L'OCCITANE
EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

Société Anonyme
1, rue du Fort Rheinsheim L-2419 Luxembourg
R.C.S. Luxembourg: B80359
(Incorporated under the laws of Luxembourg with limited liability)
Stock code : 973

2010
Interim Report

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Executive Directors

Reinold Geiger
(Chairman and Chief Executive Officer)
Emmanuel Laurent Jacques Osti
(Managing Director)
André Joseph Hoffmann
(Managing Director Asia-Pacific)
Thomas Levilion
(Group Deputy General Manager, Finance and Administration)

Non-executive Directors

Karl Guenard
Martial Thierry Lopez
Pierre Maurice Georges Milet

Independent Non-executive Directors

Charles Mark Broadley
Susan Saltzbart Kilsby
Jackson Chik Sum Ng

Joint Company Secretaries

Kenny Yee Hing Choy
Sylvie Duvieusart-Marquant

Authorised Representatives

André Joseph Hoffmann
Kenny Yee Hing Choy

Company Legal Name

L'Occitane International S.A.

Date of Incorporation

22 December 2000

Date of Listing in Hong Kong

7 May 2010

Registered Office

1, rue du Fort Rheinsheim
L-2419 Luxembourg

Headquarter Offices

1, rue du Fort Rheinsheim
L-2419 Luxembourg

Chemin du Pré-Fleuri 3
1228 Plan-Les-Ouates
Geneva
Switzerland

Principal Place of Business in Hong Kong

38/F, Shell Tower
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Stock Code

973

Company Website

www.loccitane.com

Audit Committee

Charles Mark Broadley *(Chairman)*
Martial Thierry Lopez
Jackson Chik Sum Ng

Remuneration Committee

Emmanuel Laurent Jacques Osti *(Chairman)*
Charles Mark Broadley
Susan Saltzbart Kilsby

Nomination Committee

André Joseph Hoffmann *(Chairman)*
Charles Mark Broadley
Susan Saltzbart Kilsby

Principal Bankers

Crédit Agricole Corporate and Investment Bank
BNP Paribas
Crédit Industriel et Commercial
HSBC France
Société Générale
Crédit du Nord
BRED - Banque Populaire

Auditors

PricewaterhouseCoopers
Certified Public Accountants

Compliance Adviser

Kingsway Capital Limited

Principal Share Registrar and Transfer Office

Banque Privée Edmond de Rothschild
20, Boulevard Emmanuel Servais
L-2535, Luxembourg

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

FINANCIAL HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

Half-year ended September 30,	2010	2009
Net Sales *(€ million)*	331.2	259.3
Operating profit *(€ million)*	38.1	32.4
Net profit *(€ million)*	30.2	26.0
Gross Profit margin	81.1%	80.1%
Operating profit margin	11.5%	12.5%
Net profit margin	9.1%	10.0%
Profit attributable to the owners of the Company *(€ million)*	29.8	25.1
Basic earnings per share *(€)*	0.021	0.020
Inventory turnover days(1)	224	275
Turnover days of trade receivables(2)	29	32
Turnover days of trade payables(3)	63	71
Total number of own stores(4)	826	730

For the period ended	30 September 2010	31 March 2010
Return on total assets (ROA)(5)	4.1%	19.4%
Return on equity (ROE)(6)	6.0%	51.9%
Current ratio (times)(7)	3.0	0.9
Gearing ratio(8)	11.6%	14.2%

Notes:

(1) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 182.5. Average inventory equals the average of net inventory at the beginning and end of a given period.

(2) Turnover days of trade receivables equals average trade receivables divided by net sales and multiplied by 182.5. Average trade receivables equals the average of net trade receivables at the beginning and end of a given period.

(3) Calculated using the average of the beginning and ending trade payables balance for the period, divided by total purchases for the period, multiplied by 182.5. In calculating turnover days of trade payables, we use total purchases rather than cost of sales as our cost of sales does not take into account certain distribution, general and administrative expenses that are included in our trade payables, whereas our total purchases include all payments to suppliers.

(4) L'Occitane and Melvita branded boutiques and department stores corners directly managed and operated by us. Includes 9 Oliviers & Co. stores as at 30 September 2009 and none as at 30 September 2010.

(5) Net profit/total assets

(6) Net profit attributable to equity holders of the Company/shareholders' equity excluding minority interest

(7) Current assets / current liabilities

(8) Total debt / total assets

Our vision –
To become the leader in the vast natural ingredients based cosmetics market.

Message from
REINOLD GEIGER

The first half of this financial year was marked by volatile economic and financial conditions and generally weak consumer demand in the developed countries. In this context, however, our Company succeeded in strongly growing its sales and profits. Top-line growth during the period was 27.8% with local currency growth reaching 16.4%, and net profit attributable to the owners of the Company increasing by 19.1%.

We have turned around our comparable store sales in most of our major countries and achieved strong sales in our recently opened stores. We have also seen a strong demand for our products from our Sell-in customers, such as the travel retail operators, our distributors, our wholesale customers and the hotels and airlines in our B-to-B channel. As a result, our efforts to quickly expand on a worldwide basis and particularly so in the emerging countries and some developed countries where our presence has been more recently established, were rewarded by impressive performance despite occasional regulatory or supply chain issues.

We are particularly pleased that, in taking advantage of our strong financial position, we have been able to invest significantly to fuel our future growth. We have accelerated the speed of our store openings, particularly in the emerging countries including China, as well as the renovation of our stores, notably in the USA. At the same time we have made significant efforts in rolling out our Melvita brand of fully organic cosmetics on an international basis. As at September 2010, Melvita was present in 11 countries with 19 stores, both owned and non-owned, and the R&D, sales and marketing resources that are necessary in this launching phase are now in place.

As planned, we continued to build our support resources, supply chain and systems in anticipation of our expected future growth. In view of the upcoming holiday season, we have also rebuilt our inventories during the first half of the financial year.

During the second half of the year we intend to focus on the execution of our plan, and first and foremost on our holiday season sales, which will largely determine the picture for the full year given such seasonal activity. We are confident that our staff, products, stores and marketing resources are well in place to turn this key initiative into a success. We will also continue with our investments in new stores, in emerging and fast growing countries and in the expansion of Melvita. On the supply chain side, we will finalise our preparation for the first go-live of our new ERP systems and roll out our forecasting and inventory management tools on a broad international basis.

From a strategic perspective, we are looking at possible initiatives which will allow us to leverage our key strategic advantages, drive the next steps of our profitable growth and help us accomplish our vision – to become the leader in the vast natural ingredients based cosmetics market.

Reinold Geiger
Chairman
30 November 2010

We have turned around our comparable store sales in most of our major countries and achieved strong sales in our recently opened stores.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary:

- Overall sales reached €331.2 million (period ended 30 September 2009: €259.3 million)
- Overall sales increased by 27.8%, or 16.4% excluding foreign currency translation effects
- Operating profit was €38.1 million, or 11.5% of total sales (period ended 30 September 2009: €32.4 million, or 12.5% of total sales)
- Profit before tax was €34.6 million (period ended 30 September 2009: €31.8 million)
- Effective tax rate was 12.7% (period ended 30 September 2009: 18.2%)
- Profit for the period attributable to owners of the Company was €29.8 million, or 9.0% of total sales (period ended 30 September 2009: €25.1 million, or 9.7% of total sales)

For the 6 months ended 30 September	2010	2009
Net Sales	€331.2m	€259.3m
Operating profit	€38.1m	€32.4m
Net profit attributable to the owners of the Company	€29.8m	€25.1m
Gross Profit margin	81.1%	80.1%
Operating profit margin	11.5%	12.5%
Net profit margin (based on net profit attributable to the owners of the Company)	9.0%	9.7%

Definitions:

Comparable Stores means existing retail stores which have been opened at least 24 months prior to the end of the financial period under discussion.

Non-comparable Stores means new retail stores opened within the 24 months prior to the end of the financial period under discussion and stores closed within this period.

Comparable Store Sales means net sales from Comparable Stores 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) indicated excluding foreign currency translation effects.

Seasonality of operations

We are subject to seasonal variances in sales, which are significantly higher in our financial third quarter (between October 1 and December 31) in anticipation of and during the Christmas holiday season. For the half-year ended 30 September 2009, the level of sales represented 42.3% of the annual level of sales in the year ended 31 March 2010 and the level of operating profit represented 29.4% of the annual operating profit in the year ended 31 March 2010. This ratio is not representative of the 2011 annual result.

Seasonality also has an impact on the production schedule and the use of working capital. We generally use a significant part of our working capital between April to November in order to increase the production in anticipation of increased sales and new product launches during the Christmas holiday season.

REVENUE ANALYSIS

Net sales were €331.2 million in the period ended 30 September 2010, a 27.8%, or €72.0 million increase compared to the period ended 30 September 2009, reflecting net sales growth in most of our business segments and geographic areas. In the period ended 30 September 2010, net sales in our Sell-out and Sell-in business segments (representing 71.4% and 24.8%, respectively, of our total net sales) increased by 27.2% and 29.1%, respectively. Excluding foreign currency translation effects, net sales increased by 16.4%.

We increased the total number of retail locations where our products are sold from 1,507 as at 30 September 2009 to 1,642 as at 30 September 2010. Likewise, we increased the number of our own Retail Stores from 730 at 30 September 2009 to 826 at 30 September 2010, representing a combination of the discontinuation of 9 Oliviers & Co. stores in the USA and a net increase of 105 L'Occitane and Melvita stores, including 42 additional stores in Asia, 49 in Europe and 14 in the Americas. Excluding foreign currency translation effects, Comparable Store Sales represented 12.8% of our overall growth in the period ended 30 September 2010 while Non-comparable Store Sales during the period represented 45.5% of our overall growth, and our Sell-in segment contributed 35.2% to our overall growth

Our Sell-in segment and Sell-out sales in Japan, Hong Kong, the United Kingdom, France, Brazil and Other Countries, including China and Russia, were the driving factors of our net sales growth in the period ended 30 September 2010.

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 the 6 month period ended 30 September 2010:

	(€'000)	% Growth	% Growth[2]	% Contribution to Overall Growth[2]
Sell-out	**50,585**	**27.2**	**13.9**	**60.5**
Comparable Stores	23,136	15.3	3.6	12.8
Non-comparable Stores	24,877	110.9	86.5	45.5
Other[1]	2,572	20.6	7.6	2.2
Sell-in	**18,541**	**29.1**	**23.5**	**35.2**
B-to-B	**2,831**	**29.1**	**18.9**	**4.3**
Overall Growth	**71,957**	**27.8**	**16.4**	**100.0**

(1) Includes Mail-order, Internet and other sales.
(2) Excludes the impact of foreign currency translation effects.

Sell-out

Sell-out net sales increased by 27.2%, or €50.6 million, to €236.4 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. Excluding foreign currency translation effects, this was primarily related to our net addition of 96 stores between 30 September 2009 and 30 September 2010, including net additions of 6 stores in Japan, 5 stores in Hong Kong, 6 stores in the United Kingdom and 67 stores in the Other Countries, as well as the discontinuation of 9 Oliviers & Co. stores in the USA. In Other Countries, we added notably 17 stores in China, 8 stores each in Russia and Germany, and 7 stores each in Korea and Spain. In addition, we added 6 stores following the acquisition of our distributor in the Netherlands in September 2010. Net sales of our own Retail Stores represented 58.3% of our overall growth in the period ended 30 September 2010, as compared to the period ended 30 September 2009, with Non-comparable Stores providing 45.5% of the growth and Comparable Stores providing 12.8% of the growth, respectively. We experienced a substantial improvement of the Same Store Sales Growth to 3.6%. For the financial year ended 31 March 2010, this ratio was 1.0%. This increase was primarily driven by a higher average value of the sales transactions offsetting a slight decrease of the number of transactions. The other Sell-out activities benefited primarily from the development of our internet sales, which increased by 23.6%.

