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L'Occitane International S.A.

1, rue du Fort Rheinsheim L-2419 Luxembourg

(Incorporated under the laws of Luxembourg with limited liability)

R.C.S. Luxembourg: B80359

Stock code: 973

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

FINANCIAL HIGHLIGHTS

- Total number of retail locations 1,541
- Own stores number reached 764, increased by 11.2%
- Net sales grew by 13.9% to €612.2 million
- Operating profit margin increased by 3.0 points of net sales, to 18.0%
- Profit attributable to equity holders, at €81.6 million, increased by 39.8%

FINAL RESULTS

The board of directors (the “Board”) of L'Occitane International S.A. (the “Company”) is pleased to announce the audited consolidated final results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2010 (“FY2010”) together with comparative figures for the year ended 31 March 2009 (“FY2009”). The following financial information, including the comparative figures, has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

CONSOLIDATED STATEMENT OF INCOME

| For the year ended 31 March | Notes | 2010 € '000 | 2009 € '000 |
|--|-------|----------------------|----------------------|
| Net Sales | 2 | 612,245 | 537,335 |
| Cost of sales | | <u>(114,982)</u> | <u>(105,550)</u> |
| Gross profit | | 497,263 | 431,785 |
| % of net sales | | <u>81.22%</u> | <u>80.36%</u> |
| Distribution expenses | | (270,901) | (239,906) |
| Marketing expenses | | (59,644) | (59,434) |
| General and administrative expenses | | (59,404) | (50,803) |
| Direct costs related to the projected IPO - net | | — | (1,996) |
| Other (losses) / gains-net | | <u>2,879</u> | <u>844</u> |
| Operating profit | 3 | <u>110,193</u> | <u>80,490</u> |
| Finance costs - net | | (3,529) | (5,856) |
| Foreign currency gains / (losses) | | <u>5,474</u> | <u>1,677</u> |
| Profit before income tax | | <u>112,138</u> | <u>76,311</u> |
| Income tax expense | 4 | <u>(27,579)</u> | <u>(16,927)</u> |
| Profit for the year | | <u>84,559</u> | <u>59,384</u> |
| Attributable to: | | | |
| Equity holders of the Company | | 81,626 | 58,383 |
| Minority interest | | <u>2,933</u> | <u>1,001</u> |
| Total | | <u><u>84,559</u></u> | <u><u>59,384</u></u> |
| Earnings per share (<i>expressed in Euros per share</i>) | | | |
| Basic | 5 | 0.064 | 0.046 |
| Diluted | 5 | 0.064 | 0.046 |
| Dividend paid during the year | 6 | 32,000 | 30,000 |
| Per share (expressed in Euros per share) | 6 | 0.025 | 0.024 |
| Exceptional dividend | 6 | 80,000 | — |
| Per share (expressed in Euros per share) | 6 | 0.063 | — |

CONSOLIDATED BALANCE SHEET

As at 31 March

| ASSETS | Notes | 2010 € '000 | 2009 € '000 |
|--|-------|-----------------------|-----------------------|
| Property, plant and equipment, net | | 76,680 | 69,350 |
| Goodwill | | 86,184 | 78,510 |
| Intangible assets, net | | 41,098 | 37,414 |
| Investments in associates and joint-ventures | | — | — |
| Deferred income tax assets | | 26,252 | 30,966 |
| Available-for-sale financial assets | | 39 | 33 |
| Other non-current receivables | | <u>18,435</u> | <u>17,181</u> |
| Non-current assets | | <u>248,688</u> | <u>233,454</u> |
| Inventories, net | 7 | 67,479 | 77,666 |
| Trade receivables, net | 8 | 47,871 | 42,512 |
| Other current assets | | 30,633 | 23,608 |
| Derivative financial instruments | | 94 | 2,644 |
| Cash and cash equivalents | | <u>41,825</u> | <u>27,279</u> |
| Current assets | | <u>187,902</u> | <u>173,709</u> |
| TOTAL ASSETS | | <u><u>436,590</u></u> | <u><u>407,163</u></u> |

As at 31 March

EQUITY AND LIABILITIES

Notes

2010

€ '000

2009

€ '000

| | | | |
|---|---|-----------------|----------------|
| Share capital | | 38,232 | 38,232 |
| Additional paid-in capital | | 48,730 | 49,995 |
| Other reserves | | 2,554 | (1,120) |
| Retained earnings | | <u>67,774</u> | <u>98,148</u> |
| Capital and reserves attributable to the equity holders | | 157,290 | 185,255 |
| Minority interest in equity | | <u>3,988</u> | <u>2,004</u> |
| Total equity | | <u>161,278</u> | <u>187,259</u> |
| Borrowings | | 49,997 | 75,137 |
| Deferred income tax liabilities | | 1,224 | 5,851 |
| Derivative financial instruments | | 1,364 | 1,335 |
| Other financial liabilities | | 5,504 | 5,145 |
| Other non-current liabilities | | <u>9,591</u> | <u>8,681</u> |
| Non-current liabilities | | <u>67,680</u> | <u>96,149</u> |
| Trade payables | 9 | 59,940 | 50,702 |
| Salaries, wages, related social items and other tax liabilities | | 29,523 | 19,608 |
| Current income tax liabilities | | 15,950 | 13,998 |
| Borrowings | | 11,872 | 33,831 |
| Other current liabilities | | 84,490 | 3,187 |
| Derivative financial instruments | | 1,646 | 769 |
| Provisions for other liabilities and charges | | <u>4,211</u> | <u>1,660</u> |
| Current liabilities | | <u>207,632</u> | <u>123,755</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>436,590</u> | <u>407,163</u> |
| NET CURRENT (LIABILITIES) / ASSETS | | <u>(19,730)</u> | <u>49,954</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>229,958</u> | <u>283,408</u> |

NOTES:

1. Basis of preparation

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

- (a) Standards, amendments and interpretations published that are effective for the year ended 31 March 2010 and that are relevant for the Group's operations:

| | | Effective for accounting periods beginning on or after |
|--------------------|---|---|
| IAS 1 (Revised) | Presentation of financial statements | 1 January 2009 |
| IAS 38 (Amendment) | Intangible assets | 1 January 2009 |
| IFRS 8 | Operating segments | 1 January 2009 |
| IFRS 7 (Amendment) | Financial instruments: disclosure | 1 January 2009 |
| IAS 8(Amendment) | Accounting policies, changes in accounting estimates and errors | 1 January 2009 |
| IAS 19 (Amendment) | Employee benefits | 1 January 2009 |
| IFRIC 14 | IAS 19 — The limit on a defined asset, minimum funding requirements and their interaction | 1 January 2009 |
| IAS 23 (Revision) | Borrowing costs | 1 January 2009 |
| IAS 23 (Amendment) | Borrowing costs | 1 January 2009 |
| IAS 28 (Amendment) | Investments in associates (and consequential amendments to IAS 32, Financial Instruments: Presentation and IFRS 7, Financial instruments: Disclosures) ⁽¹⁾ | 1 January 2009 |
| IAS 34 (Amendment) | Interim financial reporting | 1 January 2009 |
| IAS 36 (Amendment) | Impairment of assets | 1 January 2009 |
| IAS 38 (Amendment) | Intangible assets | 1 January 2009 |
| IFRS 2 (Amendment) | Share-based payment | 1 January 2009 |

