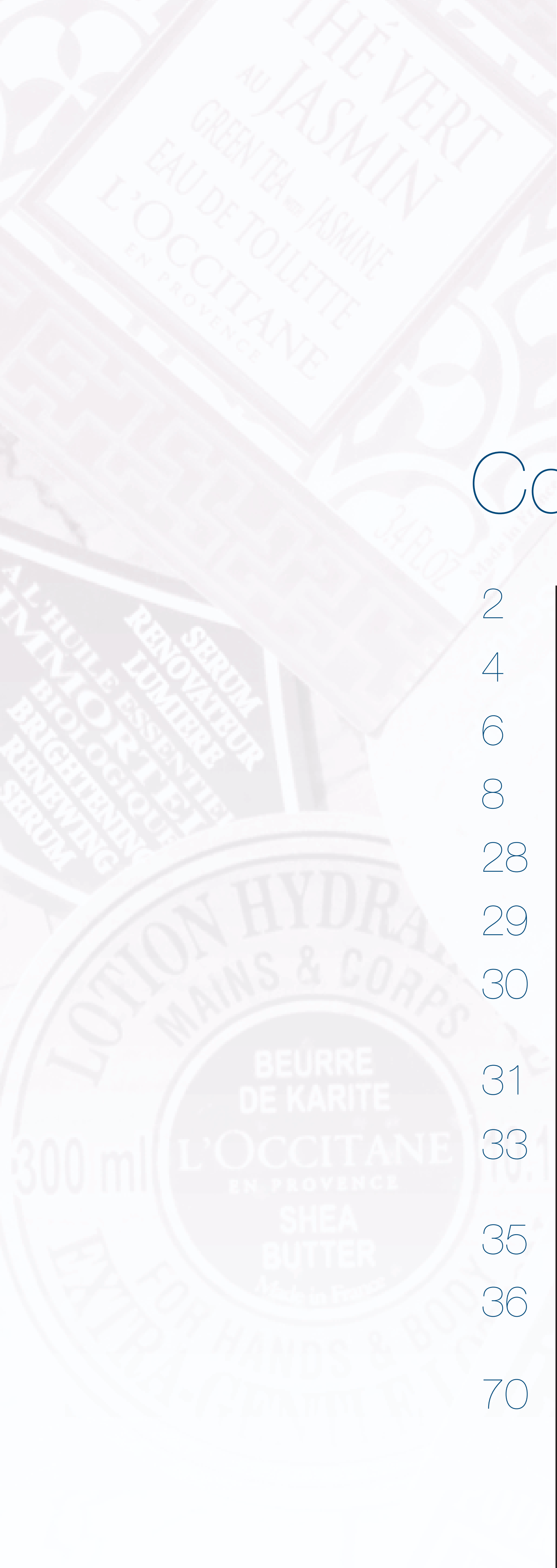
L'OCCITANE
EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

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

2011
Interim Report


THÉ VERT
AU JASMIN
GREEN TEA JASMINE
EAU DE TOILETTE
L'OCCITANE
EN PROVENCE
SERUM
RENOVATEUR
LUMIERE
IMMORTELLE
BRIGHTENING
RENEWING
SERUM
LOTION HYDRA
MAINS & CORPS
BEURRE
DE KARITE
300 ml
L'OCCITANE
EN PROVENCE
SHEA
BUTTER

Contents

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)
Domenico Trizio
(Chief Operating Officer)

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, Tower Two
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

Highlights of results for the 6-month period ended 30 September	2011	2010
Net sales *(€ million)*	368.5	331.2
Operating profit *(€ million)*	32.7	38.1
Profit for the period *(€ million)*	29.8	30.2
Gross profit margin	82.3%	81.1%
Operating profit margin	8.9%	11.5%
Net profit margin	8.1%	9.1%
Net operating profit after tax *(€ million)* (NOPAT)(1)	30.0	30.8
Capital employed *(€ million)*(2)	433.4	327.7
Return on capital employed (ROCE)(3)	6.9%	9.4%
Return on equity (ROE)(4)	5.1%	6.0%
Current ratio *(times)*(5)	2.84	3.00
Gearing ratio(6)	9.5%	11.6%
Average inventory turnover days(7)	326	224
Turnover days of trade receivables(8)	31	29
Turnover days of trade payables(9)	61	62
Total number of own stores(10)	967	826
Profit attributable to equity owners *(€ million)*	29.0	29.8
Basic earnings per share *(€)*	0.020	0.021

Notes:

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

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

(3) NOPAT / Capital employed.

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

(5) Current assets / current liabilities

(6) Total debt / total assets

(7) 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.

(8) 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.

(9) 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 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.

(10) L'Occitane and Melvita branded boutiques and department store corners directly managed and operated by us.

Photo by Ranjan Basu, Planman Media

Message from

REINOLD GEIGER

WE DELIVERED SOLID SALES GROWTH OF 14.5% (EXCLUDING CURRENCIES EFFECTS) WITH A STRONG CONTRIBUTION FROM THE HIGH POTENTIAL COUNTRIES OF CHINA, BRAZIL AND RUSSIA WHICH TOGETHER CONTRIBUTED 31.5% TO OUR OVERALL GROWTH. CHINA GREW BY MORE THAN 56%, THE HIGHEST GROWTH IN OUR KEY COUNTRIES.

DEAR SHAREHOLDERS,

The environment has become more uncertain in the past months and most probably will remain so for a while. We are proud that in this context we continued to move forward during the first half of our financial year 2012.

We delivered solid sales growth of 14.5% (excluding currencies effects) with a strong contribution from the high potential countries of China, Brazil and Russia which together contributed 31.5% to our overall growth. China grew by more than 56%, the highest growth in our key countries.

Japan, despite the terrible March 2011 events, managed to very quickly resume its operations and achieved a remarkable growth of 8.7% during our first half-year, and I am pleased to take this opportunity to salute the courage and commitment demonstrated by our team there. The L'Occitane Foundation has developed a specific action to help in the recovery from the disasters, and the Company and its personnel fully support this action.

At the same time as we are growing our business despite difficult times, we are setting up the conditions for solid and sustainable future developments. We strongly believe that this strategy is the right one, and will consistently deliver to our shareholders the superior return they expect.

Hong Kong, with a fantastic 30.8% sales growth, also achieved a tremendous performance thanks to the dynamic local and mainland China economies. We do believe that our successful IPO in May 2010 also contributed by raising the awareness of our brands in the region.

We are also pleased with performances in Europe, with sales increases of 22% in Germany, 17% in Spain and 36% in Italy. The more mature French market also did very well with a Same Store Sales Growth for the L'Occitane Brand of 7.9% excluding the renovated stores.

Our performance in the USA, with a very solid 10.0% Same Store Sales Growth excluding the renovated stores, marked a clear turnaround and a quick return on our investment started last year to renew our teams and leadership, and to refresh our stores. We believe we have started a new and positive development in the USA, where we recently opened two larger "flagship" stores in New York, a concept we may extend to several other key cities in the world.

Despite the difficult economic situation in many countries, the performance of the company remained good and we continued our strategy to invest in our future profitable growth, which was in place in the first half of this financial year. This certainly had an impact on our bottom-line, which was accentuated by the seasonality of our operations, with our sales in the first half being significantly lower than in the second half due to the holiday season. However, this will allow us to manage the future expansion of our company and create additional growth medium term.

During the first half, we further developed our Melvita stores network. The brand is now present in several countries such as Japan, Taiwan and Korea. The organic market in the Western part of the world was weaker than expected, but we are very satisfied with Melvita's performances in the countries where we launched the brand or its new store concept last year, like France, Hong Kong and Russia. We are confident that we will lead Melvita to become a strong addition to L'Occitane in the years to come, in coherence with our ambition to become a leader in the natural cosmetics field.

We also continued to invest strongly in our stores network. We added a net 141 stores over the last 12 months and we intend to maintain a high pace of store openings in the future with a particular focus on the BRIC countries and Korea, and to carry on with our successful store renovation program. We will also further explore and develop the potential of flagship stores in key cities.