Excluding foreign currency translation effects, our Sell-out net sales increased by 13.9 %, with such an increase representing 60.5% of our overall net sales growth in the period ended 30 September 2010, compared to the period ended 30 September 2009.

Sell-in

Sell-in net sales increased by 29.1%, or €18.5 million, to €82.3 million in the period ended 30 September 2010 compared to the period ended 30 September 2009 primarily due to:

- an increase in sales to travel retail customers, where, in a context of gradual recovery of the airport traffic, sales increased by 39.5%. In the period ended 30 September 2010, 57 new travel retail outlets which sell our products were opened by our customers;
- an increase in sales to wholesale customers and department stores, excluding Melvita, by 24.7%, partly due to our acquisition of our wholesale operations in Italy during the financial year 2009 from a distributor but also to positive developments in several countries like Russia, China, Germany and UK, and with the Le Couvent des Minimes Brand; and

- a strong development of our net sales to our distributors in Asia, Europe and the Middle East, which grew by 30.8%. This is attributable to the improvement of the business conditions as seen by most of our distributors, which resulted in higher sales to their consumers and higher anticipations for the coming holiday season.
- significantly higher sales to QVC, the TV sales operator, with an increase of 56.7%. essentially generated in the UK.

Excluding foreign currency translation effects, the Sell-in Segment grew by 23.5%, which represented 35.2% of our overall net sales growth in the period ended 30 September 2010.

B-to-B

B-to-B net sales increased by 29.1%, or €2.8 million, to €12.5 million in the period ended 30 September 2010 compared to the period ended 30 September 2009 in a context of improved hotel occupancy and airline traffic. Our B-to-B sales increased in most countries, particularly in Asia. Excluding foreign currency translation effects, net sales in the B-to-B Segment increased by 18.9%, which contributed 4.3% to our overall net sales growth in the period ended 30 September 2010.

Geographic Areas

The following table presents our net sales growth for the period ended 30 September 2010 and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth period ended 30 September 2010 compared to period ended 30 September 2009			
	(€'000)	% Growth	% Growth[(1)]	% Contribution to Overall Growth[(1)]
Japan	19,454	30.2	11.1	16.8
United States	3,072	8.2	(0.7)	(0.6)
France	(253)	(0.7)	(0.7)	(0.6)
Hong Kong[(2)]	8,455	39.1	28.2	14.3
United Kingdom	5,002	40.4	35.0	10.2
Brazil	4,437	44.2	19.5	4.6
Taiwan	1,663	16.9	4.2	1.0
Other Countries[(3)]	30,128	44.8	34.5	54.3
All countries	**71,957**	**27.8**	**16.4**	**100.0**

(1) Excludes the impact of foreign currency translation effects and reflects growth from all business segments, including growth from our own Retail Store sales.
(2) Includes sales in Macau.
(3) Calculated using a weighted average of constituent countries.

The following table provides a breakdown, by geographic area, of the number of our own Retail Stores, their contribution percentage to overall growth and our Same Store Sales Growth for periods indicated:

	period ended 30 September 2010 compared to period ended 30 September 2009						
	Retail Stores			% of Overall Growth[(1) (2)]			
	2010 Sep	2009 Sep	change	Non-comparable Stores	Comparable stores	Total Stores	Same Store Sales Growth[(2)]
Japan	74	68	6	13.9	1.2	15.1	1.2
United States[(3)]	170	175	(5)	(2.2)	0.9	(1.3)	1.4
France[(4)]	66	64	2	1.8	1.8	3.6	5.3
Hong Kong[(5)]	21	16	5	2.9	2.0	4.9	12.4
United Kingdom	44	38	6	2.3	2.0	4.4	12.0
Brazil	35	32	3	3.0	1.1	4.1	5.9
Taiwan	51	48	3	1.0	(0.1)	0.9	(0.6)
Other Countries[(6) (7)]	365	289	76	22.8	3.9	26.7	4.5
All countries	**826**	**730**	**96**	**45.5**	**12.8**	**58.3**	**3.6**

(1) Represents percentage of overall net sales growth attributable to Non-comparable Stores, Comparable Stores and Retail Stores for the geographic area and period indicated.
(2) Excludes foreign currency translation effects.
(3) Includes 9 Oliviers & Co. stores as at 30 September 2009 and none as at 30 September 2010. Includes 3 Melvita stores as at 30 September 2010
(4) Includes 4 and 5 Melvita Stores as at 30 September 2009 and 2010, respectively.
(5) Includes 1 L'Occitane store in Macau as at 30 September 2009 and 2010, and 3 Melvita stores in Hong Kong as at 30 September 2010.
(6) Includes 4 Melvita Stores as at 30 September 2010.
(7) Calculated using a weighted average of constituent countries.

Japan

Net sales in Japan increased by 30.2%, or €19.5 million, to €83.8 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. Local currency growth was 11.1% primarily due to the development of our Sell-out segment. With a net of 6 stores added during the period under review, Non-comparable Stores Sales contributed 13.9% to our overall growth. Comparable Store Sales grew by 1.2% despite the context of weak consumer spending in Japan.

Hong Kong

Net sales in Hong Kong increased by 39.1%, or €8.5 million, to €30.1 million. Local currency growth was 28.2% with a strong contribution of both Sell-out and Sell-In segments. Our Sell-out segment contributed 5.1% to our overall growth, notably due to 2.9% from the Non-comparable Stores and 2.0% from the Comparable Stores. Our Comparable Store Sales grew by 12.4% driven by a combination of a higher number of transactions and increased average sales per transaction. The increase of our Sell-in sales was essentially related to a strong growth in sales to travel retail customers, partly driven by the addition of 15 travel retail outlets during the period under review.

Taiwan
Net sales in Taiwan increased by 16.9%, or €1.7 million, to €11.5 million. Local currency growth was 4.2% with the Non-Comparable Store Sales contributing 1.0% to our overall growth sales more than offsetting a 0.6% decrease in the Comparable Store Sales which negatively impacted our overall growth by 0.1% . The addition of a successful Taiwanese e-commerce site compensated for this decrease and contributed 0.1% to our overall growth.

France
Net sales in France decreased by 0.7%, or €0.3 million, to €36.1 million. This decrease is primarily attributable to the transfer of the invoicing of international B-to-B customers to other entities of the Group. As a result, the B-to-B sales invoiced from France decreased by €1.2 million, but the global B-to-B sales increased by €2.8 million. The sales of Melvita branded products in France decreased by 1.9% as we are in the process of reorganizing our sales force in order to benefit from a better control on our wholesale distribution and gain access to other and broader distribution networks such as pharmacies. On a worldwide basis however, the sales of Melvita branded products increased by 6.8%, contributing 0.7% to our overall growth.

Private label sales decreased by €0.3 million, as a result of our focusing our production capacity on the L'Occitane and Melvita branded products.

Excluding international B-to-B sales, sales of L'Occitane branded products in France increased by 7.4% with significant contributions from the Sell-out, Sell-in and B-to-B to French customers, which contributed 2.8%, 0.6% and 0.8% respectively to our overall growth. Our Sell-Out sales under the L'Occitane brand benefited notably from the recovery of Same Store sales, which grew by 5.4%. The Non-comparable Store sales contributed 1.6% to our overall growth.

United Kingdom
Net sales in the United Kingdom increased by 40.4%, or €5.0 million, to €17.4 million. Local currency growth was 35.0% with a strong development of our Sell-in sales notably due to successful operations with the TV sales operator QVC which occurred earlier than last year. As a result, the Sell-in segment contributed 5.1% to our overall growth. The Sell-out segment also contributed strongly to our overall growth with 4.7% coming both from Comparable Stores, where sales grew by 12.0%, and Non-comparable stores which contributed 2.3% to the overall growth with the addition of 6 stores during the period under review.

United States
The sales growth in the USA was 13.3%, or €4.8 million, whilst the local currency growth was 3.9%, excluding Oliviers & Co. which was discontinued at the end of the last financial year. The discontinuation of Oliviers & Co. negatively impacted our overall growth by €1.7 million, or 3.9%.

Excluding Oliviers & Co., sales in the United States benefited primarily from increases in the Sell-out segment, with Comparable Store Sales growing by 1.4% despite the lack of dynamism of the economy in general, whilst the Non-Comparable Store sales contributed 1.3% to our overall growth. Sales of our Sell-in segment benefited notably from a 16.7% local currency increase in wholesale and department stores sales and contributed 0.4% to our overall growth. B-to-B sales benefited from a stronger demand from the hotels and grew by 11.2%, contributing 0.6% to the overall growth.

Brazil
Net sales in Brazil increased by 44.2%, or €4.4 million, to €14.5 million. Local currency growth was 19.5%, essentially explained by the growth in our Sell-out segment, which contributed 3.7% to the overall growth with the Same Store sales growing by 5.9% and the Non-comparable Store sales contributing 3.0% to our overall growth. The Non-comparable Store sales benefited from the net addition of 3 stores during the period under review.

Other Countries

Net sales in Other Countries increased by 44.8%, or €30.1 million, to €97.3 million. Local currency growth was a strong 34.5%, primarily driven by our Sell-out segment which contributed 28.6% to our overall growth. Comparable Store Sales accounted for 3.9% of our overall growth with a Same Store Sales Growth of 4.5% (calculated by using a weighted average by country). The Non-comparable Store sales contributed 22.8% to the overall growth as a result of our expansion strategy. During the period under review, we increased our Retail Stores in China by 17, Russia and Germany by 8 each, Korea and Spain by 7 each, and we added 6 stores in the Netherlands as a consequence of our acquisition of our distributor in this country. Sales in Russia, China, Mexico, Korea and Germany grew by 44.1%, 43.5%, 18.3%, 32.6% and 44.4% respectively, excluding foreign currency translation effects.

Local currency Sell-in sales increased by 41.2%, or €8.7 million, and contributed 20.4% to our overall growth due to the increase in sales to travel retail customers and a strong development of our net sales to our distributors in Europe and the Middle East. The Sell-in segment also benefited from increased sales to wholesale customers and department stores partly due to our acquisition of our wholesale operations in Italy during the financial year 2009 from a distributor but also to positive developments in several countries like Russia and Germany, and with the Le Couvent des Minimes brand, whose sales increased by 61.3%.

PROFITABILITY ANALYSIS

Cost of sales and gross profit

Cost of sales increased by 21.1%, or €10.9 million, to €62.6 million in the period ended 30 September 2010 compared to the period ended 30 September 2009. Our gross profit margin increased by 1.0 point of net sales to 81.1% in the period ended 30 September 2010. The increase in gross profit margin mainly reflected:

- a favourable effect of the foreign currencies of 1.8 points due to the weaker Euro in the period ended 30 September 2010;
- an improved brand mix effect for 0.4 points as our sales of L'Occitane brand products increased in the period ended 30 September 2010 relative to sales of our other brands whose gross profit margins are generally lower than that of L'Occitane brand products;
- an unfavourable channel-mix effect for 0.2 points due to the stronger development of our Sell-in and B-to-B segments;
- higher freight and duties for 0.6 points linked to an increase of the inventories in the subsidiaries; and
- slightly higher discounts on retail prices for 0.3 points.