- (b) Standards, amendments and interpretations published that are effective for the period ended 31 March 2010 and that are not relevant for the Group's operations:

| | | Effective for accounting periods beginning on or after |
|--------------------|--|---|
| IAS 1 (Amendment) | Presentation of financial statements | 1 January 2009 |
| IAS 10 (Amendment) | Events after the reporting period | 1 January 2009 |
| IAS 16 (Amendment) | Property, plant and equipment (and consequential amendment to IAS 7, Statement of cash flows) | 1 January 2009 |
| IAS 18 (Amendment) | Revenue | 1 January 2009 |
| IAS 20 (Amendment) | Accounting for government grants and disclosure of government assistance | 1 January 2009 |
| IAS 27 (Amendment) | Consolidated and separate financial statements ⁽²⁾ | 1 January 2009 |
| IFRS 1 (Amendment) | First time adoption of IFRS and IAS 27, Consolidated and separate financial statements | 1 January 2009 |
| IAS 28 (Amendment) | Investments in associates (and consequential amendments to IAS 32, Financial Instruments: Presentation and IFRS 7, Financial instruments: Disclosures) ⁽³⁾ | 1 January 2009 |
| IAS 29 (Amendment) | Financial reporting in hyperinflationary economies | 1 January 2009 |
| IAS 31 (Amendment) | Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7) | 1 January 2009 |
| IAS 32 (Amendment) | Financial instruments: Presentation, and IAS 1 (Amendment), Presentation of financial statements — Puttable financial instruments and obligations arising on liquidation | 1 January 2009 |
| IAS 39 (Amendment) | Financial instruments: Recognition and measurement | 1 January 2009 |
| IAS 40 (Amendment) | Investment property (and consequential amendments to IAS 16) | 1 January 2009 |
| IAS 41 (Amendment) | Agriculture | 1 January 2009 |
| IFRIC 15 | Agreements for constructing of real estates | 1 January 2009 |

- (c) Standards, amendments and interpretations published that are not effective for the year ended 31 March 2010 and that are relevant for the Group's operations. The following new standards, amendments to standards and interpretations have been issued, but are not effective for the year ended 31 March 2010 and have not been early adopted:

| | | Effective for accounting periods beginning on or after |
|--------------------|---|---|
| IAS 17 (Amendment) | Leases | 1 January 2010 |
| IAS 27 (Revised) | Consolidated and separate financial statements ⁽⁴⁾ | 1 July 2009 |
| IFRS 3 (Revised) | Business combinations | 1 July 2009 |
| IAS 38 (Amendment) | Intangible assets | 1 January 2009 |
| IAS 39 (Amendment) | Financial instruments: Recognition and measurement | 1 January 2010 |
| IFRIC 16 | Hedges of a net investment in a foreign operation | 1 October 2008 |
| IFRS 9 | Financial Instruments | 1 January 2013 |

Notes:

- (1) An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases.
- (2) Where an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement' is classified as held for sale under IFRS 5, 'Non-current assets held for sale and discontinued operations', IAS 39 would continue to be applied.
- (3) Where an investment in associate is accounted for in accordance with IAS 39 'Financial instruments: recognition and measurement' only certain, rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32, 'Financial Instruments: Presentation' and IFRS 7 'Financial Instruments: Disclosures'.
- (4) The revised standard 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. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from April 1, 2010.

2. Turnover and Segment information

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.

2.1. Operating segments

| March 31, | 2010 | | | | |
|---|---------------------|---------------------|---------------------|-------------------------------|---------------------|
| | Sell-Out | Sell-In | B to B | Other reconciling items | Total |
| | € '000 | € '000 | € '000 | € '000 | € '000 |
| Sales | 449,817 | 141,674 | 20,754 | — | 612,245 |
| <i>In %</i> | <i>73.5%</i> | <i>23.1%</i> | <i>3.4%</i> | — | <i>100.0%</i> |
| Gross profit | 395,087 | 95,483 | 6,693 | — | 497,263 |
| <i>% of sales</i> | <i>87.8%</i> | <i>67.4%</i> | <i>32.2%</i> | — | <i>81.2%</i> |
| Distribution expenses | (217,999) | (22,097) | (2,441) | (28,364) | (270,901) |
| Marketing expenses | (28,343) | (5,193) | (43) | (26,065) | (59,644) |
| General and administrative expenses | (1,759) | — | — | (57,645) | (59,404) |
| Direct costs related to the projected IPO - net | — | — | — | — | — |
| Goodwill amortization and impairment | — | — | — | — | — |
| Other (losses) / gains-net | <u>1,617</u> | <u>(4)</u> | <u>—</u> | <u>1,266</u> | <u>2,879</u> |
| Operating profit | 148,603 | 68,189 | 4,209 | (110,808) | 110,193 |
| <i>% of sales</i> | <u><i>33.0%</i></u> | <u><i>48.1%</i></u> | <u><i>20.3%</i></u> | <u>—</u> | <u><i>18.0%</i></u> |

| March 31, | 2009 | | | | |
|--|---------------------|---------------------|---------------------|-------------------------------|---------------------|
| | Sell-Out | Sell-In | B to B | Other reconciling items | Total |
| | € '000 | € '000 | € '000 | € '000 | € '000 |
| Sales | 384,406 | 132,561 | 20,368 | — | 537,335 |
| <i>In %</i> | <i>71.5%</i> | <i>24.7%</i> | <i>3.8%</i> | — | <i>100.0%</i> |
| Gross profit | 336,953 | 88,998 | 5,834 | — | 431,785 |
| <i>% of sales</i> | <i>87.7%</i> | <i>67.1%</i> | <i>28.6%</i> | — | <i>80.4%</i> |
| Distribution expenses | (190,972) | (24,086) | (2,638) | (22,210) | (239,906) |
| Marketing expenses | (24,984) | (7,231) | (100) | (27,119) | (59,434) |
| General and administrative expenses | (2,192) | (2,551) | — | (46,060) | (50,803) |
| Direct costs related to the projected IPO - net | — | — | — | (1,996) | (1,996) |
| Goodwill amortization and impairment | — | — | — | — | — |
| Other (losses) / gains-net | <u>227</u> | <u>79</u> | <u>—</u> | <u>538</u> | <u>844</u> |
| Operating profit | 119,032 | 55,209 | 3,096 | (96,847) | 80,490 |
| <i>% of sales</i> | <u><i>31.0%</i></u> | <u><i>41.6%</i></u> | <u><i>15.2%</i></u> | <u>—</u> | <u><i>15.0%</i></u> |

2.2. Geographic areas

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

| March 31, | 2010 | | 2009 | |
|-----------------|----------------|--------------|----------------|--------------|
| | Total | In % | Total | In % |
| | € '000 | | € '000 | |
| Japan | 147,825 | 24.1% | 127,470 | 23.7% |
| United States | 89,363 | 14.6% | 90,872 | 16.9% |
| France | 78,051 | 12.7% | 77,136 | 14.4% |
| Hong Kong | 49,692 | 8.1% | 43,312 | 8.1% |
| United Kingdom | 30,796 | 5.0% | 26,004 | 4.8% |
| Luxembourg | 27,837 | 4.5% | 24,231 | 4.5% |
| Taiwan | 24,681 | 4.0% | 24,163 | 4.5% |
| Brazil | 25,524 | 4.2% | 19,282 | 3.6% |
| Other countries | <u>138,476</u> | <u>22.6%</u> | <u>104,865</u> | <u>19.5%</u> |
| Sales | <u>612,245</u> | <u>100%</u> | <u>537,335</u> | <u>100%</u> |