Our structures and resources are also being reinforced to sustain our future growth. we have strengthened our R&D, product development and marketing teams to be able to bring to our customers on a frequent basis the new and exciting high quality products that they expect from us. We complemented our top management notably in human resources and operations, as we believe it is key that we have the best people to drive our business to the next level.

Finally, we went live successfully, in line with our plans, with the first elements of our new ERP system. We will roll this new system out throughout the Group, and there is no doubt that this will greatly enhance our efficiency and control on our operations. Together with several other back-office efficiency projects already on their way, this will enable us to sustain our expected fast growth in the coming years.

At the same time as we are growing our business despite difficult times, we are setting up the conditions for solid and sustainable future developments. We strongly believe that this strategy is the right one, and will consistently deliver to our shareholders the superior return they expect.

Reinold Geiger
Chairman
28 November 2011

MANAGEMENT
DISCUSSION & ANALYSIS

Summary:

- Total number of retail locations 1,899 (1,642 as at 30 September 2010)
- Own stores number reached 967, increased by 17.1% from 30 September 2010
- Net Sales grew by 11.3% to €368.5 million. Local currency growth was 14.5%
- China grew by 56.4% in local currency with 17.3% Comparable Store Sales and 85 own stores as at 30 September 2011
- Profit down 1.3% due to investments to sustain our future growth

Despite difficult market conditions, we managed to achieve substantial top-line growth while continuing to invest in our future development.

We achieved a solid top line growth, with an increase of 14.5% at constant exchange rates, or 11.3% in real terms. We were particularly successful in Asia with strong growth notably in Hong Kong, Korea and China. China grew by more than 56%. We also had strong performances in many other countries, and we have seen a very encouraging turnaround in the USA.

We continue to focus on the long term development of our Company as indicated at the time of our IPO. We have further accelerated the openings of our own stores especially in the high potential BRIC countries China, Brazil and Russia as well as Korea where we were still relatively small. To cope with our future growth we have strengthened the management team in many areas including central headquarters. Our go-live with SAP is successful, which will result in productivity and efficiency gains in the coming years.

Our net profit was however almost stable due to a low effective tax rate.

Period ended 30 September	2011 €million or %	2010 €million or %
Net Sales	368.5	331.2
Operating profit	32.7	38.1
Profit for the period	29.8	30.2
Gross profit margin	82.3%	81.1%
Operating profit margin	8.9%	11.5%
Net profit margin	8.1%	9.1%

Definitions:

Comparable Stores means existing retail stores which have been open for at least 24 months before the end of the financial period under discussion.

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

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

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

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

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

Seasonality of operations

We are subject to seasonal variances in sales, which are significantly higher in our financial third quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. For the period ended 30 September 2010, the level of sales represented 42.9% of the annual net sales in the year ended 31 March 2011 and the level of operating profit represented 28.9% of the annual operating profit in the year ended 31 March 2011. This ratio is not representative of 2012 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 €368.5 million in the period ended 30 September 2011, an 11.3%, or €37.3 million increase compared to the period ended 30 September 2010, reflecting net sales growth in most of our business segments and geographic areas. In the period ended 30 September 2011, net sales in our Sell-out and Sell-in business segments (representing 73.2% and 22.9% of our total net sales, respectively) increased by 17.4% and 5.8%, respectively, excluding foreign currency translation effects. Net sales increased by 14.5% excluding foreign currency translation effects.

We increased the total number of retail locations where our products are sold from 1,642 as at 30 September 2010 to 1,899 as at 30 September 2011. We likewise increased the number of our own retail stores from 826 at 30 September 2010 to 967 at 30 September 2011, representing a net increase of 141 L'Occitane and Melvita stores, including 72 additional stores in Asia, 46 in Europe and 23 in the Americas. Excluding foreign currency translation effects, Comparable Store Sales represented 26.8% of our overall growth in the period ended 30 September 2011 while Non-comparable Store Sales during the period represented 57.7% of our overall growth, and our Sell-in segment contributed 9.8% to our overall growth.

Our sales in Japan, Hong Kong, China, Brazil, Russia, the USA and Other Countries were the driving factors of our net sales growth in the period ended 30 September 2011.

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 period ended 30 September 2011:

	€'000	% Growth	% Growth(2)	% Contribution to Overall Growth(2)
Sell-out	**33,521**	**14.2**	**17.4**	**85.4**
Comparable Stores	6,682	3.2	6.1	26.8
Non-comparable Stores	26,490	129.6	135.7	57.7
Other(1)	349	7.1	9.2	0.9
Sell-in	**1,955**	**2.4**	**5.8**	**9.8**
B-to-B	**1,799**	**14.3**	**18.3**	**4.8**
Overall Growth	**37,275**	**11.3**	**14.5**	**100.0**

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

Sell-out

Sell-out net sales increased by 17.4% excluding foreign currency translation effects, which was primarily related to our net addition of 141 own stores between 30 September 2010 and 30 September 2011, including net additions of 24 stores in China, 18 stores in Brazil, 13 stores each in Japan and Russia, 11 stores in the United Kingdom, 8 stores in Korea and 7 in Germany. Furthermore, we added 16 stores following the acquisition of our distributor in Malaysia in August 2011. Net sales of our own retail stores and internet represented 84.5% of our overall growth in the period ended 30 September 2011, as compared to the period ended 30 September 2010, with Non-comparable Stores providing 57.7% of the growth and Comparable Stores and internet providing 26.8% of the growth, respectively. We experienced a substantial improvement of the Same Store Sales Growth rising to 6.1%. For the period ended 30 September 2010, this ratio was 4.0%. This increase was driven by a combination of higher average value of sales transactions and an increase in the number of transactions.

Sell-in

Excluding foreign currency translation effects, the Sell-in segment grew by 5.8% in the period ended 30 September 2011, as compared to the period ended 30 September 2010, primarily due to an increase of 24.6% in sales to travel retail customers, driven by higher sales at existing points of sales, and the development of our sales to wholesale customers and department stores. This was partly offset by timing effects on sales to TV channels and the planned decrease of private label sales.

B-to-B

B-to-B net sales increased by 18.3% excluding foreign currency translation effects due to strong performances in Asia, particularly in China, with strong hotel occupancy rates.

Geographic Areas

The following table presents our net sales growth for the period ended 30 September 2011 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 2011 compared to period ended 30 September 2010			
	€'000	% Growth	% Growth[1]	% Contribution to Overall Growth[1]
Japan	7,191	8.6	8.7	15.1
Hong Kong[2]	5,248	17.4	30.8	19.3
China	6,240	48.6	56.4	15.0
Taiwan	865	7.5	8.7	2.1
France	(1,039)	(2.9)	(2.9)	(2.2)
United Kingdom	358	2.1	6.8	2.5
United States	(1,780)	(4.4)	6.6	5.5
Brazil	4,784	33.0	34.8	10.5
Russia	2,286	18.8	23.8	6.0
Other Countries[3]	13,122	18.1	17.5	26.2
All countries	**37,275**	**11.3**	**14.5**	**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) Includes sales from Luxembourg.