Distribution expenses

Distribution expenses increased by 26.0%, or €32.0 million, to €154.9 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. As a percentage of net sales, our distribution expenses decreased by 0.6 points to 46.8% of net sales in the period ended 30 September 2010, as compared to the period ended 30 September 2009. This decrease is attributable to a combination of:

- a favourable channel-mix effect for 0.3 points due to the stronger development of our Sell-in and B-to-B segments;
- lower employee benefits for 0.7 points due to a better leverage in retail and a favourable country mix with the stronger development of Asia and Russia whose employee benefits are lower in percentage of sales than in the other countries. In addition, some management costs were reclassified as marketing and general and administration expenses; and
- lower rent, occupancy costs and depreciation for 0.6 points primarily due to lower average rent depreciation in Asia and better leverage, and to a lower impact of business tax on the operating expenses in France;

The above was partly offset by:

- last year's reversal of unused accruals unfavourably impacting this year for 0.4 points;
- higher pre-opening costs for the new L'Occitane and Melvita stores for 0.2 points; and
- higher costs as a percentage of net sales of the Melvita stores and set-up of the own Melvita sales force for 0.3 points.

Marketing expenses

Marketing expenses increased by 51.2%, or €14.0 million, to €41.3 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. Our marketing expenses, as a percentage of net sales, increased by 1.9 points to 12.5% of net sales in the period ended 30 September 2010, as compared to the period ended 30 September 2009, mainly attributable to:

- a higher cost of the communication tools for 1.2 points, primarily explained by an increase in our inventory of promotional goods, including samples and testers;
- an increase in the employee benefits for 0.3 points, mainly related to the strengthening of the international and local teams dedicated to the Melvita brand;
- increased advertising spending for 0.1 points essentially in France, Brazil and for the launch of the Melvita brand;
- intensified direct marketing expenses for 0.1 points primarily in Japan; and
- higher public relations spending for 0.1 points linked to the launch of Melvita in several countries and the set-up of a Melvita Foundation.

General and administrative expenses

General and administrative expenses increased by 35.4%, or €9.5 million, to €36.3 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009 and increased by 0.6 points of net sales. This increase as a percentage of net sales was primarily attributable to:

- non-recurring costs due to accruals for operating tax risks in Brazil and the marketing costs of our IPO for 0.4 points;
- stronger management structures notably in the USA and at Melvita, added to increased rents for new offices in relation to our expansion, accounting together for 0.3 points;
- consulting fees in process improvement projects in distribution, finance and human resources for 0.2 points;
- SAP maintenance fees for 0.1 points; and
- the above being partly offset by favourable exchange rates effects amounting to 0.4 points.

Operating profit

Operating profit increased by 17.6%, or €5.7 million, to €38.1 million in the period ended 30 September 2010 as compared to the period ended 30 September 2009, and our operating profit margin decreased by 1.0 points of net sales to 11.5%. The decrease in our operating profit margin was due to improved gross profit margin by 1.0 points, offset by increased operating expenses for 1.9 points. Our operating profit also benefited from capital gains due primarily to the disposal of stores in France and the USA, and to an additional indemnification related to the discontinuation of Oliviers & Co. in the USA.

Finance costs, net

Net finance costs decreased by €0.8 million, to €0.7 million in the period ended 30 September 2010 compared to the period ended 30 September 2009. This decrease was mainly related to finance income obtained on our positive cash balances which were very significantly increased as a result of our IPO.

Foreign currency gains/losses

Our net foreign currency losses amounted to €2.8 million in the period ended 30 September 2010, essentially related to inter-company and external trading and attributable to:

- realized net losses for €0.1 million, with losses on the Japanese Yen amounting to €1.9 million being offset by gains on other currencies, notably the US dollar;
- unrealized net losses incurred on the US dollar, and other currencies, negatively impacting for €2.7 million.

Income tax expenses

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings. The effective rate for income taxes was 12.7% in the period ended 30 September 2010 as compared with 18.2% for the period ended 30 September 2009. The decrease in the effective tax rate was mainly a consequence of the increase of our inventories in the distribution subsidiaries during the period ended 30 September 2010. To achieve this objective we have produced more and generated more profit at our production and central distribution entities whose profits are taxed at a lower rate than the profits generated by some of our major distribution subsidiaries, which leads to a decrease in the effective tax rate.

Profit for the period

For the aforementioned reasons, profit for the period increased by 15.9% or €4.2 million to €30.2 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. The profit for the period attributable to the minority interests decreased by €0.6 million, due to perimeter changes like the acquisition of the minority interests in Brazil last year and the creation of a joint-venture in India, and to decreased profits in our joint-ventures in Korea and Mexico. As a result, the profit for the period attributable to equity holders of the Company increased by 19.1%, or €4.8 million. Basic and diluted earnings per Share improved by 5.8% from €0.020 to €0.021 with the number of Shares used in both calculations increased as at 30 September 2010, compared with 30 September 2009, by 12.6% at 1,434,761,916 as a result of the issuance of 160,365,525 new shares at the occasion of our IPO.

BALANCE SHEET REVIEW

Liquidity and capital resources

As at 30 September 2010, following our IPO in May 2010, we had cash and cash equivalents of €273.6 million compared with €41.8 million at 31 March 2010.

As at 30 September 2010, the aggregate amount of undrawn borrowing facilities was €311.7 million. Since our IPO, we have paid down or terminated all facilities existing at 31 March 2010 and replaced them by a new €350.0 million syndicated facility. As at 30 September 2010, we have drawn €63.7 million, compared to €36.5 million as at 31 March 2010, principally to finance the repayment of our previous credit lines and financing by LOG, our parent company. Our total borrowings, including finance lease liabilities, current accounts with minority shareholders and related parties and bank overdrafts, amounted to €85.4 million, compared to €61.9 million as at 30 September 2009.

Investing activities

Net cash used in investing activities was €23.9 million in the period ended 30 September 2010 compared to €16.3 million in the period ended 30 September 2009. This reflected capital expenditures related to:

- the acquisition of our distributor in the Netherlands for €2.5 million;
- the additions of leasehold improvements, other tangible assets, key moneys and changes in deposits related to the stores for €14.5 million;
- additions in IT software for €3.2 million, primarily related to the implentation of SAP;
- tangible assets in progress related to the expansion of the Manosque premises and our new offices in Geneva for €2.1 million
- other additions, net of disposals, for €1.6 million.

The €14.5 million capital expenditures related to the stores incurred in the period ended 30 September 2010 compares to a total €8.1 million for the period ended 30 September 2009. Such an increase is explained by our net openings of 62 stores during the period from 1 April 2010 to 30 September 2010, compared to 43 during the same period last year and by significant spending in the renovation of 24 stores in the USA for a total of €2.2 million.

Financing activities

Net cash generated in financing activities was €239.4 million in the period ended 30 September 2010 compared to cash generated from financing activities of €5.8 million in the period ended 30 September 2009 and essentially reflected the following:

- the net proceeds and related tax effects from our IPO for €299.0 million;
- dividends for a total of €80.8 million including €80.0 million exceptional dividend paid to LOG in May 2010;
- a net increase in bank borrowings and other finance leases of €21.1 million as discussed above.

Inventories

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

For the 6 month period ended 30 September	2010	2009
Average Inventory turnover days[1]	224	275

(1) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 182.5. Average inventory equals the average of net inventory at the beginning and end of a given period.

Inventory turnover days decreased sharply as compared to 30 September 2009, as a result of the inventory reduction undertaken throughout the financial year 2010. We have however started to rebuild higher inventories during the first half of financial year 2011 in view of our expected increased sales in the second half and beyond. As a result our net inventory grew from €67.5 million as at 31 March 2010 to €86.1 million as at 30 September 2010, or 10.3% above the net inventory as at 30 September 2009.

Trade receivables

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

For the 6 month period ended 30 September	2010	2009
Turnover days of trade receivables[1]	29	32

(1) Turnover days of trade receivable equals average trade receivables divided by net sales and multiplied by 182.5. Average trade receivables equals the average of net trade receivables at the beginning and end of a given period.

Turnover of trade receivables decreased by 3 days from the period ended 30 September 2009 to the period ended 30 September 2010 primarily due to improved collection of trade receivables in each of our segments despite an unfavourable channel-mix effect as a consequence of the stronger development of our Sell-in Segment.

Trade payables

The following table sets out a summary of our average trade payables, total purchases and turnover of trade payables for for the periods indicated:

For the 6 month period ended 30 September (€'000)	2010	2009
Average Trade Payables[1]	65,508	55,321
Total Purchases	189,664	142,185
Turnover days of trade payables[2]	63	71

(1) Average Trade Payables equals to the average of the beginning and ending balance of trade payables for the respective period.
(2) Calculated using the average of the beginning and ending trade payables balance for the period, divided by total purchases for the period, multiplied by 182.5. In calculating turnover days of trade payables, we use total purchases rather than cost of sales as our cost of sales does not take into account certain distribution, general and administrative expenses that are included in our trade payables, whereas our total purchases include all payments to suppliers.

From the period ended 30 September 2009 to the period ended 30 September 2010, our trade payables increased by €10.2 million. This increase was mainly related to increased payables at L'Occitane SA towards the end of the period under review in anticipation for higher production in the following months.

Balance sheet ratios

The evolution of our balance sheet ratios was essentially driven by the consequences of our IPO, which resulted in significantly higher current assets and equity as at 30 September 2010, compared to 30 September 2009. The profitability ratios as at 30 September 2010, compared with 31 March 2010, are also affected by the seasonality and are generally lower during the first half-year.

For the period ended	30 September 2010	31 March 2010
Profitability		
Return on total assets (ROA)(1)	4.1%	19.4%
Return on equity (ROE)(2)	6.0%	51.9%
Liquidity		
Current ratio (times)(3)	3.00	0.90
Quick ratio (times)(4)	2.43	0.58
Capital adequacy		
Gearing ratio(5)	11.6%	14.2%
Debt to equity ratio(6)	net cash position	12.4%

(1) Net profit/total assets
(2) Net profit attributable to equity holders of the Company/shareholders´ equity excluding minority interest
(3) Current assets/current liabilities
(4) (Current assets - inventories)/current liabilities
(5) Total debt/total assets
*(6) Net debt/(total assets - total liabilities) * 100%*

Foreign exchange risk management

We enter into forward exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in our presentation currency, the Euro, for periods consistent with our identified exposures. As at 30 September 2010, we had foreign exchange derivatives net liabilities of €2.3 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 30 September 2010 were primarily Japanese Yen for an equivalent of €41.6 million, US dollars for €4.8 million, British Pound for €3.8 million and Australian dollars for €1.4 million.

Interest rate risk management

We enter into interest rate derivative contracts to manage the exposure to fluctuations of interest rates on our long-term borrowings. As at 30 September 2010, we had interest rate derivative liabilities of €1.4 million. The notional principal amount of outstanding interest rate derivatives as at 30 September 2010 was €3.7 million.

Dividends

On 9 April 2010, our Board approved the payment of an exceptional dividend of €0.063 per Share on our common stock held by our then existing Shareholders, representing a total dividend of €80.0 million, out of our distributable reserves of €135.8 million as of 31 March 2009 calculated based on Luxembourg Generally Accepted Accounting Principles. The dividend payment was funded from our internal financial resources. The Shareholders approved this dividend at a meeting held on 31 March 2010. The dividend was paid on 4 May 2010.