3. Operating profit

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

March 31,

In thousands of Euros

| | 2010 | 2009 |
|---|----------------|----------------|
| | € '000 | € '000 |
| Employee benefit expenses | 159,961 | 136,303 |
| Rent and occupancy | 105,010 | 83,734 |
| Advertising costs | 49,740 | 49,159 |
| Raw materials and consumables used | 69,329 | 71,820 |
| Professional fees ⁽¹⁾ | 28,131 | 28,045 |
| Depreciation, amortization and impairment | 26,725 | 23,370 |
| Transportation expenses | 15,253 | 21,819 |
| Change in inventories of finished goods and work in progress | 10,267 | (16,327) |
| Other expenses | <u>40,515</u> | <u>59,766</u> |
| Total cost of sales, distribution expenses, marketing expenses, general and administrative expenses and direct costs related to the projected IPO-net | <u>504,931</u> | <u>457,689</u> |

(1) Professional fees mainly includes payments made to marketing agencies, lawyers, auditors, accountants, and direct costs related to the first projected IPO

4. Taxation

The components of income tax expense are as follows:

March 31,

| | 2010 | 2009 |
|---------------------|-----------------|-----------------|
| | € '000 | € '000 |
| Current income tax | (25,376) | (21,859) |
| Deferred income tax | <u>(2,203)</u> | <u>4,932</u> |
| Total tax expense | <u>(27,579)</u> | <u>(16,927)</u> |

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

| March 31, | 2010 | 2009 |
|--|-----------------|-----------------|
| | € '000 | € '000 |
| Profit before tax and share of gain /(loss) in joint ventures | 112,138 | 76,311 |
| Income tax calculated at corporate tax rate (<i>Luxembourg tax rate of 28.59% as at March 31, 2010 and 2009</i>) | (32,060) | (21,817) |
| Effect of different tax rates in foreign countries | 6,856 | 7,834 |
| Effect of unrecognized tax assets | (358) | (1,440) |
| Expenses not deductible for taxation purposes | (1,299) | (1,114) |
| Effect of unremitted tax earnings | (815) | (480) |
| Effect of new tax regulation | (633) | — |
| Recognition of previously unrecognised tax assets | 758 | 90 |
| Minimum tax payments | <u>(28)</u> | <u>—</u> |
| Income tax expense | <u>(27,579)</u> | <u>(16,927)</u> |

5. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to shareholders of €81.626 million for FY2010 (as compared to €58.383 million in FY2009) and the weighted average number of shares in issue during the year of 1,274,396,391 in FY2010 and FY2009.

6. Dividends

On 31 March 2010, the distribution of an exceptional dividend of €80.0 million being €0.063 per share (adjusted for the new par value of €0.03) was approved by the shareholders of the Company. 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 28 February 2010. This interim financial information was approved by the Board held on 9 April 2010. The dividend was paid on 4 May 2010.

On 30 September 2009, the annual Shareholder's Meeting approved the distribution of €32.0 million being €0.025 per share (adjusted for the new par value of €0.03) which was paid before 31 December 2009.

During the year ended 31 March 2009, the dividend paid was €30.0 million being €0.024 (adjusted for the new par value of €0.03) per share.

In order to maintain a strong financial position for future growth, at the Board meeting held on 24 June 2010, the Board does not recommended the payment of a dividend for the year ended 31 March 2010.

7. **Inventories, net**

Inventories, net consist of the following items:

| March 31, | 2010 | 2009 |
|-------------------------------------|----------------------|----------------------|
| | € '000 | € '000 |
| Raw materials and supplies | 15,942 | 15,559 |
| Finished goods and work in progress | <u>59,361</u> | <u>68,801</u> |
| Inventories, gross | 75,303 | 84,360 |
| Less, allowance | <u>(7,824)</u> | <u>(6,694)</u> |
| Inventories, net | <u><u>67,479</u></u> | <u><u>77,666</u></u> |

8. **Trade receivables, net**

Trade receivables, net consist of the following:

| March 31, | 2010 | 2009 |
|--|----------------------|----------------------|
| | € '000 | € '000 |
| Trade receivables, gross | 49,758 | 44,865 |
| Less, allowances for doubtful accounts | <u>(1,887)</u> | <u>(2,353)</u> |
| Trade receivables, net | <u><u>47,871</u></u> | <u><u>42,512</u></u> |

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

| March 31, | 2010 | 2009 |
|--------------------------------------|----------------------|----------------------|
| | € '000 | € '000 |
| Current and past due within 3 months | 47,806 | 41,965 |
| 3 to 6 months | 813 | 1875 |
| 6 to 12 months | 245 | 309 |
| Over 12 months | <u>894</u> | <u>716</u> |
| Trade receivables-gross | <u><u>49,758</u></u> | <u><u>44,865</u></u> |

9. Trade payables, net

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

| March 31, | 2010 € '000 | 2009 € '000 |
|--------------------------------------|-----------------------|-----------------------|
| Current and past due within 3 months | 59,489 | 50,157 |
| Past due from 3 to 6 months | 233 | 278 |
| Past due from 6 to 12 months | 118 | 176 |
| Past due over 12 months | <u>100</u> | <u>91</u> |
| Trade payables | <u>59,940</u> | <u>50,702</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Summary:

- Overall sales reached €612.2 million (FY2009: €537.3 million)
- Operating profit was €110.2 million, or 18.0% of total sales (FY2009: €80.5 million, or 15.0% of total sales)
- Profit before tax was €112.1 million (FY2009: €76.3 million)
- Effective tax rate was 24.6% (FY2009: 19.6%)
- Profit for the year was €84.6 million, or 13.8% of total sales (FY2009: €59.4 million, or 11.1% of total sales)

For the Year Ended 31 March

| | 2010 € million | 2009 € million |
|-------------------------|--------------------------|--------------------------|
| Net Sales | 612.2 | 537.3 |
| Operating profit | 110.2 | 80.5 |
| Net profit | 84.6 | 59.4 |
| Gross Profit margin | 81.2% | 80.4% |
| Operating profit margin | 18.0% | 15.0% |
| Net profit margin | 13.8% | 11.1% |

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 indicated.

REVENUE ANALYSIS

Net sales were €612.2 million in FY2010, a 13.9%, or €74.9 million, increase compared to FY2009, reflecting net sales growth in all of our business segments and geographic areas, except for the United States. In FY2010, net sales in our Sell-out and Sell-in business segments (representing 73.5% and 23.1%, respectively, of our total net sales) increased by 17.0% and 6.9%, respectively. Excluding foreign currency translation effects, net sales increased by 13.5% in FY2010.

We increased the total number of retail locations where our products are sold from 1,271 as at 31 March 2009 to 1,541 as at 31 March 2010. Likewise, we increased the number of our own retail stores from 687 as at 31 March 2009 to 764 as at 31 March 2010, representing a combination of the discontinuation of 10 Oliviers & Co. stores in the USA and a net increase of 87 own L'Occitane and Melvita stores, including 34 additional stores in Asia, 36 in Europe and 17 in the Americas. Excluding foreign

currency translation effects, Comparable Store Sales represented 3.9% of our overall growth in FY2010 while Non-comparable Store Sales during the period represented 75.8% of our overall growth.

Sales in Japan, Hong Kong, the United Kingdom, Brazil and in Other Countries, including China and Russia, were the driving factors of our net sales growth in FY2010.