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 2011 compared to period ended 30 September 2010						
	Retail Stores			% of Overall Growth[(1) (2)]			
	30 Sep 2011	30 Sep 2010	change	Non-comparable Stores	Comparable stores and e-commerce	Total Stores and e-commerce	Same Store Sales Growth[(2)]
Japan[(3)]	87	74	13	15.4	(1.6)	13.8	(1.1)
Hong Kong[(4)]	23	21	2	3.9	5.9	9.8	35.6
China	85	61	24	8.8	3.0	11.8	17.3
Taiwan[(5)]	56	51	5	0.3	1.2	1.4	7.1
France[(6)]	63	66	(3)	(0.5)	1.3	0.8	4.1
United Kingdom[(7)]	55	44	11	3.4	2.7	6.1	12.2
United States[(8)]	168	170	(2)	(0.8)	6.5	5.6	9.5
Brazil	53	35	18	6.0	3.2	9.2	13.4
Russia[(9)]	61	48	13	3.3	1.3	4.7	7.2
Other Countries[(10)]	316	256	60	17.8	3.4	21.2	4.3
All countries	**967**	**826**	**141**	**57.7**	**26.8**	**84.5**	**6.1**

(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 4 Melvita stores as at 30 September 2011.*
(4) *Includes 1 L'Occitane store in Macau and 3 and 4 Melvita stores in Hong Kong as at 30 September 2010 and 30 September 2011, respectively.*
(5) *Includes 5 Melvita stores as at 30 September 2011.*
(6) *Includes 5 and 4 Melvita stores as at 30 September 2010 and 30 September 2011, respectively.*
(7) *Includes 2 Melvita stores as at 30 September 2011.*
(8) *Includes 3 Melvita stores as at 30 September 2010 and 30 September 2011.*
(9) *Includes 1 and 3 Melvita stores as at 30 September 2010 and 30 September 2011, respectively.*
(10) *Includes 3 and 4 Melvita stores as at 30 September 2010 and 30 September 2011, respectively.*

As the same customers increasingly tend to buy both on internet and in the stores, we now include the e-commerce sales in our Comparable Store Sales. The following table provides a comparison of our Same Store Sales Growth including and excluding e-commerce sales for the periods indicated:

	Same Store Sales Growth[1]			
	30 September 2011		30 September 2010	
	including e-commerce %	excluding e-commerce %	including e-commerce %	excluding e-commerce %
Japan	(1.1)	(1.9)	1.7	1.2
Hong Kong[2]	35.6	35.6	12.4	12.4
China	17.3	15.8	4.0	3.7
Taiwan	7.1	6.9	0.1	(0.6)
France	4.1	3.6	5.2	5.3
United Kingdom	12.2	10.3	12.1	12.0
United States	9.5	8.9	1.1	1.4
Brazil	13.4	10.8	5.9	5.9
Russia	7.2	4.7	16.5	12.4
Other Countries	4.3	3.0	4.2	3.1
All countries	**6.1**	**5.2**	**4.0**	**3.6**

(1) Excludes foreign currency translation effects.
(2) Includes sales in Macau.

Japan

Net sales in Japan increased by 8.7% in local currency in the period ended 30 September 2011, as compared to the period ended 30 September 2010, contributing 15.1% to our overall growth. This was primarily due to the development of our Sell-out segment. With a net addition of 13 stores during the period under review including 4 Melvita stores, Non-comparable Store Sales contributed 15.4% to our overall growth. Comparable Store Sales decreased slightly by 1.1% partly explained by the consequences of the earthquake and tsunami on the economy in Japan, but also to cannibalization effects following the opening of new stores in the Kyushu area and Osaka, which impacted the existing stores but resulted in significant sales increases overall in the same areas. Excluding the stores where the latter effects occurred, the Same Store Sales Growth was 2.8%.

Hong Kong

Hong Kong increased its sales by 30.8% in local currency, contributing 19.3% to our overall growth. Our Sell-out segment contributed 9.9% to our overall growth, notably due to 3.9% from Non-comparable Stores and 5.9% from Comparable Stores primarily explained by a higher number of tickets driven by the strong local consumer activity and the high number of mainland Chinese shoppers. Our Comparable Store Sales grew by 35.6% driven by a combination of a higher number of transactions and an increased average sales value per transaction. The increase of our Sell-in sales was mainly related to a strong growth in sales to travel retail customers, primarily driven by the development of the Korean duty free sales and increased in-flight business.

China

With a growth of 56.4% in local currency, China achieved the fastest growth among our key countries. Comparable Store Sales and Non-comparable Store Sales contributed 3.0% and 8.8%, respectively, to our overall growth. Non-comparable Store Sales were driven by the net opening of 24 stores during the period under review. Same Store Sales Growth, at 17.3%, was much stronger than in FY2011 and confirmed the improvement noted in the second part of FY2011, and was the result of the significantly improved inventory situation because we were able to resume importation of new products. The total net sales in China also benefited from large increases of the Sell-in and B-to-B segments, which grew by 76.7% and 43.6%, respectively, contributing 1.5% and 1.8%, respectively, to our overall growth.

Taiwan

Net sales in Taiwan increased by 8.7% in local currency, primarily driven by stronger Comparable Store sales, which reached 7.1% in the period ended 30 September 2011, as compared to 0.1% in the period ended 30 September 2010, as a result of a more positive consumption environment and successful operations, for instance Mother's Day, Anniversary sales and pre-sales with VIP customers. The development of a distributor activity in this territory contributed 0.7% to our overall growth, partly offset within the Sell-in segment by a decrease in sales of corporate gifts.

France

Net sales in France decreased by 2.9% due to lower sales in our Sell-in and B-to-B segments. This decrease was attributable to:

- the transfer of the invoicing of international B-to-B customers to other entities of the Group, with no impact on our overall sales;
- the planned decrease of sales of products under third parties' brands from our Lagorce factory, in order to focus on the production of our own brands; and
- lower sales to distributors and wholesalers due to some cautious ordering by our clients impacting both the L'Occitane and Melvita brands and a relatively weak traditional organic retail network affecting Melvita.

The Comparable Store sales in France grew by a healthy 4.1%, contributing 1.3% to our overall growth, with good performances of both the L'Occitane and Melvita Comparable Stores. It should be noted that this number compares to a strong performance in the period ended 30 September 2010, which confirms the strength of our brands in France. Excluding 8 stores renovated during the period ended 30 September 2011, the Comparable Stores Sales for the L'Occitane brand in France was 7.9%. The Non-Comparable stores contributed a negative 0.5% to our overall growth due to the closing of 3 under-performing stores.

United Kingdom

With strong developments in our Sell-out segment, net sales in the United Kingdom increased by 6.8% in local currency. The Sell-out segment contributed 6.0% to our overall growth, driven both by Comparable Stores, where sales grew by 12.2% in local currency, contributing 2.7% to the overall growth, and Non-comparable Stores which contributed 3.4% to the overall growth with the addition of 11 stores during the period under review. Our Sell-out sales benefited notably from innovative marketing approaches and the success of products like Divine Cream, which was granted an important consumer award. The Sell-in segment contributed a negative 3.4% to our overall growth due to a timing difference in our sales to the TV sales operator QVC, as a significant part of these sales, which took place in the first half of FY2011, will occur in the second half of FY2012.

United States

Net sales in the United States increased by 6.6% in local currency and benefited mainly from increases in the Sell-out segment, with Comparable Store Sales growing by an impressive 9.5% and contributing 6.5% to our overall growth. This is attributed to the investments in our store portfolio and stronger management team, which resulted in encouraging ticket growth. Excluding the stores renovated during the period ended 30 September 2011, the Comparable Stores Sales was 10.0%. Non-comparable Store Sales contributed a negative 0.8% to our overall growth due to the net closing of 2 stores during the period under review. However, we plan to open more than 6 stores in the second part of the financial year, as we are now better placed to find and open stores. As in the UK, sales of our Sell-in segment were impacted by a timing effect in our sales to the TV sales operator QVC, which offset a 76.7% increase in our sales to department stores in the United States.

Brazil

Net sales in Brazil increased by 34.8% in local currency. Our Sell-out segment contributed 9.0% to the overall growth with Comparable Store Sales growing by a strong 13.4% in the period ended 30 September 2011, as compared to 5.9% in the period ended 30 September 2010, and Non-comparable Store Sales contributing 6.0% to our overall growth with a faster pace of store openings: a net 18 stores was added during the 12-month period ended 30 September 2011, to be compared to a net addition of 3 stores during the 12-month period ended 30 September 2010. Our Sell-in segment sales increased by 34.5%, contributing 1.4% to the overall sales growth, due to the development of the wholesale distribution as we initiated a cooperation with two key drugstore chains.