STRATEGIC REVIEW AND PROSPECTS

During the first half of the financial year, our Group continued to implement its strategic plan:

- **Sales growth** through:
  - a significant increase of the Comparable Store Sales demonstrating that our products and our innovations are able to impose themselves even in a difficult consumer environment;
  - the strong development of Travel Retail where we continue to see a major potential for profitable growth, and of B-to-B. Both segments are key targets to further strengthen our consumer base.
- **Investments in future sales growth:** with 62 net new stores, compared with 43 during the same period last year, we accelerated the pace of our store openings particularly in emerging countries, whilst investing significantly in store renovations in more mature countries, notably in the USA where we renovated 24 stores during the period. We also reinforced our marketing resources, focusing particularly on promotional tools to improve traffic and conversion in the stores, but also to enhance our brand awareness through intensified advertising. In particular, we are investing in the human and marketing resources that are needed to trigger the future acceleration of our Melvita brand sales. During the period under review, we launched Melvita and opened new stores in several key countries like the USA, Russia and Hong Kong, absorbing the investments related to this start-up phase.
- **Investment in our infrastructure to prepare for future developments:**
  - Increased resources in our marketing and R&D teams, and stronger and increasingly international management at our head office and our affiliates
  - Execution, in line with expectations, of our SAP project as well as the reorganisation of our factories and the central warehouse project

Furthermore, during the second part of the period under review we have been able to partly rebuild our inventories to enable us to achieve the sales growth expected during the holiday period and thereafter.

We will continue to execute our strategy as planned. In the coming months, we intend to focus particularly on a high number of store openings in emerging countries, the further development and rationalisation of our brands and the optimisation of our supply chain.

CONSOLIDATED **FINANCIAL STATEMENTS**

PricewaterhouseCoopers
Société à responsabilité limitée
400, Route d'Esch
B.P. 1443
L-1014 Luxembourg
Telephone +352 494848-1
Facsimile +352 494848-2900
www.pwc.com/lu
info@lu.pwc.com

Report on Review of Condensed Consolidated Interim Financial Information
To the Board of Directors of
L'Occitane International S.A.

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of L'Occitane International S.A. and its subsidiaries (the "Group") as of September 30, 2010 and the related condensed consolidated interim income statement, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim financial reporting" as issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards an Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material aspects, the financial position of the Group as at September 30, 2010, and of its financial performance and its cash flows for the six-months period then ended in accordance with IAS 34, “Interim financial reporting” as issued by the International Accounting Standards Board.

PricewaterhouseCoopers S.à r.l.
Represented by

Luxembourg, November 30, 2010

Pascal Rakovsky

CONSOLIDATED STATEMENTS OF INCOME

In thousands of Euros, except per share data	Notes	Half-year 2010	2009
Net Sales		**331,218**	**259,261**
Cost of sales		(62,636)	(51,712)
Gross profit		**268,582**	**207,549**
% of net sales		81.1%	80.1%
Distribution expenses		(154,938)	(122,899)
Marketing expenses		(41,273)	(27,295)
General and administrative expenses		(36,309)	(26,822)
Other (losses) / gains, net	(19)	2,011	1,835
Operating profit		**38,073**	**32,368**
Finance costs, net	(20)	(705)	(1,510)
Foreign currency gains / (losses)	(21)	(2,771)	982
Profit before income tax		**34,597**	**31,840**
Income tax expense	(22)	(4,395)	(5,791)
Profit for the half-year		**30,202**	**26,049**
Attributable to:			
Owners of the Company		29,846	25,066
Non-controlling interests		356	983
Total		**30,202**	**26,049**
Earnings per share for profit attributable to the equity holders of the Company during the half-year *(expressed in Euros per share)*			
Basic		0.021	0.020
Diluted		0.021	0.020
Number of shares used in earnings per share calculation			
Basic		1,434,761,916	1,274,396,391
Diluted		1,434,761,916	1,274,396,391

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Half-year ended September 30, *In thousands of Euros*	Notes	Half-year 2010	 2009
Profit for the half-year		**30,202**	**26,049**
Other comprehensive income:			
Cash flow hedges fair value (losses), net of tax	(12)	(169)	(1,097)
Currency translation differences		4,095	(2,344)
Other comprehensive income / (loss) for the half-year, net of tax		**3,926**	**(3,441)**
Total comprehensive income for the half-year		**34,128**	**22,608**
Attributable to:			
– Owners of the Company		33,994	21,632
– Non-controlling interests		134	976
Total		**34,128**	**22,608**

CONSOLIDATED BALANCE SHEETS

ASSETS *In thousands of Euros*	Notes	September 30, 2010	March 31, 2010
Property, plant and equipment, net	(6)	82,332	76,680
Goodwill	(7)	90,311	86,184
Intangible assets, net	(8)	47,133	41,098
Deferred income tax assets		38,778	26,252
Available-for-sale financial assets		39	39
Other non-current receivables		20,406	18,435
Non-current assets		**278,999**	**248,688**
Inventories, net	(9)	86,149	67,479
Trade receivables, net	(10)	55,932	47,871
Other current assets	(11)	38,342	30,633
Derivative financial instruments	(12)	545	94
Cash and cash equivalents		273,632	41,825
Current assets		**454,600**	**187,902**
TOTAL ASSETS		**733,599**	**436,590**

EQUITY AND LIABILITIES *In thousands of Euros*	Notes	September 30, 2010	March 31, 2010
Share capital	(13)	44,309	38,232
Additional paid-in capital	(13)	345,900	48,730
Other reserves		7,569	2,554
Retained earnings		97,620	67,774
Capital and reserves attributable to the owners of the Company		**495,398**	**157,290**
Non-controlling interests		2,125	3,988
Total equity		**497,523**	**161,278**
Borrowings	(14)	66,037	49,997
Deferred income tax liabilities		1,094	1,224
Derivative financial instruments	(12)	1,171	1,364
Other financial liabilities		5,689	5,504
Other non-current liabilities	(15)	10,684	9,591
Non-current liabilities		**84,675**	**67,680**
Trade payables	(16)	71,075	59,940
Salaries, wages, related social items and other tax liabilities		29,881	29,523
Current income tax liabilities		18,942	15,950
Borrowings	(14)	19,358	11,872
Other current liabilities	(15)	5,667	84,490
Derivative financial instruments	(12)	2,997	1,646
Provisions for other liabilities and charges	(17)	3,481	4,211
Current liabilities		**151,401**	**207,632**
TOTAL EQUITY AND LIABILITIES		**733,599**	**436,590**
NET CURRENT ASSETS		**303,199**	**(19,730)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**582,198**	**228,958**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

					Attributable to owners of the Company						
						Other reserves		Retained earnings			
in thousands of Euros (except "Number of Shares")	Notes	Number of shares	Share capital	Additional paid-in capital	Share Based Paym.	Hedging reserve	Cumul. Currency	Prior years	Profit for the period	Non-controlling interest	TOTAL EQUITY
Balance at March 31, 2009		**19,290,674**	**38,232**	**49,995**	**1,142**	**237**	**(2,499)**	**39,765**	**58,383**	**2,004**	**187,259**
Comprehensive income											
Profit for the half-year		–	–	–	–	–	–	–	25,066	983	26,049
Other comprehensive income											
Currency translation differences		–	–	–	–	–	(2,337)	–	–	(7)	(2,344)
Cash flow hedges fair value (losses), net of tax		–	–	–	–	(1,097)	–	–	–	–	(1,097)
Total comprehensive income		**–**	**–**	**–**	**–**	**(1,097)**	**(2,337)**	**–**	**25,066**	**976**	**22,608**
Transactions with owners											
Allocation of prior year earnings		–	–	–	–	–	–	58,383	(58,383)	–	–
Dividends paid	(13.5)	–	–	–	–	–	–	(32,000)	–	(1,633)	(33,633)
Contribution from the parent	(13.3)	–	–	–	677	–	–	–	–	–	677
Total transaction with owners		**–**	**–**	**–**	**677**	**–**	**–**	**26,383**	**(58,383)**	**(1,633)**	**(32,956)**
Balance at September 30, 2009		**19,290,674**	**38,232**	**49,995**	**1,819**	**(860)**	**(4,836)**	**66,148**	**25,066**	**1,347**	**176,911**
Balance at March 31, 2010		**19,290,674**	**38,232**	**48,730**	**3,105**	**(1,373)**	**822**	**(13,852)**	**81,626**	**3,988**	**161,278**
Comprehensive income											
Profit for the half-year		–	–	–	–	–	–	–	29,846	356	30,202
Other comprehensive income											
Currency translation differences		–	–	–	–	–	4,317	–	–	(222)	4,095
Cash flow hedges fair value (losses), net of tax	(12)	–	–	–	–	(169)	–	–	–	–	(169)
Total comprehensive income		**–**	**–**	**–**	**–**	**(169)**	**4,317**	**–**	**29,846**	**134**	**34,128**
Transactions with owners											
Allocation of prior year earnings		–	–	–	–	–	–	81,626	(81,626)	–	–
Dividends paid		–	–	–	–	–	–	–	–	(2,094)	(2,094)
Contribution from the parent	(13.3)	–	–	–	867	–	–	–	–	–	867
Effect of the change in par value to € 0.03 on April 9, 2010	(13.1)	1,255,105,717	–	–	–	–	–	–	–	–	–
Issue of new shares on May 7 and May 28, 2010 (net of transactions costs and net of tax)	(13.1)	202,568,500	6,077	297,170	–	–	–	–	–	–	303,247
Non-controlling interests in capital increase		–	–	–	–	–	–	–	–	97	97
Total transaction with owners		**1,457,674,217**	**6,077**	**297,170**	**867**	**–**	**–**	**81,626**	**(81,626)**	**(1,997)**	**302,117**
Balance at September 30, 2010		**1,476,964,891**	**44,309**	**345,900**	**3,972**	**(1,542)**	**5,139**	**67,774**	**29,846**	**2,125**	**497,523**

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of Euros	Notes	Half-year 2010	2009
Cash flows from operating activities			
Profit for the half-year		30,202	26,049
Adjustments to reconcile profit for the half-year to net cash from operating activities			
Depreciation, amortization and impairment	(18)	14,385	12,281
Deferred income taxes		(10,275)	(3,101)
Unwinding of discount on other financial liabilities		185	198
Share based payment	(13.3)	867	677
Change in the fair value of derivatives	(12)	466	(817)
Other (losses) - net	(19)	(1,761)	(1,610)
Net movements in provisions	(17)	(423)	516
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation)			
Inventories		(17,971)	(135)
Trade receivables		(7,042)	(5,638)
Trade payables		12,706	(240)
Salaries, wages, related social items and other tax liabilities		(82)	2,310
Current income tax assets and liabilities		5,737	(6,692)
Unpaid finance costs		83	(324)
Other assets and liabilities, net		(10,617)	(2,351)
Net cash inflow from operating activities		**16,460**	**21,123**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	(5.1)	(2,506)	(4,573)
Purchases of property, plant and equipment	(6)	(14,795)	(11,129)
Purchases of intangible assets	(8)	(8,045)	(2,810)
Proceeds from sale of fixed assets		2,408	2,115
Change in deposits and key moneys paid to the landlords		(925)	(476)
Change in non-current receivables and liabilities		(16)	566
Net cash (outflow) from investing activities		**(23,879)**	**(16,307)**
Cash flows from financing activities			
Proceeds from non-controlling interests		97	—
Proceeds from the issue of new shares net of directly associated costs, net of tax	(13.1)	303,247	—
Change in payables directly associated with the issuance of new shares, net of tax effects	(13.1)	(4,297)	—
Dividends paid to company's shareholders	(13.5)	—	(32,000)
Dividends paid to non-controlling interests in subsidiaries		(2,094)	(1,633)
Change in dividends payable		(78,700)	33,079
Proceeds from borrowings	(14)	112,727	4,865
Change in financing from parent		—	11,859
Repayments of borrowings	(14)	(90,938)	(9,735)
Repayments on obligations under finance leases	(14)	(655)	(641)
Net cash inflow from financing activities		**239,387**	**5,794**
Effects of exchange rate changes		(443)	(569)
Net increase in cash, cash equivalents and bank overdrafts		**231,525**	**10,041**
Cash, cash equivalents and bank overdrafts at the beginning of the half-year		**38,387**	**26,928**
Cash and cash equivalents		*41,825*	*27,279*
Bank overdrafts		*(3,438)*	*(351)*
Cash, cash equivalents and bank overdrafts at end of the half-year		**269,912**	**36,969**
Cash and cash equivalents		*273,632*	*38,398*
Bank overdrafts		*(3,720)*	*(1,429)*

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1. THE GROUP

L'Occitane International S.A. (the "Company") and its consolidated subsidiaries (hereinafter referred to as the "Group") design, manufacture and market, under the trademarks L'Occitane and Melvita, a wide range of cosmetic products, perfumes, soaps and fragrant products for the home based on natural or organic ingredients.