Business Segments

The following table provides a breakdown of the net sales growth (including and excluding foreign currency translation effects as indicated) by business segment for FY2010:

| | (€'000) | % Growth | % Growth ⁽²⁾ | % Contribution to Overall Growth ⁽²⁾ |
|---------------------------|--------------------------|------------------------|-------------------------|--|
| Sell-out | 65,411 | 17.0 | 16.4 | 87.1 |
| Comparable Stores | 5,161 | 1.8 | 1.0 | 3.9 |
| Non-comparable Stores | 54,454 | 69.4 | 70.0 | 75.8 |
| Other ⁽¹⁾ | 5,796 | 25.9 | 24.2 | 7.5 |
| Sell-in | 9,113 | 6.9 | 6.7 | 12.3 |
| B-to-B | 386 | 1.9 | 2.0 | 0.6 |
| Overall Growth | <u>74,910</u> | <u>13.9</u> | <u>13.5</u> | <u>100.0</u> |

(1) Includes mail-order, internet and other sales.

(2) Excludes the impact of foreign currency translation effects.

Sell-out Segment

Sell-out net sales increased by 17.0%, or €65.4 million, to €449.8 million in FY2010, as compared to FY2009, primarily due to our net addition of 77 stores between 31 March 2009 and 31 March 2010, including net addition of 5 stores in Japan, 3 stores in Hong Kong, 6 stores in the United Kingdom and 65 stores in the Other Countries, as well as the discontinuation of 10 Oliviers & Co. stores in the USA. In the Other Countries, we added notably 9 stores in China, 9 stores in Germany, 6 stores each in Russia, Korea and Poland, and 2 stores in Brazil. In addition, we acquired 12 stores from our Canadian distributor. The net sales of our own retail stores represented 79.7% of our overall growth in FY2010 excluding

foreign currencies translation effects, as compared to FY2009, with Non-comparable Stores providing 75.8% of the growth and Comparable Stores providing 3.9% of the growth excluding foreign currencies translation effects, respectively. We experienced a Same Store Sales Growth of 1.0% during the period, which was primarily driven by an increase in sales transactions from both existing and new customers offsetting a slight decrease in the average prices of our products. The other sell-out activities benefited primarily from the strong development of our internet sales. Our internet sales increased by 32.1% and represented 6.5% of our overall sales growth excluding foreign currency translation effects.

Excluding foreign currency translation effects, our Sell-out net sales increased by 16.4%, with such an increase representing 87.1% of overall net sales growth in FY2010, compared to FY2009.

Sell-in Segment

Sell-in net sales increased 6.9%, or €9.1 million, to €141.7 million in FY2010 compared to FY2009 primarily due to:

- an increase in sales to duty free stores, where despite a continued depressed travel market throughout the period, sales increased by 21.1%, or €6.1 million, to €35.1 million. In FY2010, 164 new duty free outlets which sell our products were opened by our customers;
- an increase in sales to wholesale customers and department stores by 6.9%, or €4.0 million, primarily due to the acquisition of our wholesale operations in Italy in FY2009 from a distributor as well as to the positive developments of Melvita in France, L'Occitane in Australia, UK, Germany, Spain and Brazil, and le Couvent des Minimes; and
- such increases being partially offset by net sales relating to our distributors in Asia, Europe and the Middle East, which decreased by €1.2 million or 3.9% to €29.8 million. This decrease was due to the reclassification of revenue that we derived from sales to distributors in Thailand, Poland, Italy and Canada to both of the other segments, following our acquisitions of: (i) the controlling interests in our distributors in Thailand and Poland in June and July 2008, respectively, (ii) our wholesale operations in Italy in April 2009 as mentioned above, and (iii) the net assets of our distributor in Canada in May 2009. In addition, the sales of M&A Développement SAS and its sub-group ("M&A SAS") under private labels decreased strongly by €1.3 million or -33.0% to €2.6 million, as we decided to focus our production capacity on manufacturing products under our own brands.

Excluding foreign currency translation effects, the Sell-in Segment grew by 6.7%, which represented 12.3% of overall net sales growth in FY2010.

B-to-B Segment

B-to-B net sales increased by 1.9%, or €0.4 million, to €20.8 million in FY2010 compared to FY2009 in a context of lower hotel occupancy and reduced traffic at airports. Our B-to-B sales increased in Japan by €0.7 million and in the Other Countries by €1.1 million, as we are in the early stages of our B-to-B development in these countries, more than offsetting decreases notably in the USA and Taiwan. Excluding foreign currency translation effects, net sales in the B-to-B Segment increased by 2.0%, which contributed to our overall net sales growth by 0.6% in FY2010.

Geographic Areas

The following table presents our net sales growth for FY2010 and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

| | Net Sales Growth FY2010 compared to FY2009 | | | |
|--------------------------------|---|--------------------|-------------------------|--|
| | (€'000) | % Growth | % Growth ⁽¹⁾ | % Contribution to Overall Growth ⁽¹⁾ |
| Japan | 20,355 | 16.0 | 11.6 | 20.4 |
| Hong Kong ⁽²⁾ | 6,380 | 14.7 | 15.2 | 9.1 |
| Taiwan | 518 | 2.1 | 4.7 | 1.6 |
| France | 915 | 1.2 | 1.2 | 1.3 |
| United Kingdom | 4,792 | 18.4 | 25.1 | 9.0 |
| United States | (1,509) | (1.7) | (0.5) | (0.6) |
| Brazil | 6,242 | 32.4 | 23.0 | 6.1 |
| Other Countries ⁽³⁾ | <u>37,217</u> | <u>28.8</u> | <u>29.8</u> | <u>53.1</u> |
| All countries | <u>74,910</u> | <u>13.9</u> | <u>13.5</u> | <u>100.0</u> |

Notes:

- (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 from Macau.

(3) Calculated using a weighted average of constituent countries. Includes sales from Luxembourg, Swiss branch.

The following table provides a breakdown, by geographic area, of the number of our Retail Stores, their contribution percentage to overall growth and our Same Store Sales Growth for FY2010 and FY2009:

| | FY2010 compared to FY2009 | | | | | | |
|-----------------------------------|---------------------------|-------------------|--|-----------------------|-------------------|--------------------|--|
| | Retail stores | | % of Overall Growth ^{(1) (2)} | | | | |
| | 31 March 2010 | 31 March 2009 | change | Non-comparable Stores | Comparable stores | Total Stores | Same Store Sales Growth ⁽²⁾ |
| Japan | 72 | 67 | 5 | 20.8 | (4.7) | 16.1 | (4.9) |
| Hong Kong ⁽³⁾ | 18 | 15 | 3 | 2.5 | 1.6 | 4.1 | 6.8 |
| Taiwan | 51 | 47 | 4 | 1.4 | (0.2) | 1.2 | (0.7) |
| France ⁽⁴⁾ | 64 | 62 | 2 | 4.2 | (1.1) | 3.2 | (2.6) |
| United Kingdom | 42 | 36 | 6 | 3.8 | 2.2 | 6.1 | 11.0 |
| United States ⁽⁵⁾ | 166 | 176 | (10) | (0.4) | 1.3 | 0.9 | 1.6 |
| Brazil | 32 | 30 | 2 | 2.6 | 1.7 | 4.3 | 9.0 |
| Other Countries ⁽⁶⁾⁽⁷⁾ | 319 | 254 | 65 | 40.8 | 3.0 | 43.8 | 3.5 |
| All countries | <u>764</u> | <u>687</u> | <u>77</u> | <u>75.8</u> | <u>3.9</u> | <u>79.7</u> | <u>1.0</u> |

Notes:

(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 1 L'Occitane store in Macau from December 2007 and 1 Melvita store in Hong Kong from December 2009.