Russia

Russia achieved a net sales growth of 23.8% in local currency. This was driven by the growth in our Sell-out segment, which contributed 4.8% to the overall growth. The Comparable Store Sales grew by 7.2% during the period ended 30 September 2011, as compared to 16.5% in the period ended 30 September 2010, which was due to a recovery after poor Comparable Store Sales in the first half of FY2010 in the context of the weak economy in Russia at the time. Non-comparable Store Sales contributed 3.3% to our overall growth with the net addition of 13 stores during the period under

review. Our Sell-in sales increased by 22.5% and contributed 0.9% to our overall growth, driven by the development of our wholesale activities and our sales to distributors in other cities than Moscow and St. Petersburg.

Other Countries

Net sales in Other Countries increased by 17.5% in local currency. Our Sell-out segment contributed 21.1% to our overall growth. Comparable Store Sales accounted for 3.4% of our overall growth with a Same Store Sales Growth of 4.3%. Non-comparable Store Sales contributed 17.8% to the overall growth as a result of our stores network expansion. During the period under review, we increased our retail stores in this group by 60 with, among others, 8 stores in Korea, 7 stores in Germany, 6 stores in Canada and 5 stores each in India, Spain and Italy, and we added 16 stores in Malaysia as a consequence of our acquisition of our distributor in this country. Sales in Korea, Germany, Spain, Canada and Italy grew by 42.8%, 22.2%, 16.8%, 36.7% and 36.0%, respectively, excluding foreign currency translation effects. Our Sell-in sales increased by 6.6% and contributed 3.8% to our overall growth due to the increase in sales to travel retail customers and to department stores.

PROFITABILITY ANALYSIS

Cost of sales and gross profit

Cost of sales increased by 4.1%, or €2.6 million, to €65.2 million in the period ended 30 September 2011 compared to the period ended 30 September 2010. Our gross profit margin increased by 1.2 points to 82.3% in the period ended 30 September 2011. The increase in gross profit margin reflected:

- an improved channel mix effect for 0.5 points as our sales in our Sell-out segment increased in the period ended 30 September 2011 relative to sales of our other segments whose gross profit margins are lower than those of the Sell-out segment;

- higher sales prices for 0.5 points and improved product mix for 0.1 points;

- lower relative level of production costs and other effects for 0.8 points notably due to a better absorption of our fixed costs resulting from the high production level in the period ended 30 September 2011, more than offsetting some negative effects also related to the higher production, for instance costs related to subcontracting and the effects of a higher proportion of interim workers;

partly offset by:

- an unfavourable effect of foreign currencies of 0.5 points of net sales due to the stronger Euro in the period ended 30 September 2011 particularly against the US dollar and currencies pegged to the US dollar; and
- higher freight and duties for 0.2 points linked to an increase of the inventories in the subsidiaries.

Distribution expenses

Distribution expenses increased by 16.4%, or €25.4 million, to €180.3 million in the period ended 30 September 2011, as compared to the period ended 30 September 2010. As a percentage of net sales, our distribution expenses increased by 2.2 points to 48.9% of net sales in the period ended 30 September 2011, as compared to the period ended 30 September 2010. This increase is attributable to a combination of:

- an unfavourable channel mix effect for 1.0 points as our sales in our Sell-out segment increased in the period ended 30 September 2011 relative to sales of our other segments whose distribution expenses are lower than those of the Sell-out segment;
- additional logistics costs due to our high level of inventory in view of our expected sales growth in the second period of the financial year and thereafter, for 0.5 points;
- additional costs incurred in view of our future growth for 0.4 points, related to new store openings, investments in our internet sales platform, the Melvita sales force and the development of the Le Couvent des Minimes sales; and
- higher costs of promotional goods, essentially bags, wrapping material and gift boxes in view of our expected sales growth, for 0.3 points.

Marketing expenses

Marketing expenses increased by 12.3%, or €4.7 million, to €43.4 million in the period ended 30 September 2011, as compared to the period ended 30 September 2010. Our marketing expenses, as a percentage of net sales, increased by 0.1 points to 11.8% of net sales in the period ended 30 September 2011, as compared to the period ended 30 September 2010, attributable to:

- investments in new projects and in the reinforcement of our resources in product development, communication and operational marketing, for 0.5 points;
- increased advertising, direct marketing spending and related fees for 0.4 points essentially in Japan and Europe;
- the full impact of our three years commitments to the L'Occitane Foundation for 0.3 points;
- an unfavourable channel mix effect for 0.1 points as our sales in our Sell-out segment increased in the period ended 30 September 2011 relative to sales of our other segments whose marketing expenses are lower than those of the Sell-out segment;
- unfavourable exchange rates effects for 0.2 points;

partly offset by:

- a lower cost of communication tools (samples, catalogues, windows) and mini products and pouches ("MPPs") for a net 1.2 points. As our MPPs are now essentially bundled with regular products, they are part of the sales and cannot be booked as marketing expenses as they were under IAS38. As a result of this analysis, the MPPs contributed favourably to our marketing expenses for 1.5 points of sales. Since 1 April 2011, the costs of the MPPs are booked in the cost of sales and the MPPs on-hand are part of our inventories; and
- other effects for 0.2 points.

Research & development expenses

Research and development ("R&D") expenses increased by 17.2%, or €0.4 million, to €3.1 million in the period ended 30 September 2011, as compared to the period ended 30 September 2010, with the increase being mainly explained by the creation of a team focused on strategic developments (phyto-extraction, genomics, patents). Our R&D expenses, as a percentage of net sales, remained stable at 0.8% of net sales in the period ended 30 September 2011, as compared to the period ended 30 September 2010.

General and administrative expenses

General and administrative expenses increased by 20.9%, or €7.6 million, to €43.9 million in the period ended 30 September 2011, as compared to the period ended 30 September 2010 and increased by 0.9 points of net sales. This increase as a percentage of net sales was attributable to:

- unfavourable exchange rates effects for 0.1 points;
- non-recurring costs incurred this year for 0.1 points, mainly related to severances;
- investments in our processes for 0.7 points, essentially explained by our implementation and go-live with SAP;

- stronger management structures notably in finance and general management, added to increased rents for new offices in relation to our expansion, together accounting for 0.6 points; and

- other effects for 0.1 points primarily due to the stock options granted in April 2011;

partly offset by:

- non-recurring costs incurred last financial year, favourably impacting the comparison between the period ended 30 September 2011 and the period ended 30 September 2010 for 0.4 points; and

- a favourable leverage effect on the cost of the existing structure related to increased sales for 0.3 points.

Other gains

Other gains were €0.1 million in the period ended 30 September 2011, as compared to €2.0 million in the period ended 30 September 2010. This decrease is due to high gains in the period ended 30 September 2010 related to disposal of stores, principally the Sèvres store in Paris, and an additional consideration received for the disposal of the Oliviers & Co. activity in the United States. The period ended 30 September 2011 was also impacted by an adjustment on prior years results in Thailand for €0.7 million.

Operating profit

Operating profit decreased by 14.1%, or €5.4 million, to €32.7 million in the period ended 30 September 2011, as compared to the period ended 30 September 2010, and our operating profit margin decreased by 2.6 points of net sales to 8.9%. The decrease in our operating profit margin can be analysed as follows:

- unfavourable exchange rates effects for 0.8 points;

- unfavourable channel mix effects for 0.6 points;

- investments in our future sales growth and our structures for 2.6 points; and

- unfavourable non-recurring effects for 0.3 points;

partly offset by:

- the effect of prices and product mix increases for 0.5 points; and

- lower production costs and leverage on our existing structures for 1.0 points.

Finance costs, net

Net finance costs decreased by €0.5 million, to €0.2 million in the period ended 30 September 2011 compared to the period ended 30 September 2010. This decrease was mainly related to higher finance income obtained on our positive cash balances throughout the period ended 30 September 2011, whilst, as a consequence of our IPO on 7 May 2010, we were not in a position to obtain similar finance income in the first part of the period ended 30 September 2010.