The Group also designs and markets another range of fragrant products for the home, cosmetic products, perfumes, soaps and natural products, under the trademark "Couvent des Minimes". These products are marketed primarily through external distribution.

L'Occitane International S.A. is a Luxembourg Société Anonyme registered in the Luxembourg Trade and Commercial Register, Grand Duchy of Luxembourg under the R.C.S. Number: B-80 359. The address of the Company is as follows: 1, rue du Fort Rheinsheim, L-2419 Luxembourg.

The Group is listed on the main board of the Hong Kong Stock Exchange.

This condensed consolidated interim financial information was approved for issue by the Board of Directors on November 29, 2010.

This condensed consolidated interim financial information has been reviewed, not audited.

2. BASIS OF PREPARATION

2.1. Basis of preparation

This condensed consolidated interim financial information for the half-year ended September 30, 2010 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated financial information should be read in conjunction with the consolidated annual financial statements for the year ended March 31, 2010, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

2. BASIS OF PREPARATION *(continued)*

2.2.Accounting policies

The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended March 31, 2010, except as described below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards published that are effective for the half-year ended September 30, 2010 and that are relevant for Group's operations:

The following new standards are mandatory for the first time for the financial period beginning April 1, 2010.

Standard	Topic	Key requirements	Effective date
IFRS 3	Business combinations.	IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates", and IAS 31, 'Interests in joint venture' are effective prospectively to business combinations for which the acquisition date is on or after beginning of the first annual reporting period beginning on or after July 1, 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The revised standard has been used for the accounting of the acquisition in L'Occitane Nederland B.V. and there is no material impact on the consolidated financial statements.	Effective for periods beginning on or after July 1, 2009.

2. BASIS OF PREPARATION *(continued)*

2.2.Accounting policies *(continued)*

Standard	Topic	Key requirements	Effective date
IAS 27	Consolidated and separate financial statements.	IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. There has been no impact of IAS 27 (revised) on the current period, as none of the non-controlling interests have a deficit balance. There have been no transactions whereby an interest in an entity is retained after the loss of control of that entity.	Effective for periods beginning on or after July 1, 2009.

The following amendments to standards are mandatory for the first time for the financial period beginning April 1, 2010 and do not have a material impact on the Group's financial information:

Standard	Topic	Key requirements	Effective date
IFRS 8	Disclosure of information about segment assets.	Minor textual amendment to the standard and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker.	Effective for periods beginning on or after January 1, 2010.
IAS 7	Classification of expenditures on unrecognised assets.	Amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities.	Effective for periods beginning on or after January 1, 2010.
IAS 17	Classification of leases of land and buildings.	Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating, using the general principles of IAS 17.	Effective for periods beginning on or after January 1, 2010.

2. BASIS OF PREPARATION *(continued)*

2.2.Accounting policies *(continued)*

Standard	Topic	Key requirements	Effective date
IAS 38	Additional consequential amendments arising from IFRS 3 (revised).	Amendments to paragraphs 36 and 37 of IAS 38, 'Intangible assets', to clarify the requirements under IFRS 3 (2008) regarding accounting for intangible assets acquired in a business combination.	Effective for periods beginning on or after January 1, 2010.
IAS 38	Measuring the fair value of an intangible asset acquired in a business combination.	Amendments to paragraphs 40 and 41 of IAS 38 to clarify the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.	Effective for periods beginning on or after January 1, 2010.

(b) Other Standards, amendments and interpretations to existing standards effective for the half-year ended September 30, 2010.

The other standards are not relevant for Group's operations or have no material impact on the consolidated financial statements.

2.3.Seasonality of operations

The Group is subject to significant seasonal variances in sales, which are significantly higher in its financial third quarter (between October 1 and December 31) in anticipation of and during the Christmas holiday season. For the half-year ended September 30, 2009, the level of sales represented 42.3% of the annual level of sales in the year ended March 31, 2010 and the level of operating profit represented 29.4% of the annual operating profit in the year ended March 31, 2010. This ratio is not representative of the 2011 annual result.

Seasonality also has an impact on the production schedule and the use of working capital. The Group generally uses a significant part of its working capital between April to November in order to increase the production in anticipation of increased sales and new product launches during the Christmas holiday season.

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(a) *Market risk*

Foreign exchange risk

The Group conducts its distribution activities worldwide. Sales made by the subsidiaries are denominated in their local currency. The production sites are located in France and, consequently, a major part of the costs of production or purchase are denominated in euros. The Group is thus exposed to foreign exchange risk on its commercial transactions, whether known or forecasted.

The Group treasury's risk management policy is to hedge a portion of its subsidiaries' known or forecasted commercial transactions not denominated in the presentation currency. The currency exposure must be hedged gradually from a minimum hedging of 17% of the anticipated trade flow in foreign currency seven months before the anticipated due date to a maximum total hedging (100%) two months before the anticipated due date. The main currencies hedged are the US Dollar, the Japanese Yen, the Sterling Pound, the Australian Dollar and the Thai Baht. The hedging policy is adjusted on a case by case basis based on market conditions. In order to achieve this objective, the Group uses foreign currency derivative instruments which are traded "over the counter" with major financial institutions.

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the differences between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

In accordance with debt covenants described in note 14.2, the interest rate of certain bank borrowings can be re-priced.

Price risk

The Group is not significantly exposed to equity securities risk and to commodity price risk.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with bank and financial institutions, as well as credit exposures to wholesale and retail customers.

The Group has no significant concentrations of credit risk:

- For cash and cash equivalents and derivatives financial instruments, only major financial institutions are accepted by the Group;
- For wholesales, the Group maintains adequate allowances for potential credit losses and follows regularly the solvency of its counterpart. As of September 30, 2010, the Group did not have any significant concentration of business conducted with a particular customer that could, if suddenly eliminated, severely impact the operations of the Group;
- For retail sales, the sales to retail customers are made in cash or via major credit cards.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, with the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. The liquidity reserve as at September 30, 2010 is as follows:

In thousands of Euros	September 30, 2010
Cash and cash equivalents and bank overdrafts	269,912
Undrawn borrowing facilities	311,736
Liquidity reserves	**581,648**

3.2. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

4. SEGMENT INFORMATION

The chief operating decision-makers have been identified as the Chairman & CEO and the Managing Director. They review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Chairman & CEO and the Managing Director consider the business from both a channel and a geographic perspective. They review the operating results of both sets of components and financial information is available for both, however the channels are the operating segments.

From a channel perspective, management assesses the performance of three operating segments, which are Sell-out, Sell-in and Business to Business:

- Sell-out comprises the sale of our products directly to the final customers. These sales are mainly done in the Group's stores and/or through the Group's website;
- Sell-in comprises the sale of our products to an intermediate. These intermediates are mainly distributors, wholesalers, TV show channels and travel retailers. This segment also comprises sales of products to corporate customers which will give them out as presents, for example to their customers or employees;
- Business to business (B-to-B) comprises the sale of the Group's products to an intermediate who will provide them as free amenities to its final customers. These intermediates are mainly airline companies and hotels.

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

4.1. Operating segments

The measure of profit or loss for each operating segment is their operating profit. The operating segments information is as follows:

	Half-year 2010				
In thousands of Euros	Sell-Out	Sell-In	B to B	Other reconciling items	Total
Sales	236,383	82,291	12,544	—	331,218
In %	*71.4%*	*24.8%*	*3.8%*	—	*100.0%*
Gross profit	207,311	56,200	5,071	—	268,582
% of sales	*87.7%*	*68.3%*	*40.4%*	—	*81.1%*
Distribution expenses	(121,707)	(13,610)	(1,076)	(18,545)	(154,938)
Marketing expenses	(18,807)	(2,462)	(12)	(19,992)	(41,273)
General and administrative expenses	(998)	—	—	(35,312)	(36,310)
Other gains / (losses), net	1,761	(2)	—	252	2,011
Operating profit	**67,560**	**40,126**	**3,983**	**(73,597)**	**38,072**
% of sales	*28.6%*	*48.8%*	*31.8%*		*11.5%*

4. SEGMENT INFORMATION *(continued)*

4.1. Operating segments *(continued)*

	Half-year 2009				
In thousands of Euros	Sell-Out	Sell-In	B to B	Other reconciling items	Total
Sales	185,798	63,751	9,712	—	259,261
In %	*71.7%*	*24.6%*	*3.7%*	—	*100.0%*
Gross profit	162,525	42,217	2,807	—	207,549
% of sales	*87.5%*	*66.2%*	*28.9%*	—	*80.1%*
Distribution expenses	(97,129)	(10,312)	(968)	(14,490)	(122,899)
Marketing expenses	(13,908)	(2,338)	(29)	(11,020)	(27,295)
General and administrative expenses	(861)	—	—	(25,961)	(26,822)
Other gains / (losses), net	1,645	(1)	—	191	1,835
Operating profit	**52,272**	**29,566**	**1,810**	**(51,280)**	**32,368**
% of sales	*28.1%*	*46.4%*	*18.6%*		*12.5%*

The other reconciling items include amounts corresponding to central corporate functions unrelated to a specific business segment (mainly the central distribution warehouses, central marketing and most of general and administration expenses).

There are no significant inter-segment transfers or transactions.

4. SEGMENT INFORMATION *(continued)*

4.2. Geographic areas

Sales consist only of product sales. The Group's external sales of samples, catalogues and windows are deducted from marketing costs.

Sales are allocated based on the country of the invoicing subsidiary.

	Half-year			
	2010		2009	
In thousands of Euros	Total	*In %*	Total	*In %*
Japan	83,830	*25.3%*	64,376	*24.8%*
United States	40,476	*12.2%*	37,404	*14.4%*
France	36,122	*10.9%*	36,375	*14.0%*
Hong Kong	30,085	*9.1%*	21,630	*8.3%*
Luxembourg - Swiss branch	20,133	*6.1%*	13,257	*5.1%*
United Kingdom	17,383	*5.2%*	12,381	*4.8%*
Brazil	14,474	*4.4%*	10,038	*3.9%*
Taiwan	11,525	*3.5%*	9,862	*3.8%*
Other countries	77,190	*23.3%*	53,938	*20.8%*
Sales	**331,218**	***100%***	**259,261**	***100%***

5. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE

5.1. For the half-year ended September 30, 2010

On September 02, 2010, the Group acquired 100% of the issued share capital and voting rights of L'Occitane Nederland B.V. for a total consideration of €2,506,000. L'Occitane Nederland B.V. is located in Amsterdam, The Netherlands and is specialized in the distribution of L'Occitane products in that country.

The acquired business has contributed revenues of €107,000 and generated a loss €28,000 for the half-year ended September 30, 2010. The acquisition is expected to increase the profitability by directly doing business in The Netherlands rather than working though a distributor.