(4) Includes 4 Melvita stores from June 2008.

(5) Includes 10 Oliviers & Co. stores as at 31 March 2009.

(6) Includes 1 Melvita store from March 2010.

(7) Calculated using a weighted average of constituent countries.

Japan

Net sales in Japan increased by 16.0%, or €20.4 million, to €147.8 million in FY2010, as compared to FY2009. This growth primarily reflected higher net sales in our Sell-out segment. Net sales in our Sell-out segment in Japan rose by 15.8%, or €18.6 million, driven by Non-comparable Store Sales which represented 20.8% of our Overall growth excluding foreign currency translation effects. Between 31 March 2009 and 31 March 2010, we opened a net 5 stores in Japan. Comparable Store Sales decreased by 4.9% primarily due to the impact of the financial crisis on the Japanese economy. Comparable Store Sales negatively impacted our Overall growth excluding foreign currency translation effects by 4.7%.

Our Sell-in sales increased by 13.1%, or €1.1 million, in FY2010 compared to FY2009, primarily due to growth in the corporate gift activity and to sales to QVC (television home shopping) customers. Excluding foreign currency translation effects, net sales in Japan increased by 11.6%.

Hong Kong

Net sales in Hong Kong increased by 14.7%, or €6.4 million, to €49.7 million in FY2010, as compared to FY2009. This growth was driven by higher net sales in our Sell-out and Sell-in segments. Net sales in our Sell-out segment increased by 16.1% or €2.8 million. The increase in Sell-out sales was primarily due to increased net sales from Non-comparable Stores, as we opened a net 3 new stores in Hong Kong in FY2010 and to increased sales at our Comparable Stores. The Non-comparable Store Sales represented 2.5% of our Overall growth excluding foreign currency translation effects. Our Comparable Store Sales grew by 6.8%, primarily due to an increase in average sales per transaction combined with an increased number of transactions and represented 1.6% of our Overall growth excluding foreign currency translation effects.

Our Sell-in sales increased by 14.7%, or €3.6 million, in FY2010 as compared to FY2009, essentially due to strong growth in sales to duty free customers. Stable sales to our Asian distributors (our sales are recorded based on the location of the invoicing subsidiary) were due to the acquisition of the controlling rights of our former distributor in Thailand in June 2008, offsetting increased sales to other distributors. Excluding foreign currency translation effects, net sales in Hong Kong increased by 15.2%.

Taiwan

Net sales in Taiwan increased by 2.1%, or €0.5 million, to €24.7 million in FY2010, compared to FY2009. This increase was mainly driven by an increase in Non-Comparable Stores Sales, which grew by 29.4% and represented 1.4% of our Overall growth excluding foreign currency translation effects primarily as a result of our net opening of 3 stores in FY2009 and 4 stores in FY2010. Comparable Store Sales decreased slightly by 0.7%.

Our Sell-in sales increased by 218.7%, or €0.4 million, in FY2010 as compared to FY2009, essentially due to the addition of new Sell-in activities in this country, namely corporate gifts and distributors. Excluding foreign currency translation effects, net sales in Taiwan increased by 4.7%.

France

Net sales in France increased by 1.2%, or €0.9 million, to €78.1 million in FY2010, compared to FY2009. This growth was primarily driven by sales of M&A SAS, acquired in June 2008, which represented €1.3 million, or 1.7%, of our Overall growth excluding foreign currency translation effects. M&A SAS sales benefited from increased sales under the Melvita brand of 16.9%, or €2.6 million, partly offset by lower private label sales representing a decrease of €1.3 million, as a result of focusing our production capacity on the L'Occitane and Melvita branded products. Excluding the effect of M&A SAS' sales, net sales in France decreased slightly by 0.6%, or €0.4 million, to €57.7 million in FY2010 driven primarily by our Sell-out activities offset by decreases in the Sell-in and B-to-B segments. Retail sales increased by 2.4%, or €0.7 million, primarily due to Non-comparable Store Sales, while Comparable Store Sales decreased by 2.6% as a result of lower demand throughout the FY2010. In FY2010, we opened a net of 2 stores in France with related Non-comparable Store Sales representing 2.1% of our Overall growth excluding foreign currency translation effects. Comparable Store Sales reduced our Overall growth by 1.1% excluding foreign currency translation effects. Our internet sales grew by 42.2%, or €0.5 million, which accounted for 0.7% of our Overall growth excluding foreign currency translation effects.

Excluding Melvita's sales, our Sell-in sales fell by 7.6%, or €1.4 million, in FY2010 compared to FY2009, mainly due to a decrease in sales to our distributor customers by 18.6%, or €1.5 million, as a consequence of their cautious buying and inventory reduction efforts stemming from weak consumer activity. Our B-to-B sales decreased by 5.0% in FY2010 in the context of lower occupancy at our hotel customers.

United Kingdom

Net sales in the United Kingdom increased by 18.4%, or €4.8 million, to €30.8 million in FY2010, as compared to FY2009, and increased by 25.1% excluding foreign currency translation effects. This growth was mainly driven by higher net sales in the Sell-out and Sell-in segments. Net sales in our Sell-out Segment, excluding foreign currency translation effects improved by 27.5% or €4.9 million due to increased sales at both Comparable Stores and Non-Comparable Stores during the period, with Comparable Stores Sales growing by 11.0%. The increase in Comparable Store Sales was the result of increased transactions combined with increased average sales per transaction. Comparable Store Sales represented 2.2% of our Overall growth excluding foreign currency translation effects. During FY2010, we opened a net of 6 stores in the United Kingdom with related Non-comparable Store Sales representing 3.8% of our Overall growth excluding foreign currency translation effects.

Excluding foreign currency translation effects, our Sell-in sales improved by 23.5%, or €1.7 million, in FY2010, compared to FY2009, reflecting the continued increases in our sales to QVC (television home shopping) customers in the United Kingdom and to increased sales to department stores.

United States

Net sales in the United States decreased slightly by 1.7%, or €1.5 million, to €89.4 million in FY2010, compared to FY2009. Excluding foreign currency translation effects, net sales in the United States decreased by 0.5% due to the lower sales of Oliviers & Co. products resulting from our discontinuation of this activity during FY2010.

Excluding Oliviers & Co., net sales in the United states increased by 0.6% excluding foreign currency translation effects and contributed for 0.7% to our Overall growth excluding such effects. This increase was driven by sales in the Sell-out segment, partly offset by decreases in the Sell-in and B-to-B segments. Net sales in our Sell-out Segment, excluding foreign currency translation effects improved by 3.5% or €2.6 million due to increased sales at both Comparable Stores and Non-Comparable Stores during FY2010, with Comparable Stores Sales growing by 1.6%. The increase in Comparable Store Sales was the result of increased transactions partly offset by decreased average sales per transaction. Comparable Store Sales represented 1.3% of our Overall growth excluding foreign currency translation effects. During FY2010, we opened 5 stores balanced by 5 closings. Combined with our net openings of 3 stores in FY2009, the increase in related

Non-comparable store sales represented 1.7% of our Overall growth excluding foreign currency translation effects. During FY2010, our internet sales in the United States represented 8.6% of our total sales in this country and contributed for 0.7% to our Overall growth excluding currency translation effects.

