) in due course.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 24 September 2014. A notice convening the AGM will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com) and will be dispatched to the shareholders of the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors
Reinold Geiger *(Chairman and Chief Executive Officer)*
Emmanuel Osti *(Managing Director)*
André Hoffmann *(Managing Director Asia-Pacific)*
Domenico Trizio (*Chief Operating Officer)*
Thomas Levilion (*Group Deputy General Manager, Finance and Administration)*
Karl Guénard *(Company Secretary)*

Non-executive Director
Martial Lopez

Independent Non-executive Directors
Valérie Bernis
Charles Mark Broadley
Pierre Milet
Jackson Chik Sum Ng

By Order of the Board
L'Occitane International S.A.
Reinold Geiger
Chairman

Hong Kong, 10 June 2014

Disclaimer

The financial information and certain other information presented in a number of tables have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.