5.2. Prior period

On November 16, 2009, the Group acquired the remaining interest in L'Occitane Do Brazil SA. and on April 17, 2009, the Group acquired the net assets related to retail and wholesale activities in Canada through L'Occitane Canada Corp from the Canadian agent.

Details of these business combinations were disclosed in the Group's annual financial statements for the year ended March 31, 2010.

6. PROPERTY, PLANT AND EQUIPMENT, NET

As of September 30, 2010, changes in property, plant and equipment, net can be analyzed as follows:

In thousands of Euros	
Net book value as of April 1, 2010	**76,680**
Additions	16,922
Disposals	(428)
Acquisition of subsidiaries	110
Depreciation	(11,779)
Impairment loss	(117)
Reversal of impairment loss	138
Exchange differences	806
Net book value as of September 30, 2010	**82,332**

The net book value under finance leases amounts to €12,553,000 as at September 30, 2010.

Main additions during the period related to:

- leasehold improvements for the opening of 76 stores;
- extension of the plant in Lagorce. During the period, the finance lease was drawn for an amount of €2,127,000.

7. GOODWILL

Change in goodwill is as follows:

In thousands of Euros	
Cost as of April 1, 2010	**86,184**
Acquisition of new companies and of additional shareholdings (note 5.1)	2,033
Exchange differences	2,094
Cost as of September 30, 2010	**90,311**
Accumulated impairment as of April 1, 2010	**—**
Impairment loss	—
Exchange differences	—
Accumulated impairment as of September 30, 2010	**—**
Net book value as of September 30, 2010	**90,311**

8. INTANGIBLE ASSETS, NET

Intangible assets include notably:

- Indemnities paid to the previous lessee at the inception of the lease which are recorded as key money and amortized over a period of 10 years or over the lease term if shorter.
- Internally used software including enterprise resources planning (ERP) system, point-of-sales system and others.

Except for trademarks, there are no intangible assets with indefinite useful lives.

As of September 30, 2010, changes in intangible assets, net can be analyzed as follows:

In thousands of Euros	
Net book value as of April 1, 2010	**41,098**
Additions	8,045
Disposals	(219)
Amortization	(2,627)
Acquisition of subsidiaries	240
Impairment loss	—
Other movements	504
Exchange differences	92
Net book value as of September 30, 2010	**47,133**

Additions mainly concern:

- Key moneys for an amount of €3,508,000. Such key moneys were mainly acquired in France, Italy, Brazil and Spain;
- Intangible assets in progress for an amount of €4,058,000 that mainly relate to the implementation of a new ERP.

The amount of intangible assets whose title is restricted or that are pledged as security for liabilities is €962,000 as at September 30, 2010.

9. INVENTORIES, NET

Inventories, net consist of the following items:

In thousands of Euros	September 30, 2010	March 31, 2010
Raw materials and supplies	22,981	15,942
Finished goods and work in progress	73,156	59,361
Inventories, gross	**96,137**	**75,303**
Less, allowance	(9,988)	(7,824)
Inventories, net	**86,149**	**67,479**

10. TRADE RECEIVABLES, NET

Trade receivables, net ageing analysis consist of the following:

In thousands of Euros	September 30, 2010	March 31, 2010
Current and past due within 3 months	54,738	46,829
3 to 6 months	652	692
6 to 12 months	292	165
Over 12 months	250	185
Trade receivables, net	**55,932**	**47,871**

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 and B to B segments, sales are made with credit terms generally from 60 to 90 days.

The Group considers that there is no recoverability risk on the past due receivables.

11.OTHER CURRENT ASSETS

The following table presents details of other current assets:

In thousands of Euros	September 30, 2010	March 31, 2010
Value added tax receivable and other taxes and social items receivable	16,739	9,750
Prepaid expenses	12,308	10,504
Income tax receivable	4,671	7,350
Recharge of listing costs to the parent company	—	1,713
Pre-payment for liquidity services (note 14.2)	967	—
Other current assets	3,657	1,316
Total other current assets	**38,342**	**30,633**

Prepaid expenses relate mainly to the pre-payment of rental expenses in relation to the stores.

Income tax receivable is related to down payments of income tax that are higher than the final income tax expense expected to be paid for the period.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Analysis of derivative financial instruments

Derivative financial instruments are analyzed as follows:

	September 30, 2010		March 31, 2010	
In thousands of Euros	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives - held for trading	—	198	—	230
Foreign exchange derivatives - held for trading	545	962	61	904
Sub-total derivatives at fair value through profit and loss	**545**	**1,160**	**61**	**1,134**
Interest rate derivatives - cash flow hedges	—	1,171	—	1,364
Foreign exchange derivatives - cash flow hedges	—	1,837	33	512
Sub-total derivatives designated as hedging instruments	**—**	**3,008**	**33**	**1,876**
Total derivative financial instruments	**545**	**4,168**	**94**	**3,010**
Less non-current portion:				
- Interest rate derivatives - cash flow hedges	—	1,171	—	1,364
- Interest rate derivatives - held for trading	—	—	—	—
Non current portion of derivative financial instruments	**—**	**1,171**	**—**	**1,364**
Current portion of derivative financial instruments	**545**	**2,997**	**94**	**1,646**

Derivatives at fair value through profit and loss

The change in fair value related to derivatives at fair value through profit and loss is recognized in the statement of income, within 'Finance costs' for interest derivatives and within 'Foreign currency gains / (losses)' for currency derivatives.

Derivatives designated as hedging instruments

The change in the fair value of derivatives designated as hedging instrument is recognised as follows:

- The effective portion of changes in the fair value of derivatives designated as hedging instruments has been recognized in comprehensive income for an amount net of tax;
- The ineffective portion that arises from derivatives designated as hedging instruments is recognized in the statement of income, within 'Finance costs' for interest derivatives and within 'Foreign currency gains / (losses)' for currency derivatives.

12. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Notional amounts of derivatives

(a) Foreign exchange derivatives

The notional principal amounts of the outstanding forward foreign exchange derivatives are (in thousands of Euros):

In thousands of Euros	September 30, 2010	March 31, 2010
Sale of currencies		
USD	4,763	2,077
AUD	1,421	1,933
GBP	3,779	3,147
JPY	41,608	32,065
CAD	355	621
CZK	252	—
THB	985	936
MXN	—	705
Purchase of currencies		
EUR	—	1,100

(b) Interest rate derivatives

In thousands of Euros	September 30, 2010	March 31, 2010
Instruments that qualify for hedge accounting		
Swap EUR	15,000	15,000
Swap USD	7,327	7,419
Instruments that do not qualify for hedge accounting		
Swap EUR	3,736	3,925

13. CAPITAL AND RESERVES

L'Occitane International S.A. is a corporation incorporated in the Grand Duchy of Luxembourg. The authorized capital of the Company is €1,500,000,000 as at September 30, 2010. At September 30, 2010, the Company's share capital is held by the company "L'Occitane Groupe S.A." (LOG, the parent company), in a proportion of 72.57%.

All the shares of the Company are fully paid and benefit from the same rights and obligations.

13.1. Share capital and Additional paid-in capital

The changes in the number of shares, share capital and share premium are summarized as follows:

In thousands of Euros except "Number of shares"	Number of shares	Share capital	Additional paid-in capital
Balance at March 31, 2009	**19,290,674**	**38,232**	**49,995**
Costs directly attributable to the issue of new shares, net of tax (c)	—	—	(1,265)
Balance at March 31, 2010	**19,290,674**	**38,232**	**48,730**
On April 9, 2010, new par value of €0.03 (a)	1,255,105,717	—	—
On May 7, 2010, listing of the Company and issue of new shares (b)	182,060,000	5,462	271,410
On May 28, 2010, exercice of an over-allotment option and issue of new shares (b)	20,508,500	615	31,865
Costs directly attributable to the issue of new shares, net of tax (c)	—	—	(6,105)
Balance at September 30, 2010	**1,476,964,891**	**44,309**	**345,900**

(a) - On April 9, 2010, the sole shareholder of the Company, L'Occitane Group S.A. resolved that a value of €0.03 be designated as the par value per ordinary share in the share capital of the Company so that the subscribed share capital of the Company amounting to €38,232,000 be represented by 1,274,396,391 shares having a par value of €0.03.

In accordance with IAS 33, the calculation of basic and diluted earnings per share for all periods presented below the statement of income has been adjusted retrospectively.

13. CAPITAL AND RESERVES *(continued)*

13.1. Share capital and Additional paid-in capital *(continued)*

(b) - On May 7, 2010, the Company was listed on the main board of the Hong Kong Stock Exchange. 364,120,000 shares of the Company were sold at a unit price of HKD 15.08. Out of these 364,120,000 shares, 182,060,000 shares were sold by LOG and 182,060,000 were newly issued shares as provided for by the Shareholders' Meeting held on March 31, 2010. Consequently, the Company received gross proceeds of HKD 2,745,465,000 corresponding to a capital increase of €276,872,000 with the exchange rate prevailing at the date of the transaction. After this transaction, the shareholding of LOG in the share capital was reduced to 75%.

On May 28, 2010, the Underwriters to the global offering exercised their over-allotment option for a total number of shares of 41,017,000. Out of these 41,017,000 shares, 20,508,500 shares were sold by LOG and 20,508,500 were newly issued shares as provided for by the Board of Directors Meeting held on May 31, 2010. Consequently, the Company received additional gross proceeds of HKD 309,268,000 corresponding to €32,480,000 with the exchange rate prevailing at the date of the transaction. After this transaction, the shareholding of LOG in the share capital was reduced from 75 % to 72.57%.

(c) - In relation to the transactions described in (b) above, the Group incurred costs for a total amount of €17,098,000 during the half-year ended September 30, 2010:

- The costs associated to the listing of existing shares amounting to €8,549,000 have been recharged to L'Occitane Groupe SA;
- The costs directly associated with the listing and issue of new shares amounting to €8,549,000 were recorded as a reduction of the 'Additional paid-in capital' for their amount net of tax (€6,105,000).

In addition to the above costs directly attributable to the listing of shares, the Group also incurred financial marketing and communication costs for an amount of €412,000 during the half-year ended September 30, 2010 which have been expensed in 'general and administrative expenses' during the half-year ended September 30, 2010.

13.2. Treasury shares

There are no treasury shares held by the Group.

13. CAPITAL AND RESERVES *(continued)*

13.3. Share-based payments

There are two types of share-based payments: (i) share-based payments with LOI equity instruments and (ii) share-based payments with LOG equity instruments.

(i) Main characteristics and detail of the plans with LOI equity instruments

On September 30, 2010, the Shareholder's meeting authorized a free share plan and a share option plan whose main characteristics are the following:

Plan	Number of equity instruments	Validity of the authorization	Vesting period	Performance conditions	Exercise price
Free share plan	0.5% of the Company's issued share capital as at September 30, 2010	3 years	4 years	At the grant date, the Board may specify performance targets.	N/A
Share option plan	1.5% of the Company's issued share capital as at September 30, 2010	3 years	4 years	At the grant date, the Board may specify performance targets.	To be determined by the Board

As at September 30, 2010, no equity instruments have been granted.