The Sell-in segment was primarily affected by lower sales of corporate gifts and by lower wholesale and department stores sales, which decreased by 4.4% as these customers reduced their inventories. As a result, net sales in the Sell-in segment decreased by €1.4 million, or -16.2% excluding foreign currency translation effects, contributing negatively for 1.9% to our Overall growth excluding such effects.

Brazil

Net sales in Brazil increased by 32.4%, or €6.2 million, to €25.5 million in FY2010, as compared to FY2009. This growth was driven primarily by higher net sales in the Sell-out, and Sell-in Segments. Net sales in our Sell-out Segment increased by 26.1% or €4.5 million due to Same Store Sales Growth of 9.0%, and to increased Non-comparable Stores Sales. Comparable Store Sales represented 1.7% of our Overall growth excluding foreign currency translation effects. In FY2010, we opened a net of 2 stores in Brazil, contributing to the increase in Non-comparable Store Sales, which represented 2.6% of our Overall growth excluding foreign currency translation effects.

Our Sell-in sales improved by €1.6 million in FY2010 compared to FY2009 primarily due to our development of a network of distributors in Brazil and to increased sales to local wholesalers. Excluding foreign currency translation effects, net sales in Brazil increased by 23.0%.

Other Countries

Net sales in Other Countries increased by 28.8%, or €37.2 million, to €166.3 million in FY2010, as compared to FY2009. This growth primarily reflected higher net sales in our Sell-out segment. Net sales in our Sell-out segment grew by €31.7 million, primarily driven by the net opening of 65 additional stores and Same Store Sales Growth of 3.5% (calculated by using a weighted average by country). During FY2010, we increased our retail stores in, among other countries, China by 9, Korea by 6, Russia by 6, Mexico by 3, and in the Western European countries (Belgium, Germany, Switzerland, Italy and Spain) by 15, in accordance with our expansion strategy. Following the acquisition of the assets of our distributor in Canada, 12 stores were added. Non-comparable Store Sales in Other Countries accounted for 40.8% of our Overall growth during FY2010 while Comparable Store Sales accounted for 3.0% of our Overall growth excluding foreign currency translation effects. Excluding foreign currencies translation effects, net sales in Other Countries increased by 29.8% (calculated by using a weighted average by country).

PROFITABILITY ANALYSIS

Cost of Sales and Gross Profit

Cost of sales increased by 8.9%, or €9.4 million, to €115.0 million in FY2010 compared to FY2009. Our gross profit margin increased by 0.9 points to 81.2% in FY2010. The increase in gross profit margin for FY2010 mainly reflected:

- a favourable effect of the foreign currencies of 0.1 points of net sales primarily due to the stronger Japanese Yen in FY2010;
- an improved brand mix effect as our sales of L'Occitane brand products increased in FY2010 relative to sales of our other brands whose gross profit margins are generally lower than that of L'Occitane brand products for 0.1 points; and
- an increase in the gross profit margin of L'Occitane brand products of 0.6 points of net sales mainly due to a favourable channel-mix effect as a consequence of the stronger development of our Sell-out segment, accounting for 0.4 points of net sales, and 0.2 points of net sales primarily due to lower freight costs on purchases and improved production costs, partly offset by unfavourable selling price effects.

Distribution Expenses

Distribution expenses increased by 12.9%, or €31.0 million, to €270.9 million in FY2010, as compared to FY2009. As a percentage of net sales, our distribution expenses decreased by 0.4 points to 44.2% of net sales in FY2010, as compared to FY2009. This decrease was primarily due to our L'Occitane brand and is attributable to a combination of:

- lower freight on sales resulting notably from reduced air shipments of 0.4 points of net sales;
- reduced pre-opening costs mainly due to fewer openings in Western Europe and to high costs incurred in FY2009 for the opening of spas and cafés representing 0.2 points of net sales;
- the reversal of unused bad debts provisions booked in FY2009 for 0.4 points of net sales; and
- the above were partially offset for 0.6 points of net sales by increases relating to higher rent and occupancy costs and personnel expenses as a percentage of net sales primarily due to a higher share of retail sales in our total sales.

Marketing Expenses

Marketing expenses increased by 0.4%, or €0.2 million, to €59.6 million in FY2010, as compared to FY2009. Our marketing expenses, as a percentage of net sales, decreased by 1.3 points to 9.7% of net sales in FY2010, as compared to FY2009. This reduction of our marketing expenses by 1.3 points of net sales is attributable primarily to:

- a reduction of our inventory of promotional goods, including samples and testers, during FY2010, whereas our inventory of promotional goods increased in the corresponding period in 2009, which resulted in a reduction in marketing expenses by 1.3 points of net sales;
- lower advertising expenses which resulted in a reduction in marketing expenses by 0.4 points as a percentage of net sales, partly due to higher expenses incurred during FY2009 in Japan for our special investment in the mail order activity in order to increase our market share, and to lower marketing costs for the L'Occitane brand partly due to lower advertising fees during the financial crisis; and
- Such decrease in advertising expenses being offset by increased direct marketing spending, and personnel expenses in relation to the reinforcement of our marketing teams at M&A SAS.

General and Administrative Expenses

General and administrative expenses increased by 13.0%, or €6.6 million, to €59.4 million in FY2010, as compared to FY2009 and decreased as a percentage of net sales from 9.8% in FY2009 to 9.7% in FY2010. This decrease as a percentage of net sales was primarily attributable to the reinforcement of our administrative structures in some subsidiaries and M&A SAS for 0.1 point of net sales, and to increased costs of share-based payments, more than offset by the costs incurred in FY2009 in relation to the initial public offering (“IPO”) project which was postponed due to the adverse financial market conditions. As the IPO was not probable as at 31 March 2009, all of the costs attributable to the Company were expensed in FY2009 for €2.0 million.

Operating Profit

Operating profit increased by 36.9%, or €29.7 million, to €110.2 million in FY2010 as compared to FY2009, and our operating profit margin increased by 3.0 points from 15.0% in FY2009 to 18.0% in FY2010. The increase in our operating profit margin

was primarily due to improved gross profit margin by 0.9 points, our decrease in operating expenses by 1.8 points as previously discussed, and also due to increased other gains of €2.0 million, which mainly related to the disposal of the key money of our store in Soho, New York (USA) in April 2009.

Net Finance Costs

Net finance costs decreased by €2.3 million, to €3.5 million in FY2010 compared to FY2009. This decrease was mainly related to reduced borrowings as a result of the increase of our cash flow from operations and lower capital expenditures and lower interest rates applicable to our borrowings in FY2010 as a consequence of lower interest rates in general following the recent global financial crisis.

Foreign Currency Gains/Losses

Our net foreign currency gains amounted to €5.5 million in FY2010. The net gains of €5.5 million in FY2010 were mainly due to:

- realized net gains on inter-company and external trading transactions for €3.0 million, primarily achieved on the US dollar and the Japanese Yen;
- unrealized net gains related to financing in foreign currencies, achieved notably on the Korean Won, Russian Ruble, US, Hong Kong and Australian dollars, contributing €2.4 million.

Income Tax Expense

The effective rate for income taxes was 24.6% in FY2010 as compared with 22.2% for FY2009. The increase in the effective tax rate was mainly a consequence of our policy to decrease our inventories in the distribution subsidiaries during FY2010. To achieve this objective we have produced less and have consumed the inventories located in the distribution entities as at 31 March 2009. As the profit generated by these subsidiaries is taxed at a higher rate than the profit generated by our production and central distribution entities, this led to an increase in the effective tax rate.