Foreign currency gains/losses

Our net foreign currency losses amounted to €2.5 million in the period ended 30 September 2011, principally related to inter-company financing and inter-company and external trading. This loss is attributable to:

- gains on our trading activities for €1.2 million, principally explained by the stronger US dollar as at 30 September 2010, as compared to 31 March 2011; and

- losses on our inter-company financing for €3.7 million, mostly unrealized, and essentially due to our financing of our affiliates in Brazil, Russia, Mexico and Korea.

Income tax expense

The effective rate for income taxes was 0.7% in the period ended 30 September 2011, as compared to 12.7% for the period ended 30 September 2010. The low tax rate as at 30 September 2011 is explained primarily by the seasonality of our activity with pre-tax negative contributions in some countries including France, the US and Brazil with a high tax rate, whilst the majority of our pre-tax contribution for the period was achieved in countries with a lower tax rate. The decrease of the effective tax rate from the period ended 30 September 2010 is explained generally by lower pre-tax profits in the countries where the tax rate is the highest and increased pre-tax profits in the countries with lower tax rates.

Profit for the period

For the aforementioned reasons, profit for the period decreased by 1.3% or €0.4 million to €29.8 million in the period ended 30 September 2011, as compared to the period ended 30 September 2010. Basic and diluted earnings per share decreased for the period ended 30 September 2011, compared with period ended 30 September 2010, by 5.8% from €0.021 to €0.020 with the number of shares used in the calculations increased by 2.9% at 1,476,964,891.

BALANCE SHEET REVIEW

Liquidity and capital resources

As at 30 September 2011, we had cash and cash equivalents of €255.4 million, as compared to €300.1 million as at 31 March 2011.

As at 30 September 2011, the aggregate amount of undrawn borrowing facilities was €303.0 million. During the period ended 30 September 2011, we signed a new bank borrowing agreement for €10.0 million with a 14-year maturity to finance our new international warehouse in Manosque. As at 30 September 2011, this facility was drawn for an amount of €2.9 million.

As at 30 September 2011, our total borrowings, including finance lease liabilities, current accounts with minority shareholders and related parties and bank overdrafts, amounted to €80.0 million, as compared to €60.0 million as at 31 March 2011, with the increase being explained by increased borrowings in foreign currencies to offset increased foreign currencies exposures in our balance sheet, the financing of the new warehouse and the final increase of the finance lease put in place in 2010 for the extension of the Lagorce facility.

Investing activities

Net cash used in investing activities was €52.7 million in the period ended 30 September 2011, as compared to €23.9 million in the period ended 30 September 2010, representing an increase of €28.7 million. This reflected capital expenditures primarily related to:

- the acquisition of our distributor in Malaysia and the non-controlling interests in our affiliates in Switzerland and Korea for a total of €22.2 million;
- the additions of leasehold improvements, other tangible assets, key moneys and changes in deposits related to stores for €16.0 million;
- the additions in IT software and equipment for €5.5 million, including €2.4 million for the implementation of SAP as our enterprise resources planning system;
- the additions of machinery, equipment, construction, fittings and others to our factories, R&D and warehousing facilities for €6.2 million, net of the disposal of our former European warehouse in Manosque.

Financing activities

Net cash generated in financing activities was €9.6 million in the period ended 30 September 2011, as compared to €239.4 million in the period ended 30 September 2010, which was marked by our IPO in May 2010. Net cash generated during the period under review mainly reflected the following:

- a net increase in bank borrowings as discussed above;
- the payment of a total €5.0 million dividends to non-controlling interests in our subsidiaries.

Inventories

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

For the period ended 30 September	2011	2010
Average Inventory turnover days[1]	326	224

(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.

Our inventory, which usually reaches its peak around September due to seasonality, increased by €45.8 million to €132.0 million as at 30 September 2011, from a low level of €86.1 million as at 30 September 2010. The inventory was also impacted by the change in the utilization of our mini products and pouches ("MPPs") which are now essentially sold and are therefore recorded in inventories. This change impacted our inventory for €8.5 million as at 30 September 2011, or 19 inventory turnover days.

The primary component of the increase in our average inventory turnover days was related to our anticipated sales increase and earlier deliveries of the holiday season products, which contributed 45 days. The management analyzes the other increases as follows:

- re-sizing of our safety stocks to secure service to the markets, for 18 days;
- increased inventory coverage in our subsidiaries and factories as compared to a very low level last year, for 12 days; and
- temporary increase of the deliveries preparation lead-time in SAP and other changes, for a total 8 days.

As the average inventory turnover days ratio relates the inventory to past sales, we use internally a ratio of inventory to anticipated sales for management purposes. This inventory coverage ratio excluding the impact of MPPs was estimated to be approximately 9.0 months, which compares to 8.8 months, 7.6 months and 6.9 months as at 30 September 2008, 2009 and 2010, respectively.

Trade receivables

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

For the period ended 30 September	2011	2010
Turnover days of trade receivables[(1)]	31	29

(1) 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.

Turnover days of trade receivables increased by 2 days from the period ended 30 September 2010 to the period ended 30 September 2011 primarily due to the development of our Sell-out sales in department stores in China and Korea.

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:

For the period ended 30 September	2011	2010
Turnover days of trade payables[(1)]	61	62

(1) 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 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. Total purchases are estimated by deducting employee benefits, depreciation and changes in provisions from the total operating costs and expenses.

From the period ended 30 September 2010 to the period ended 30 September 2011, our average trade payables increased by €8.7 million, whilst the turnover days of trade payables decreased by 1 day. This decrease is primarily attributable to lower accrued expenses at L'Occitane International and slightly lower trade payables in relation to the total purchases at our French entities partly offset by increases in turnover days of trade payables in Japan and China.

BALANCE SHEET RATIOS

Our return on capital employed and return on equity ratios are typically impacted by our seasonality. They decreased slightly as at 30 September 2011, as compared to 30 September 2010, due to the almost stable net operating profit after tax and profit for the period, whilst our capital employed and equity increased from one period to the other. The increase in our capital employed resulted from our capital expenditures and increased working capital. Our equity increased by €71.0 million from 30 September 2010 to 30 September 2011 primarily as a combination of our profit during this period partly offset by our acquisition of non-controlling interests in Switzerland and Korea and the 2011 dividend. As a consequence of our high net cash position, our liquidity and capital adequacy ratio remained very favourable.

For the period ended	30 September 2011 €'000	31 March 2011 €'000	30 September 2010 €'000
Profitability			
Net operating profit after tax (NOPAT)(1)	30,027	103,876	30,817
Capital employed(2)	433,364	341,559	327,746
Return on capital employed (ROCE)(3)	6.9%	30.4%	9.4%
Return on equity (ROE)(4)	5.1%	17.8%	6.0%
Liquidity			
Current ratio (times)(5)	2.84	3.35	3.00
Quick ratio (times)(6)	2.10	2.67	2.43
Capital adequacy			
Gearing ratio(7)	9.5%	7.6%	11.6%
Debt to equity ratio(8)	net cash position	net cash position	net cash position

(1) *(Operating profit + foreign currency net gains or losses) x (1 - effective tax rate)*
(2) *Non-current assets - (deferred tax liabilities + other non-current liabilities) + working capital*
(3) *NOPAT / Capital employed*
(4) *Net profit attributable to equity owners of the Company / shareholders´ equity at period end excluding minority interest*
(5) *Current assets / current liabilities*
(6) *(Current assets — inventories) / current liabilities*
(7) *Total debt / total assets*
(8) *Net debt / (total assets - total liabilities)*

Foreign exchange risk management

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 2011, we had foreign exchange derivatives net liabilities of €2.5 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 2011 were primarily Japanese yen for an equivalent of €20.8 million, Brazilian reais for €6.0 million, US dollars for €5.6 million and British pounds for €2.7 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 2011, we had interest rate derivative liabilities of €0.7 million. The notional principal amount of outstanding interest rate derivatives as at 30 September 2011 was €25.8 million.

Dividends

On 27 June 2011, our Board recommended the payment of a dividend of €0.0135 per share on our common stock, representing a total dividend of €19.9 million, or 20% of the profit attributable to the equity owners of the Company, out of our distributable reserves of €180.0 million as of 31 March 2011. The Shareholders approved this dividend at a meeting held on 30 September 2011. The dividend was paid on 21 October 2011.