(ii) Main characteristics and detail of the plans with LOG equity instruments

LOG, the parent company of L'Occitane International S.A. granted rights to its own equity instruments direct to L'Occitane International S.A. and its subsidiaries' employees. The stock options and free shares plans are the following:

Plan authorized on January 28, 2010 for 730'000 stock options	Granted at the beginning of the period	Granted during the period	Forfeited	Expired	Granted at the end of the period	Contractual option term	Vesting period	Performance conditions	Grantees
Granted in July 2009 (authorized in January 2010) at an exercise price of €23.20	365,700	–	(19,000)	–	346,700	6 years	4 years	No	Management and middle management
Granted in April 2010 at an exercise price of €23.20	–	10,000	–	–	10,000	6 years	4 years	No	Management and middle management

13. CAPITAL AND RESERVES *(continued)*

13.3. Share-based payments *(continued)*

(ii) Main characteristics and detail of the plans with LOG equity instruments (continued)

Plan authorized on Sept. 28, 2007 for 200'000 stock options	Granted at the beginning of the period	Granted during the period	Forfeited	Expired	Granted at the end of the period	Contractual option term	Vesting period	Vesting period	Grantees
Granted on February 2008 at an exercise price of €26.10	192,200	–	(35,200)	–	157,000	6 years	4 years	No	Management and middle management

Plan authorized on Sept. 28, 2007 for 40,000 free shares	Granted at the beginning of the period	Granted during the period	Forfeited	Expired	Granted at the end of the period	Contractual option term	Vesting period	Vesting period	Grantees
Granted on February 2008	5,500	–	–	–	5,500	–	4 years	–	Management and middle management
Granted on June 2008	29,935	–	(3,750)	–	26,185	–	4 years	–	Management and middle management

Plan authorized on Dec. 27, 2007 for 30,000 free shares	Granted at the beginning of the period	Granted during the period	Forfeited	Expired	Granted at the end of the period	Contractual option term	Vesting period	Vesting period	Grantees
Granted in June 2008	4,807	–	–	–	4,807	–	4 years	–	Management and middle management
Granted in July 2009	22,240	–	(2,430)	–	19,810	–	4 years	–	Management and middle management
Granted in March 2010	13,500	–	–	–	13,500	–	4 years	–	Management and middle management

In addition to the above plans, on December 27, 2007, 60,651 shares of LOG have been issued to the benefit of FCPE L'Occitane Actionnariat which is a fund held by employees of the French subsidiaries of the Group. The shares were issued for a subscription price with a discount of 20% as compared to the fair value at that date. There is no vesting condition. However the shares are subject to restrictions on transfer over a period of 5 years.

13. CAPITAL AND RESERVES *(continued)*

13.3. Share-based payments *(continued)*

(ii) Main characteristics and detail of the plans with LOG equity instruments (continued)

Accounting treatment

In accordance with IFRIC 11 these share-based arrangements are accounted for as an equity-settled share-based payment transaction in the financial statements of L'Occitane International S.A.. In the financial statements of the Group, the share-based compensation expense is therefore recognized with a corresponding effect in equity attributable to the owners of the Company as a 'contribution from the parent'.

Share-based compensation expense

The share-based compensation expense recognized within the employee benefits for the above plans during the half-year ended September 30, 2010 was €867,000 (€677,000 for the half- year ended September 30, 2009).

13.4. Distributable reserves

On March 31, 2010, the distributable reserves of L'Occitane International S.A. amounted to €94,396,000.

An amendment to the articles of association of L'Occitane International S.A has been approved by the Shareholder's meeting held on April 15, 2010. A list of undistributable reserves has been added. The amount of share premium as shown in the statutory accounts of the Company is now considered as undistributable. If this definition of undistributable reserves had been in place as at March 31, 2010, the distributable reserves would have amounted to €70,817,000.

13.5. Dividend per share

On March 31, 2010, the Shareholders' Meeting approved the distribution of €80,000,000 being €4.147 per share. This distribution was conditional upon the approval of the interim financial information of the Company on a stand alone basis under Luxembourg Generally Accepted Accounting Principles as at February 28, 2010. This interim financial information was approved by the Board of directors held for April 9, 2010. On March 31, 2010, the dividend payable was recognised as a current liability (note 15). The dividend was paid on May 4, 2010.

On September 30, 2009, the annual Shareholder's Meeting approved the distribution of €32,000,000 being €1.659 per share which was paid on November 16, 2009.

The dividend per share adjusted for the new par value of €0.03 as detailed in note 13.1 paid on May 4, 2010 and on November 16, 2009 is €0.054 and €0.025 respectively.

14. BORROWINGS

Borrowings include the following items:

In thousands of Euros	September 30, 2010	March 31, 2010
2007 Syndicated facility	—	36,527
2010 Revolving facility	38,264	—
Bilateral bank facilities	25,408	1,068
Other bank borrowings	1,832	3,603
Finance lease liabilities	12,737	11,265
Current accounts with minority shareholders and related parties	3,434	5,968
Bank overdrafts	3,720	3,438
Total	**85,395**	**61,869**
Less, current portion:		
- 2007 Syndicated facility	—	(184)
- 2010 Revolving facility	(16)	—
- Bilateral bank facilities	(10,392)	(17)
- Other bank borrowings	(771)	(1,147)
- Finance lease liabilities	(1,025)	(1,118)
- Current accounts with minority shareholders and related parties	(3,434)	(5,968)
- Bank overdrafts	(3,720)	(3,438)
Total current	**(19,358)**	**(11,872)**
Total non-current	**66,037**	**49,997**

The 2007 Syndicated facility was reimbursed on May 31, 2010.

Other bank borrowings are secured by key moneys (note 24.3). The 2010 Revolving Facility is secured by investments (note 24.3).

14. BORROWINGS *(continued)*

14.1. Maturity of non-current borrowings

For the half-year ended September 30, 2010 and for the year ended March 31, 2010, maturity of non-current borrowings, excluding current portion, can be broken down as follows:

In thousands of Euros	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
2010 Revolving facility	—	38,264	—	38,264
Bilateral bank facilities	15,000	—	—	15,000
Other bank borrowings	480	581	—	1,061
Finance lease liabilities	1,135	3,513	7,064	11,712
Maturity on September 30, 2010	**16,615**	**42,358**	**7,064**	**66,037**
2007 Syndicated facility	9,085	27,258	—	36,343
Bilateral bank facilities	—	1,051	—	1,051
Other bank borrowings	1,022	1,434	—	2,456
Finance lease liabilities	1,100	3,420	5,627	10,147
Maturity on March 31, 2010	**11,207**	**33,163**	**5,627**	**49,997**

On October 1, 2010 the bilateral bank facility agreement for an amount of €15,000,000 was terminated and the facility was reimbursed on October 29, 2010.

14.2. Credit facilities agreements

2010 Revolving facility ("Revolving Facility")

On July 28, 2010, the Company signed a multi-currency revolving facility agreement for an amount of €350 million with a 5 year maturity and that can be drawn only by the Company and L'Occitane S.A..

Event of default resulting in the early repayment of the Revolving Facility agreement depends on the Leverage financial ratio which is based on the annual Group's consolidated financial statements. The ratio will be calculated for the first time on the basis of the consolidated financial statements of the fiscal year ending March 31, 2011. The leverage financial ratio is calculated as follows: Consolidated net debt / EBITDA. For the measurement of this ratio, the definitions to be used are as follows:

Consolidated net debt	Current and non-current borrowings (including finance leases and other commitments but excluding lease commitments) – cash and cash equivalents
EBITDA	Operating profit before depreciation, amortization and impairment and before net movements in provisions

14. BORROWINGS *(continued)*

14.2. Credit facilities agreements *(continued)*

2010 Revolving facility ("Revolving Facility") (continued)

The Revolving Facility includes a repricing option. The interest rates depend on the above described Leverage financial ratio calculated every year after the consolidated financial statements of the Company are issued. The change in the ratio results in repricing the interest rate as follows:

Leverage financial ratio	Repricing
Ratio being comprised between 2.5 and 3.5:	Euribor 3M + Margin
Ratio being comprised between 1.5 and 2.5:	Euribor 3M + Margin -0.1
Ratio being comprised between 0.5 and 1.5	Euribor 3M + Margin -0.25
Ratio lower than 0.5	Euribor 3M + Margin -0.4

During the half-year 2010, the interest rate was based on Euribor 3M + Margin -0.4.

The Revolving Facility is secured by a pledge on 100% of L'Occitane S.A. shares.

Directly attributable transaction costs related to the issuance of this Revolving Facility amount to €1,000,000. As there is no evidence that it is probable that some or all the facility will be drawn down, the fees were capitalised as a pre-payment for liquidity services and amortised over the period of facility to which it relates (note 11).

14.3. Current accounts with minority shareholders and related parties

Current accounts with minority shareholders and related parties concern:

In thousands of Euros		September 30, 2010	March 31, 2010
Entity	**Minority shareholders**		
L'Occitane Mexico	Clarins Group	—	2,419
L'Occitane Korea	Clarins Group	1,215	1,502
L'Occitane Suisse	Clarins Group	1,258	1,190
L'Occitane Thailand	Various individual minority shareholders	946	853
Others	Various individual minority shareholders	15	4
Total current accounts		**3,434**	**5,968**

As at September 30, 2010, Clarins Group is no longer a related party to the Group.

14. BORROWINGS *(continued)*

14.4. Finance lease liabilities

On March 30, 2010, the Company signed a finance lease agreement in connection with (i) the acquisition of the existing land and building of Melvita for an amount of €4,934,000 and (ii) the extension and restructuring of the plant for an amount of €9,066,000. The lease term of the finance lease is 15 years and the interest rate is based on Euribor 3M.

As at March 31, 2010, an amount of €4,934,000 was drawn and an additional amount of €2,127,000 has been drawn during the half-year ended September 30, 2010.

15. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include the following:

In thousands of Euros	September 30, 2010	March 31, 2010
Retirement indemnities	2,143	1,935
Liabilities linked to operating leases	5,589	5,331
Provisions for dismantling and restoring	2,712	2,325
Grants to a foundation	240	—
Total non-current liabilities	**10,684**	**9,591**
Grants to a foundation	60	800
Dividend payable to LOG	—	80,000
Dividend payable to non-controlling interests	1,255	—
Deferred revenue	4,352	3,690
Total current liabilities	**5,667**	**84,490**

The dividend payable to LOG has been paid on May 4, 2010.

16. TRADE PAYABLES

The credit terms granted by the suppliers to the production subsidiaries and to the distribution subsidiaries were usually 80 to 110 days and 30 to 60 days, respectively.

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

In thousands of Euros	September 30, 2010	March 31, 2010
Current and past due within 3 months	70,093	59,489
Past due from 3 to 6 months	587	233
Past due from 6 to 12 months	212	118
Past due over 12 months	183	100
Trade payables	**71,075**	**59,940**

17. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Within the normal framework of their activities, the Group and its subsidiaries are subject to various forms of litigation and legal proceedings. The Group sets aside a provision based on its past experience and on facts and circumstances known at the balance sheet date. The provision charge is recognized in the statement of income within “General and administrative expenses”. When the date of the utilization is not reliably measurable, the provisions are not discounted and are classified in current liabilities. The impact for not discounting is not significant.

Social litigation relates mainly to litigations with employees in relation to staff benefits or potential claims from social security administrations authorities.

Commercial claims relate mainly to claims from distributors.

In the director’s opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at each balance sheet date.

No reimbursement is expected in connection with these provisions and accordingly no corresponding asset has been recognized.