Profit for the Year

For the aforementioned reasons, profit for the year increased by 42.4% or €25.2 million to €84.6 million in FY2010, as compared to FY2009. The profit for the period attributable to the minority interests increased by €1.9 million, or 193.0%, notably due to the increase of profits in our joint-ventures in Taiwan, Korea and

Mexico. As a result, the profit for the year attributable to equity holders of the Company increased by 39.8%, or €23.2 million. Basic and diluted earnings per Share improved by 39.8% from €0.046 to €0.064 with the number of Shares used in both calculations remaining unchanged in FY2009 and FY2010 at 1,274,396,391.

BALANCE SHEET REVIEW

Liquidity and capital resources

As at 31 March 2010, we had cash and cash equivalents of €41.8 million compared with €27.3 million as at 31 March 2009.

The following table sets forth our borrowings as at the dates indicated:

| | 2010 | 2009 |
|--|---------------|----------------|
| As at 31 March | € '000 | € '000 |
| Capex facility ⁽²⁾ | 36,527 | 48,275 |
| Revolving facility ⁽²⁾ | — | 16,507 |
| Other bank borrowings ⁽¹⁾ | 4,671 | 5,999 |
| Finance lease liabilities ⁽³⁾ | 11,265 | 7,274 |
| Current accounts with minority shareholders and related parties ⁽⁴⁾ | 5,968 | 30,561 |
| Bank overdrafts | <u>3,438</u> | <u>351</u> |
| Total | <u>61,869</u> | <u>108,968</u> |

Notes:

- (1) Certain bank borrowings are secured by key moneys. As at 31 March 2010, the net book value of key moneys was €18.9 million.
- (2) The capex facility and revolving facility are part of our 2007 credit facility. As at 28 May 2010, all amounts due by L'Occitane Group S.A. ("LOG"), ourselves and L'Occitane S.A. under the 2007 Credit Facility have been repaid in full and the 2007 credit facility has been terminated.
- (3) Finance lease liabilities relate primarily to land and building for the Manosque and Lagorce factories and premises. On 30 March 2010, we signed a new finance lease agreement in connection with (i) the acquisition of the existing land and building of Melvita for an amount of €4.9 million and (ii) the extension and restructuring of the plant for an amount of €9.1 million. As at 30 March 2010, an amount of €4.9 million was drawn.
- (4) Current accounts include loans and advances from minority shareholders of certain subsidiaries of the Company.

As at 31 March 2010, the aggregate amount of undrawn borrowing facilities was €125.5 million. In April, May and June 2010 we have drawn €110.1 million in bank borrowings on our existing bank facilities to finance principally the repayment of the LOG current account, and €11.5 million to partially finance the repayment in full of our capex facility.

Investing Activities

Net cash used in investing activities was €35.6 million in FY2010 compared to €100.1 million in FY2009. The net cash used in FY2010 reflected capital expenditures mainly related to:

- the acquisition of net assets from our distributor in Canada for €4.6 million;
- the acquisition of the remaining minority interests in L'Occitane Do Brasil S/A for €2.7 million. After this transaction, L'Occitane Do Brasil S/A is now wholly held by our Company;
- the additions of leasehold improvements and other tangible assets related to the opening of new stores for €12.0 million;
- the additions of machinery and equipment, land and building, other tangible assets and tangible assets in progress for €16.3 million, primarily for our premises at Manosque, Lagorce and the USA. The tangible assets in progress are mainly related to the refurbishment of the plant's store, the furniture related to stores that are not yet opened and to the extension of the plant in Lagorce;
- additions in intangible assets of €7.5 million, reflecting the acquisition of additional key moneys primarily in France, Brazil, and Mexico for €2.3 million, and the additions of other intangible assets and intangible assets in progress primarily in IT software for €5.1 million;
- the net increase in deposits and key moneys paid to landlords of €1.5 million; and
- proceeds from the disposal of fixed assets for €3.1 million primarily related to the disposal of the key money of our Soho store in New York, USA.

As at 31 March 2010, we had capital expenditures contracted for but not yet incurred of €7.5 million for improvements to our manufacturing facilities. We are also in the process of implementing worldwide SAP as our ERP (Enterprise Resource Planning) system to support, in an efficient and integrated way, our supply chain and financial processes. The estimated overall expenses relating to the SAP project is approximately €16 million.

Financing Activities

Net cash used in financing activities was €88.5 million in FY2010 compared to cash generated from financing activities of €36.9 million in FY2009 and mainly reflected the following:

- a €32.0 million dividend paid to LOG, our controlling shareholder, related to scheduled repayments and interests due by LOG in relation to our 2007 credit facility;
- the repayment in full of the financing from our parent company for €24.4 million;
- a net decrease in bank borrowings and other finance leases of €31.1 million, notably reflecting the repayment in full of our Revolving facility for €16.5 million and a part repayment of our capex facility for €11.8 million.

Inventories

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

| For the year ended 31 March | 2010 | 2009 |
|--|------|------|
| Average Inventory turnover days ⁽¹⁾ | 230 | 233 |

Note:

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

Inventory turnover days decreased 3 days between FY2009 and FY2010, primarily due to decreased raw materials and work in progress and increased allowances relative to the cost of sales.

Trade Receivables

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

| For the year ended 31 March | 2010 | 2009 |
|---|------|------|
| Turnover days of trade receivables ⁽¹⁾ | 27 | 28 |

Note:

- (1) Turnover days of trade receivable equals average trade receivables divided by net sales and multiplied by 365. 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 1 day from FY2009 to FY2010 primarily due to improved collection of trade receivables in our Sell-In Segment and to a favourable channel-mix effect as a consequence of the stronger development of our Sell-out Segment .

The Company's sales to the customers in the Sell-in Segments are made with credit terms generally from 60 to 90 days.

Trade Payables

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

| | 2010 | 2009 |
|--|---------------|---------------|
| For the year ended 31 March | € '000 | € '000 |
| Average trade payables ⁽¹⁾ | 55,321 | 52,202 |
| Total purchases | 311,345 | 316,300 |
| Turnover days of trade payables ⁽²⁾ | 65 | 60 |

Notes:

- (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 365. In calculating turnover days of trade payables, we use total purchases rather than cost of sales as our cost of sales do 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 FY2009 to FY2010, our trade payables increased by €9.2 million or 5 turnover days of purchases. This increase was mainly related to increased payables in relation to purchases at Melvita and in the UK, Hong Kong and L'Occitane International, partly offset by a decrease at L'Occitane SA (France). The increase at L'Occitane International was mainly due to accrued expenses in relation to our IPO, whilst the decrease of turnover days in France was partly attributable to a new law passed in

France effective 1 January 2009 that automatically entitles suppliers to charge financial penalties where a supplier is paid later than 60 days net (or 45 days after the end of the month of the invoice), thereby leading us to pay our suppliers in France earlier starting in 2009.