Post balance sheet events

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

STRATEGIC REVIEW AND PROSPECTS

Summary of activities during the period:

In Japan and some European countries, the economy is not doing well but we are still performing and we increased our sales in all of those countries. We focused on the countries with the highest growth potential: China, Brazil, Russia and Korea, and we increased our investments in new stores and refurbishing, with net openings of 141 stores in 12 months and 29 renovations.

We also increased our marketing efforts in direct marketing, web, and advertising, and increased our infrastructure in R&D, marketing and international management. The implementation of SAP is going well, and will result in productivity and efficiency gains in the coming years.

We continued our long term investment in Melvita despite a slowdown in the organic market.

As we said at the time of our IPO, we are developing our company long term and we believe in this strategy.

Prospects for the second half of the year:

We will continue to invest in new stores in emerging and fast growing countries and to renovate stores in other countries and will focus on the holiday season to achieve successful sales during this key period. We will also continue to explore strategic acquisition opportunities.

From an operational efficiency standpoint, we will implement our SAP core model in other European countries and prepare for roll-out in Hong Kong, and will prepare SAP for manufacturing, with the associated new Manufacturing Execution System. We will also make further efforts to improve our supply chain management in order to lower our inventories whilst continuing to be able to fulfil demand and we will go live with the merged back-office functions at our factories. The building of our central warehouse will be achieved next Spring and we will start the Manosque factory re-design and expansion.

During the second half of the year, investments in our structures and operations and our stores network will continue to be visible. Nevertheless, we will take advantage of the seasonally higher sales and of the positive effects of our investments.


L'OCCITANE
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CONSOLIDATED FINANCIAL STATEMENTS

Report on review of the condensed consolidated interim financial information

To the Board of Directors of
L'Occitane International S.A.

INTRODUCTION

We have reviewed the accompanying consolidated interim balance sheet of L'Occitane International S.A. and its subsidiaries (together the "Group") as of September 30, 2011 and the related consolidated interim statement of income, 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, and to report our conclusion solely to you, as a body. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". 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 on 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 is not prepared, in all material respects, in accordance with IAS 34, "Interim financial reporting" as issued by the International Accounting Standards Board.

PricewaterhouseCoopers S.à.r.l.
Represented by

Luxembourg, 28 November 2011

Philippe Duren

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°00123693)
R.C.S. Luxembourg B 65 477 - Capital social EUR 516 950 - TVA LU17564447

In thousands of Euros, except per share data	Notes	Period ended 30 September 2011	2010
Net Sales		**368,494**	**331,218**
Cost of sales		(65,213)	(62,636)
Gross profit		**303,281**	**268,582**
% of net sales		82.30%	81.09%
Distribution expenses		(180,328)	(154,938)
Marketing expenses		(43,400)	(38,661)
Research and development expenses		(3,061)	(2,612)
General and administrative expenses		(43,897)	(36,309)
Other (losses) / gains, net	(19)	123	2,011
Operating profit		**32,718**	**38,073**
Finance costs, net	(20)	(234)	(705)
Foreign currency gains / (losses)	(21)	(2,492)	(2,771)
Profit before income tax		**29,992**	**34,597**
Income tax expense	(22)	(197)	(4,395)
Profit for the period		**29,795**	**30,202**
Attributable to:			
Equity owners of the Company		28,952	29,846
Non-controlling interests		843	356
Total		**29,795**	**30,202**
Earnings per share for profit attributable to the equity owners of the Company during the half-year *(expressed in Euros per share)*	(23)		
Basic		0.020	0.021
Diluted		0.020	0.021
Number of shares used in earnings per share calculation	(23)		
Basic		1,476,964,891	1,434,761,916
Diluted		1,476,964,891	1,434,761,916

The accompanying notes are an integral part of this consolidated interim financial information.

In thousands of Euros	Notes	Period ended 30 September 2011	2010
Profit for the period		**29,795**	**30,202**
Other comprehensive income:			
Cash flow hedges fair value (losses), net of tax	(12)	256	(169)
Currency translation differences		5,448	4,095
Other comprehensive income / (loss) for the period, net of tax		**5,704**	**3,926**
Total comprehensive income for the period		**35,499**	**34,128**
Attributable to:			
– Equity owners of the Company		34,538	33,994
– Non-controlling interests		961	134
Total		**35,499**	**34,128**

The accompanying notes are an integral part of this consolidated interim financial information.

ASSETS *In thousands of Euros*	Notes	30 September 2011	31 March 2011
Property, plant and equipment, net	(6)	104,243	91,258
Goodwill	(7)	103,636	89,382
Intangible assets, net	(8)	51,922	48,390
Deferred income tax assets		51,543	40,701
Available-for-sale financial assets		35	39
Other non-current receivables		24,999	20,415
Non-current assets		**336,378**	**290,185**
Inventories, net	(9)	131,993	101,339
Trade receivables, net	(10)	65,824	59,629
Other current assets	(11)	47,869	34,381
Derivative financial instruments	(12)	353	201
Cash and cash equivalents		255,393	300,125
Current assets		**501,432**	**495,675**
TOTAL ASSETS		**837,810**	**785,860**

EQUITY AND LIABILITIES *In thousands of Euros*	Notes	30 September 2011	31 March 2011
Share capital	(13)	44,309	44,309
Additional paid-in capital	(13)	342,851	342,851
Other reserves		4,200	5,831
Retained earnings		176,898	167,275
Capital and reserves attributable to the equity owners of the Company		**568,258**	**560,266**
Non-controlling interests		243	4,998
Total equity		**568,501**	**565,264**
Borrowings	(14)	70,832	54,003
Deferred income tax liabilities		1,217	1,253
Derivative financial instruments	(12)	516	554
Other financial liabilities		7,333	5,873
Other non-current liabilities	(15)	13,158	11,026
Non-current liabilities		**93,056**	**72,709**
Trade payables	(16)	75,971	72,483
Salaries, wages, related social items and other tax liabilities		40,323	36,431
Current income tax liabilities		18,031	22,782
Borrowings	(14)	9,135	6,015
Other current liabilities	(15)	27,333	6,333
Derivative financial instruments	(12)	3,067	879
Provisions for other liabilities and charges	(17)	2,393	2,964
Current liabilities		**176,253**	**147,887**
TOTAL EQUITY AND LIABILITIES		**837,810**	**785,860**
NET CURRENT ASSETS		**325,179**	**347,788**
TOTAL ASSETS LESS CURRENT LIABILITIES		**661,557**	**637,973**

The accompanying notes are an integral part of this consolidated interim financial information.

			Attributable to equity 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 Payments	Hedging reserve	Cumul. Currency Transl. Diff.	Excess of consideration paid in transactions with non-controlling interests	Prior years	Profit for the period	Non-controlling interests	TOTAL EQUITY
Balance at 31 March 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 six-month period		–	–	–	–	–	–	–	–	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 declared		–	–	–	–	–	–	–	–	–	(2,094)	(2,094)
Contribution from the parent	(13.3)	–	–	–	867	–	–	–	–	–	–	867
Effect of the change in par value to €0.03 on 9 April 2010	(13.1)	1,255,105,717	–	–	–	–	–	–	–	–	–	–
Issue of new shares on 7 and 28 May 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 30 September 2010		**1,476,964,891**	**44,309**	**345,900**	**3,972**	**(1,542)**	**5,139**	**–**	**67,774**	**29,846**	**2,125**	**497,523**