As at September 30, 2010, provisions for other liabilities and charges can be analyzed as follows:

In thousands of Euros	March 31, 2010	Additional provisions	Unused amounts reversed	Used during the period	Exchange differences	September 30, 2010
Social litigations	1,738	6	(8)	(9)	49	1,776
Commercial claims	388	16	—	(5)	1	400
Onerous contracts	1,579	527	(1,239)	(113)	27	781
Tax risks	506	—	—	—	18	524
Total	**4,211**	**549**	**(1,247)**	**(127)**	**95**	**3,481**

18. EXPENSES BY NATURE

Breakdown of expenses by nature

Expenses by nature include the following amounts:

In thousands of Euros	Half-year 2010	2009
Employee benefits (a)	95,208	72,705
Rent and occupancy (b)	60,101	47,295
Advertising costs (c)	35,555	23,463
Raw materials and consumables used	56,108	37,647
Professional fees (d)	17,988	13,371
Depreciation, amortization and impairment	14,385	12,281
Transportation expenses	12,858	7,013
Change in inventories of finished goods and work in progress	(19,932)	(950)
Listing costs	412	—
Other expenses	22,473	15,903
Total cost of sales, distribution expenses, marketing expenses, general and administrative expenses	**295,156**	**228,728**

(a) – Employee benefits include wages, salaries, bonus, share-based payments, social security, post employment benefits and the cost of temporary staff.

(b) – Rent and occupancy include the minimum lease payments for operating leases, contingent rents (variable rents based on sales) and other charges related to these leases.

(c) – Advertising costs also include all distribution and marketing promotional goods.

(d) – Professional fees include mainly payments made to lawyers, auditors, accountants, marketing agencies.

Workforce

In thousands of Euros	Half-year 2010	2009
Workforce (full time equivalent)	**5,013**	**4,494**

The Group's workforce is expressed as the number of employees at the end of the period.

18. EXPENSES BY NATURE *(continued)*

Breakdown of depreciation, amortization and impairment

Depreciation, amortization and impairment include the following:

In thousands of Euros	Half-year 2010	2009
Depreciation of property, plant and equipment	11,779	9,646
Impairment charge on property, plant and equipment, net	(21)	215
Amortization of intangible assets	2,627	2,420
Impairment charge on intangible assets, net	—	—
Depreciation, amortization and impairment	**14,385**	**12,281**

19. OTHER GAINS / (LOSSES), NET

Other gains / (losses), net in the consolidated statement of income comprises the following:

In thousands of Euros	Half-year 2010	2009
Net profit on sale of assets	1,761	1,610
Government grant on research & development costs	250	225
Other gains / (losses), net	**2,011**	**1,835**

20. FINANCE COSTS, NET

Finance costs, net consist of the following:

In thousands of Euros	Half-year 2010	2009
Interest on cash and cash equivalents	616	32
Fair value gains on derivatives	83	41
Finance income	**699**	**73**
Interest expense	(1,404)	(1,583)
Fair value losses on derivatives	—	—
Finance costs	**(1,404)**	**(1,583)**
Finance costs, net	**(705)**	**(1,510)**

21. FOREIGN CURRENCY GAINS / (LOSSES)

Foreign currency gains / (losses) consist of the following:

In thousands of Euros	Half-year 2010	2009
Foreign exchange differences	(2,210)	205
Fair value gains on derivatives	(561)	777
Foreign currency gains / (losses)	**(2,771)**	**982**

22. INCOME TAX EXPENSE

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

In thousands of Euros	Half-year 2010	2009
Profit before income tax	34,597	31,840
Income tax calculated at corporate tax rate (Luxembourg tax rate of 28.59% as at March 31, 2010 and September 30, 2010)	(9,891)	(8,730)
Effect of different tax rates in foreign countries	8,150	4,316
Effect of unrecognized tax assets	(401)	(344)
Expenses not deductible for taxation purposes	(900)	(774)
Effect of unremitted tax earnings	(808)	(258)
Effect of new tax regulation	(545)	—
Income tax expense	**(4,395)**	**(5,791)**

23. CONTINGENCIES

23.1. Legal proceedings

In addition to the litigations and claims mentioned above, 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.

23.2. Contingent liabilities

The Group has contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

All guarantees given by the Group are described in note 24.3.

24. COMMITMENTS

24.1. Capital expenditure commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

In thousands of Euros	September 30, 2010	March 31, 2010
Property, plant and equipment	8,828	7,526
Intangible assets	—	—
Investment	—	—
Total	**8,828**	**7,526**

The amounts as of September 30, 2010 and March 31, 2010 are mainly related to the factories.

24. COMMITMENTS *(continued)*

24.2. Lease commitments

The Group leases various retail stores, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses, free-rents period and renewal rights.

The future aggregate minimum annual lease payments under all non-cancellable operating leases are as follows:

In thousands of Euros	September 30, 2010	March 31, 2010
Within one year	57,830	52,965
One to two years	46,994	44,355
Two to three years	36,420	34,952
Three to four years	28,073	26,767
Four to five years	19,988	20,390
Subsequent years	52,944	52,212
Total	**242,249**	**231,641**

The above minimum lease payments do not include contingent rents (mainly variable rents based on sales in the stores).

24.3. Other commitments

In thousands of Euros	September 30, 2010	March 31, 2010
Pledge of key money	962	1,368
Pledge of investments	38,264	36,527
Total	**39,226**	**37,895**

As at March 31, 2010, the pledge of investments corresponded to the 2007 Syndicated Facility. The senior loan of the parent company which amounted to €174,253,000 as at March 31, 2010 was pledged by 100% of the Company's shares (see note 14.2). These credit facilities were terminated on May 31, 2010.

As at September 30, 2010, the pledge of investments corresponds to the new 2010 Revolving facility (note 14.2).

25. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties:

25.1. Key management compensation

Key management is composed of the Company's Board members (executive and non-executive Directors).

Emoluments expensed during the periods are analyzed as follows:

In thousands of Euros	Total
Executive directors	1,050
Non executive directors	50
Total Directors' emoluments for the half-year 2010	**1,100**
Executive directors	1,419
Non executive directos	—
Total Directors' emoluments for the half-year 2009	**1,419**

There was no payment during the above periods to directors as an inducement to join the Group or as compensation for loss of office.

25.2. Other transactions with other related parties

	Half-year	
In thousands of Euros	2010	2009
Sales of goods	1,207	2,321
Sales of services	223	—
Purchase of services from related parties	(633)	(502)
Purchase of services from other related parties (close members of the family of key management)	(162)	(137)
Interest expenses	(30)	(78)

26. POST BALANCE SHEET EVENTS

On October 1, 2010 the bilateral bank facility agreement for an amount of €15,000,000 was terminated and the facility was reimbursed on October 29, 2010.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2010, the following Directors or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules:

(a) Interests in the Shares of the Company

Name of Director	Capacity and Nature of Interest	Number of shares/ underlying shares held	Approximate % of Shareholding
Reinold Geiger (Note)	Beneficial owner	1,071,827,891 (long position)	72.57%
André Joseph Hoffmann	Person having security interest in shares	370,000 (long position)	0.03%
Susan Saltzbart Kilsby	Beneficiary of a trust	58,500 (long position)	0.00%
Charles Mark Broadley	Beneficiary of a trust	46,000 (long position)	0.00%

Note:
Mr. Reinold Geiger is the beneficial owner of the entire issued share capital of Société d'Investissement Cime S.A., which in turn is the beneficial owner of approximately 57.91% of the issued share capital of the L'Occitane Groupe S.A. ("LOG") excluding Treasury shares (see note 4 below). Mr. Reinold Geiger is therefore deemed under the SFO to be interested in all the shares registered in the name of LOG, which holds 1,071,827,891 shares in the Company. Ms. Dominique Maze-Sencier, Mr. Geiger's wife, is also deemed under the SFO to be interested in shares in LOG in which Mr. Geiger is interested.

(b) Interests in the shares of the associated corporations

Long Position in the shares of LOG

Name of Director	Capacity and Nature of Interest	Number of shares held	Approximate % of Shareholding *(Note 4)*
Reinold Geiger	Beneficial owner and deemed Interest	11,998,513 *(Note 1)*	57.91%
André Joseph Hoffmann	Deemed interest	3,130,676 *(Note 2)*	15.11%
Emmanuel Laurent Jacques Osti	Beneficial owner and deemed interest	417,946 *(Note 3)*	2.02%
Martial Thierry Lopez	Beneficial owner	26,069	0.13%

Notes:
1. *Comprised of 253 shares held by Mr. Reinold Geiger, 11,964,604 shares held by Societe d'Investissement Cime S.A. and 33,656 shares held by Ms. Dominique Maze-Sencier, each as beneficial and registered owner. Mr. Geiger is the beneficial owner of the entire issued share capital of Societe d'Investissement Cime S.A.; Mr. Geiger is therefore deemed under the SFO to be interested in all the shares in LOG held by Societe d'Investissement Cime S.A. Mr. Geiger is also deemed under the SFO to be interested in the shares in LOG held by Mr. Geiger's wife, Ms. Dominique Maze-Sencier.*

2. *Mr. André Hoffmann controls Provence Investment Pte. Ltd. Mr. Hoffmann is therefore deemed under the SFO to be interested in all the shares in LOG registered in the name of Provence Investment Pte. Ltd., which holds 3,130,676 shares in LOG.*
3. *Comprised of 325,402 shares held by Mr. Emmanuel Osti and 92,544 shares held by Ms. Cecile de Verdelhan, each as beneficial and registered owner. Mr. Osti is deemed under the SFO to be interested in the shares of LOG held by Mr. Osti's spouse, Ms. Cecile de Verdelhan.*
4. *The approximate percentage shareholdings in the share capital of LOG are calculated on the basis of the total number of 20,717,838 LOG shares issued to persons other than LOG, but do not take into account 2,573,584 LOG treasury shares that are held by LOG itself.*

Save as disclosed herein, as at 30 September 2010, none of the Directors and chief executive of the Company, or any of their spouses, or children under eighteen years of age, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010, the register of substantial shareholders maintained under section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests or short positions, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company:

Name of shareholders	Capacity and Nature of Interest	Number of shares/ underlying shares held	Approximate % of Shareholding
Société d'Investissement Cime S.A.	Beneficial owner	1,071,827,891 (long position) *(Note a)*	72.57%
LOG	Beneficial owner	1,071,827,891 (long position) *(Note a)*	72.57%

Note:

a. *Société d'Investissement Cime S.A. is the beneficial owner of approximately 57.91% of the issued share capital of LOG excluding Treasury shares (see note 4 above), which held 1,071,827,891 shares. Société d'Investissement Cime S.A. is therefore deemed under the SFO to be interested in all the shares registered in the name of LOG.*

Save as disclosed herein, as at 30 September 2010, the Company had not been notified of any substantial shareholder (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION PLAN AND FREE SHARE PLAN

On 30 September 2010 the shareholders' meeting authorised a share option plan and free share plan whose main characteristics are set out in Note 13.3 to the Financial Statements.

As at 30 September 2010 no equity interests have been granted.

HUMAN RESOURCES

As at 30 September 2010, the Group had 5,013 employees (30 September 2009, 4,494 employees).

The Group ensures that all levels of employees are paid competitively and are rewarded in accordance with the Group's salary, incentive and bonus schemes. Share options and free shares will also be offered to eligible employees. Training schemes are available where appropriate.

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 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 the period ended 30 September 2010.

CORPORATE GOVERNANCE

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

As set out in Appendix 14 of the Listing Rules, "The Code of Corporate Governance Practices"(the "Code"), there are two levels of corporate governance practices, namely : mandatory code provisions that a listed company must comply with or explain its non-compliance, and recommended best practices that a listed company is encouraged to comply with but need not disclose in the case of non-compliance.

As the Company was not yet listed on the Stock Exchange for the financial period ended 30 September 2009, the Code was not applicable to the Company for the said period. Since the listing date on 7 May 2010, the Company is in compliance with the mandatory code provisions of the Code, 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. Such 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 of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three 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, 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. He is responsible to the Board and focuses on Group strategies and Board issues, and ensures 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for securities transactions by the Directors set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code since the listing date on 7 May 2010.

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 period under review.

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