Balance sheet ratios

The liquidity ratio decreased in 2010 essentially due to a €80.0 million liability corresponding to the exceptional dividend approved in the shareholders' meeting held on 31 March 2010. The Group considers that its financial position is strong, and improved in FY2010 notably as a result of its increased profitability and lower working capital.

| For the year ended 31 March | 2010 | 2009 |
|---|-------------|-------------|
| Profitability | | |
| Return on total assets (ROA) ⁽¹⁾ | 19.4% | 14.6% |
| Return on equity (ROE) ⁽²⁾ | 51.9% | 31.5% |
| Liquidity | | |
| Current ratio (times) ⁽³⁾ | 0.90 | 1.40 |
| Quick ratio (times) ⁽⁴⁾ | 0.58 | 0.78 |
| Capital adequacy | | |
| Gearing ratio ⁽⁵⁾ | 14.2% | 26.8% |
| Debt to equity ratio ⁽⁶⁾ | 12.4% | 43.6% |

Notes:

(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 31 March 2010, we had foreign exchange derivatives net liabilities of €1.3 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 31 March 2010 were Japanese yen 4,038 million, US dollars 2.8 million, Canadian dollar 0.9 million, Australian dollar 2.9 million, Mexican peso 11.8 million, Thai baht 40.8 million and British pound 2.8 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 31 March 2010, we had interest rate derivative liabilities of €1.6 million. The notional principal amount of outstanding interest rate derivatives as at 31 March 2010 was €26.3 million.

Dividends

In FY2009, we paid a dividend of €0.024 per Share to shareholders of record at the close of business on 1 October 2008. The total dividend of €30,000,000 was paid to LOG on 1 October 2008.

On 29 June 2009, our Board proposed a dividend of €0.025 per Share representing a total dividend of €32,000,000 subject to shareholders' approval. The shareholders approved this dividend at a meeting which occurred on 30 September 2009. The total dividend of €32,000,000 was paid to LOG on 16 November 2009.

On 9 April 2010, our Board approved the payment of an exceptional dividend of €0.063 per share, representing a total dividend of €80.0 million, out of our distributable reserves of €112.3 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.

The Board does not recommend the payment of a dividend for the year ended 31 March 2010.

POST-BALANCE SHEET EVENTS

On 7 May 2010, the Company was listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). 364,120,000 shares of the Company were sold at a unit price of HKD 15.08. 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 31 March 2010. Consequently, the Company received gross proceed of HKD 2,745,465,000 (approximately €276,872,000) and the shareholding of LOG in the share capital was reduced to 75%.

On 28 May 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 Shareholders’ Meeting held on May 31, 2010. Consequently, the Company received an additional gross proceed of HKD 309,268,000 (approximately €32,480,000) and the shareholding of LOG in the share capital was reduced to 72,57%.

In April, May and June 2010, an additional amount of €110.1 million in bank borrowings was drawn on our existing bank facilities to finance principally the repayment of the LOG current account and the repayment in full of our capex and revolving facilities.

In FY2007, LOG, the Company, L’Occitane S.A., a French subsidiary, entered into a senior credit facility agreement in the principal amount of €280.0 million (the 2007 Credit Facility) made up of a medium term senior loan of €205.0 million that can be drawn only by LOG (the Acquisition Facility), a capital expenditures facility of €50.0 million (the Capex Facility), and a multi-currency revolving facility of €25.0 million (the Revolving Facility). As at May 28, 2010, all amounts due by LOG, the Company and L’Occitane S.A. under the 2007 Credit Facility have been repaid in full and the 2007 Credit Facility has been terminated.

The amendment to the articles of association of L’Occitane International S.A has been approved by the Shareholder’s meeting held on 15 April 2010 and a list of undistributable reserves has been added.

On 9 April 2010, the sole shareholder of the Company, LOG, 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 has been adjusted retrospectively.

On 28 May 2010, the Company signed a term sheet with one of its banks, under which this bank will arrange a new syndicated credit facility in favour of the Company for a minimum amount of €300.0 million with a 5 years maturity, subject to the approval by the Board on 24 June 2010.

STRATEGY AND FUTURE PROSPECTS

Looking forward to FY2011, the Group will focus on the execution of its expansion plan, taking advantage of its increased financial resources as a result of its successful IPO.

We will continue to **increase the number of our Retail Stores internationally**, and in particular, in countries where we believe there is likely to be a growth in demand for our products. These may include high growth emerging markets such as China, Brazil, Russia, India and Mexico as well as developed countries where we still have significant potential for opening new stores such as Japan, the US, the UK, Germany and Korea. Our overall sales will also benefit from a **recovery of our same stores sales growth** and the **further expansion of our non-retail activities**, particularly in travel retail and internet sales. We plan to develop our internet sales in countries where we have not yet started to leverage our know-how in this domain.

Our sales expansion strategy will be supported by **further efforts in marketing and R&D**, particularly in the face care segment, and by the success of some of our recent product launches like Divine Immortelle and Peony.

We will execute our plans for the **extension and improvement of our manufacturing plants** in Manosque and in Lagorce, and to build a **new central warehouse**. These extensions and improvements to our manufacturing plants are needed principally in order to comply with new ISO standards that will apply to us and to improve our production quality and efficiency. The building of a new warehouse is needed principally to increase our warehousing capacity. The first parts of the new premises in Lagorce and Manosque are planned to start operating at the end of FY2011.

The strategic driver of our **operational excellence** will be the implementation of **SAP as our future Enterprise Resource Planning** system. FY2011 will see go-lives of the central and French sales and distribution modules, whilst the first distribution subsidiaries will go live in FY2012.

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 listed securities of the Company since the listing date on 7 May 2010.

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 set up an Audit Committee on 9 April 2010 with written terms of reference. The Audit Committee comprises one Non-executive Director and two Independent Non-Executive Directors of the Company. 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 final results of the Group for the year ended 31 March 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board 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 fulfil 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 issuer must comply with or explain its non-compliance, and recommended best practices that a listed issuer 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 year ended 31 March 2010, 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 all the mandatory code provision of the Code, save for the deviation from the code provision A.2.1 of the Code as disclosed below:

Under the code provision A.2.1, the roles of Chairman and Chief Executive Officer (“CEO”) should be separate and should not be performed by the same individual. Currently, the Company does not comply with such code provision, namely, the roles of the Chairman and CEO have not been separated.

The role of the 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 effective and 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 experienced and high level 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 a balance and provided sufficient protection of its interests. Moreover, Mr. Geiger is not a member of any of the committees (i.e. Audit Committee, Nomination Committee and Remuneration Committee) and each committee is composed of a majority of Independent Non-executive Directors. Nevertheless, the Board will regularly review the management structure to ensure that it meets the business development requirements of the Group.

Furthermore, Mr. Geiger is supported by Mr. Osti, the Managing Director, and Mr. Hoffmann, the Managing Director (Asia Pacific) of the Company. He is responsible to the Board and focuses on Group strategies and Board issues, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, all Directors have confirmed that they have complied with the required standard of the Model Code since our listing on 7 May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of our Company will be closed from Tuesday, 28 September 2010 to Thursday, 30 September 2010, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the forthcoming annual general meeting (“AGM”) of our Company, all transfers accompanied by the relevant share certificate(s) must be lodged with our Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 27 September 2010.

PUBLICATION OF FINAL RESULTS AND 2010 ANNUAL REPORT

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

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 30 September 2010. A notice convening the AGM will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.loccitane.com>) and will be dispatched to the shareholders of the Company.

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

Hong Kong, 24 June 2010

As at the date of this announcement, the executive Directors of the Company are Mr. Reinold Geiger, Mr. Emmanuel Laurent Jacques Osti, Mr. André Joseph Hoffmann and Mr. Thomas Levilion, the non-executive Directors of the Company are Mr. Karl Guenard, Mr. Martial Thierry Lopez and Mr. Pierre Maurice Georges Milet and the independent non-executive Directors of the Company are Mr. Charles Mark Broadley, Ms. Susan Saltzbarth Kilsby and Mr. Jackson Chik Sum Ng.