		Attributable to equity owners of the Company										
					Other reserves			Retained earnings				
In thousands of Euros (except "Number of Shares")	Notes	Number of shares	Share capital	Additional paidin-in capital	Share Based Payments	Hedging reserve	Cumul. Currency Transl. Diff.	Excess of consideration paid in transactions with non-controlling interests	Prior years	Profit for the period	Non-controlling interests	TOTAL EQUITY
Balance at 31 March 2011		**1,476,964,891**	**44,309**	**342,851**	**5,122**	**(558)**	**2,201**	**(934)**	**67,774**	**99,501**	**4,998**	**565,264**
Comprehensive income												
Profit for the six-month period		–	–	–	–	–	–	–	–	28,952	843	29,795
Other comprehensive income												
Currency translation differences		–	–	–	–	–	5,330	–	–	–	118	5,448
Cash flow hedges fair value (losses), net of tax	(12)	–	–	–	–	256	–	–	–	–	–	256
Total comprehensive income		**–**	**–**	**–**	**–**	**256**	**5,330**	**–**	**–**	**28,952**	**961**	**35,499**
Transactions with owners												
Allocation of prior year earnings		–	–	–	–	–	–	–	99,501	(99,501)	–	–
Dividends declared		–	–	–	–	–	–	–	–	(19,329)	(5,043)	(24,372)
Contribution from the parent	(13.3)	–	–	–	1,191	–	–	–	–	–	–	1,191
Employee share option : value of employee services	(13.3)	–	–	–	390	–	–	–	–	–	–	390
Non-controlling interests in capital increase		–	–	–	–	–	–	–	–	–	219	219
Transactions with non-controlling interests	(5)	–	–	–	–	–	–	(8,798)	–	–	(892)	(9,690)
Total transaction with owners		**–**	**–**	**–**	**1,581**	**–**	**–**	**(8,798)**	**99,501**	**(118,830)**	**(5,716)**	**(32,262)**
Balance at 30 September 2011		**1,476,964,891**	**44,309**	**342,851**	**6,703**	**(302)**	**7,531**	**(9,732)**	**167,275**	**9,623**	**243**	**568,501**

The accompanying notes are an integral part of this consolidated interim financial information.

In thousands of Euros	Notes	Period ended 30 September 2011	2010
Cash flows from operating activities			
Profit for the half-year		29,795	30,202
Adjustments to reconcile profit for the half-year to net cash from operating			
Depreciation, amortization and impairment	(18.3)	16,419	14,385
Deferred income taxes		(10,256)	(10,275)
Unwinding of discount on other financial liabilities		259	185
Share based payment	(13.3)	1,581	867
Change in the fair value of derivatives	(12)	2,364	466
Other (gains) / losses - net	(19)	(371)	(1,761)
Net movements in provisions	(17)	325	(423)
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation)			
Inventories		(27,677)	(17,971)
Trade receivables		(4,488)	(7,042)
Trade payables		2,013	12,706
Salaries, wages, related social items and other tax liabilities		3,473	(82)
Current income tax assets and liabilities		(9,884)	5,737
Unpaid finance costs		(39)	83
Other assets and liabilities, net		(8,446)	(10,617)
Net cash inflow from operating activities		**(4,932)**	**16,460**
Cash flows from investing activities			
Acquisition of business combinations and other interests	(5.1)	(22,241)	(2,506)
Purchases of property, plant and equipment	(6)	(24,104)	(14,795)
Purchases of intangible assets	(8)	(7,487)	(8,045)
Proceeds from sale of fixed assets		3,668	2,408
Change in deposits and key moneys paid to the landlords		(2,431)	(925)
Change in non-current receivables and liabilities		(67)	(16)
Net cash (outflow) from investing activities		**(52,662)**	**(23,879)**
Cash flows from financing activities			
Proceeds from non-controlling interests		219	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 non-controlling interests		(3,544)	(2,094)
Change in dividends payable		—	(78,700)
Proceeds from borrowings	(14)	23,071	112,727
Repayments of borrowings	(14)	(9,782)	(90,938)
Repayments on obligations under finance leases	(14)	(393)	(655)
Net cash inflow from financing activities		**9,571**	**239,387**
Effects of exchange rate changes		440	(443)
Net (decrease) / increase in cash, cash equivalents and bank overdrafts		**(47,583)**	**231,525**
Cash, cash equivalents and bank overdrafts at the beginning of the half-year		**299,853**	**38,387**
Cash and cash equivalents		*300,125*	*41,825*
Bank overdrafts		*(272)*	*(3,438)*
Cash, cash equivalents and bank overdrafts at end of the half-year		**252,270**	**269,912**
Cash and cash equivalents		255,393	273,632
Bank overdrafts		*(3,123)*	*(3,720)*

The accompanying notes are an integral part of this consolidated interim financial information.

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 Stock Exchange of Hong-Kong Limited.

This consolidated interim financial information was approved for issue by the Board of Directors on 28 November, 2011.

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

2. BASIS OF PREPARATION

2.1. Basis of preparation

This condensed consolidated interim financial information ("consolidated interim financial information") for the six-month period ended 30 September 2011 ("period ended 30 September 2011") has been prepared in accordance with IAS 34, 'Interim financial reporting'. The consolidated interim financial information should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 consolidated financial statements for the year ended 31 March 2011, except for taxes on income in the interim periods which are accrued using the tax rate that would be applicable to expected total annual earnings.

The amended standards and interpretations that are effective for the first time for the Group for the financial period beginning 1 April 2011 do not have any material impact on the consolidated financial statements.

2.3. Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimations were the same as those that applied to the annual consolidated financial statements for the year ended 31 March 2011, with the exception of changes in estimates that are required in determining the provision for income taxes.

2. BASIS OF PREPARATION *(continued)*

2.4.Seasonality of operations

The Group is subject to significant seasonal variances in sales, which are significantly higher in its financial third quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. For the period ended 30 September 2010, the level of sales represented 42,9% of the annual level of sales in the year ended 31 March 2011 and the level of operating profit represented 28,9% of the annual operating profit in the year ended 31 March 2011. These ratios are not representative of sales and operating profit expected for the year ended 31 March 2012.

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 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 is 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.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

(a) Market risk (continued)

Cash flow and fair value interest rate risk

The cash is currently invested in treasury deposits at short term and takes profit of any increase in euro interest rates.

The Group's interest rate risk arises from non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

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.

(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 customers:

- For wholesales, the Group maintains adequate allowances for potential credit losses and follows regularly the solvency of its counterpart. As of 30 September 2011, 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.

For cash and cash equivalents and derivatives financial instruments, those assets are mainly concentrated on independently rated parties with a minimum rating of 'A'.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, and 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 30 September 2011 is as follows:

In thousands of Euros	30 September 2011
Cash and cash equivalents and bank overdrafts	255,393
Undrawn borrowing facilities	303,017
Liquidity reserves	**558,410**

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:

	Period ended 30 September 2011				
In thousands of Euros	Sell-Out	Sell-In	B to B	Other reconciling items	Total
Net Sales	269,905	84,246	14,342	—	368,494
In %	*73.2%*	*22.9%*	*3.9%*	—	*100.0%*
Gross profit	238,649	58,597	6,035	—	303,281
% of net sales	*88.4%*	*69.6%*	*42.1%*	—	*82.3%*
Distribution expenses	(141,584)	(14,868)	(1,003)	(22,873)	(180,328)
Marketing expenses	(21,807)	(2,713)	(40)	(18,840)	(43,400)
Research and development expenses	—	—	—	(3,061)	(3,061)
General and administrative expenses	(1,178)	—	—	(42,719)	(43,897)
Other gains / (losses), net	478	—	—	(355)	123
Operating profit	**74,558**	**41,016**	**4,992**	**(87,848)**	**32,718**
% of net sales	*27.6%*	*48.7%*	*34.8%*		*8.9%*

4. SEGMENT INFORMATION *(continued)*

4.1. Operating segments *(continued)*

	Period ended 30 September 2010				
In thousands of Euros	Sell-Out	Sell-In	B to B	Other reconciling items	Total
Net 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 net 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)	(17,380)	(38,661)
Research and development expenses	—	—	—	(2,612)	(2,612)
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)**	**38,073**
% of net sales	*28.6%*	*48.8%*	*31.8%*		*11.5%*

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

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

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

	Period ended 30 September			
	2011		2010	
In thousands of Euros	**Total**	***In %***	Total	*In %*
Japan	91,020	*24.7%*	83,830	*25.3%*
United States	38,697	*10.5%*	40,476	*12.2%*
Hong-Kong	35,333	*9.6%*	30,085	*9.1%*
France	35,085	*9.5%*	36,122	*10.9%*
Luxembourg - Swiss branch	21,472	*5.8%*	20,133	*6.1%*
Brazil	19,259	*5.2%*	14,474	*4.4%*
China	19,084	*5.2%*	12,844	*3.9%*
United Kingdom	17,740	*4.8%*	17,383	*5.2%*
Russia	14,459	*3.9%*	12,173	*3.7%*
Taiwan	12,389	*3.4%*	11,525	*3.5%*
Other countries	63,956	*17.4%*	52,173	*15.8%*
Net Sales	**368,494**	***100%***	**331,218**	***100%***

5. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE

5.1. For the period ended 30 September 2011

(a) Transactions with non-controlling interests
L'Occitane (Korea) Ltd

On 8 August 2011, the Company acquired the remaining 49.9% of non-controlling interests in L'Occitane (Korea) Ltd for a total consideration of €7,162,000 in cash. L'Occitane (Korea) Ltd is located in Korea and is specialized in the distribution of L'Occitane products in that country. After this transaction, L'Occitane (Korea) Ltd is now 100% held by the Group.

The carrying amount of the non-controlling interests in L'Occitane (Korea) Ltd on the date of acquisition was €866,000. The Group recognised a decrease in non-controlling interests of €866,000 and a decrease in equity attributable to owners of the Company of €6,296,000.

5. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

5.1. For the period ended 30 September 2011 *(continued)*

(a) Transactions with non-controlling interests (continued)

L'Occitane (Swiss) SA

On 8 August 2011, the Company acquired the remaining 49.9% of non-controlling interests in L'Occitane (Swiss) SA for a total consideration of €2,528,000 in cash. L'Occitane (Swiss) SA is located in Switzerland and is specialized in the distribution of L'Occitane products in that country. After this transaction, L'Occitane (Swiss) SA is now 100% held by the Group.

The carrying amount of the non-controlling interests in L'Occitane (Swiss) SA on the date of acquisition was €26,000. The Group recognised a decrease in non-controlling interests of €26,000 and a decrease in equity attributable to owners of the Company of €2,502,000.

The effect of changes in the ownership interest of L'Occitane (Korea) Ltd and L'Occitane (Swiss) SA on the equity attributable to owners of the Company during the period ended 30 September 2011 is summarised as follows:

In thousands of Euros	L'Occitane (Korea) Ltd	L'Occitane (Swiss) SA	Total
Carrying amount of non-controlling interests acquired	866	26	892
Consideration paid to non-controlling interest	7,162	2,528	9,690
Excess of consideration paid recognised in the transaction with non-controlling interests within 'other reserves' in equity	**6,296**	**2,502**	**8,798**

(b) Business combinations in Malaysia

On 8 August 2011, the Group acquired 100% of the issued share capital and voting rights of Far East Cosmetics Holding BV a fully owned subsidiary of Clarins B.V. for a total consideration of €10,463,000. Far East Cosmetics Holding BV is located in The Netherlands and is the owner of L'Occitane Malaysia SND BHD.

L'Occitane Malaysia SND BHD is the beneficiary of an asset and leasehold transfer or use agreement dated 31 July 2011 from Clarins SDN BHD the former Malaysian agent of the Company. The assets transferred include fixed assets, leasehold deposits, inventories, promotional goods and the right of use lease agreements relating to retail activities in Malaysia for an amount of €2,093,000.

The acquisition and the asset transfer are considered as a single transaction under which the Group has acquired the business formerly conducted by Clarins SDN BHD. This business combination is expected to increase the profitability of the Group by directly doing business in Malaysia rather than working through a distributor agent.

5. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

5.1. For the period ended 30 September 2011 *(continued)*

(b) Business combinations in Malaysia (continued)

The following table summarises the consideration paid for €12,556,000, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

In thousands of Euros	Far East Cosmetics Holding BV	L'Occitane Malaysia SDN	Total
Cash	10,463	2,093	12,556
Contingent consideration	—	—	—
Total consideration	**10,463**	**2,093**	**12,556**
Acquisition-related costs (included in the administrative expenses in the statement of income for the half-year ended 30 September 2011)	—	—	—
Recognised amounts of identifiable assets acquired and (liabilities assumed)	**10,463**	**2,093**	**12,556**
Cash and cash equivalents	5	—	5
Property, plant and equipment (note 6)	—	371	371
Key moneys (note 8)	—	—	—
Contractual customer relationship (note 8)	—	—	—
Other non-current assets	—	315	315
Deferred tax assets	—	—	—
Inventories	—	1,348	1,348
Trade receivables and other current assets	—	59	59
Trade payables and other current liabilities	—	—	—
Total identifiable net assets	**5**	**2,093**	**2,098**
Non-controlling interests	**—**	**—**	**—**
Goodwill (note 7)			10,458

5. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

5.1. For the period ended 30 September 2011 *(continued)*

(b) Business combinations in Malaysia (continued)

The goodwill related to Malaysia is attributable to the increased profitability linked to the margins previously earned by the agent and also to the fact that the access of the Group to this geographical market will be facilitated.

The above total consideration is based on a provisional valuation of the assets. The contingent consideration arrangement requires the consideration will be adjusted for the difference between the estimated value of assets and the actual value of the assets after a physical inventory.

The revenue contributed by L'Occitane Malaysia SDN BHD included in the consolidated income statement from 8 August 2011 to 30 September 2011 was €1,398,000. L'Occitane Malaysia SDN BHD also contributed profit of €149,000 over the same period.

5.2. Prior period

On 2 September 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 this country.

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

6. PROPERTY, PLANT AND EQUIPMENT, NET

As of 30 September 2011, changes in property, plant and equipment, can be analyzed as follows:

In thousands of Euros	
Net book value as of 1 April 2011	**91,258**
Additions	28,024
Disposals	(2,893)
Acquisition of subsidiaries	371
Depreciation	(13,568)
Impairment loss	—
Reversal of impairment loss	148
Other movements	78
Exchange differences	825
Net book value as of 30 September 2011	**104,243**

6. PROPERTY, PLANT AND EQUIPMENT, NET *(continued)*

As at 30 September 2011, the net book value under finance leases amounts to €20,308,000 and mainly relates to the land and building of the plant in Lagorce, France. During the period ended 30 September 2011, the finance lease was drawn for an amount of €3,920,000.

Main additions during the period related to :

- Leasehold improvements for the opening of 56 stores;
- Extension of the plant in Lagorce, France;
- Acquisition of land and construction of a new logistic platform in Manosque, France. The land is pledged as a security for the new loan signed on 20 June 2011 (note 14.2).

7. GOODWILL

Change in goodwill is as follows:

In thousands of Euros	
Cost as of 1 April 2011	**89,382**
Acquisition of subsidiaries (note 5.1)	10,458
Change in the estimated fair value of other financial liabilities relating to put options	1,201
Exchange differences	2,595
Cost as of 30 September 2011	**103,636**
Accumulated impairment as of 1 April 2011	**—**
Impairment loss	—
Exchange differences	—
Accumulated impairment as of 30 September 2011	**—**
Net book value as of 30 September 2011	**103,636**

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;
- Acquired trademarks;
- Internally used software including enterprise resources planning system, point-of-sales system and others.

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

As of 30 September 2011, changes in intangible assets, net can be analyzed as follows:

In thousands of Euros	
Net book value as of 1 April 2011	**48,390**
Additions	7,487
Disposals	(400)
Amortization	(2,999)
Acquisition of subsidiaries	—
Impairment loss	—
Other movements	(84)
Exchange differences	(472)
Net book value as of 30 September 2011	**51,922**

Additions mainly concern:

- Key moneys for an amount of €2,260,000. Such key moneys were mainly acquired in Italy and in Brazil;
- Intangible assets in progress for an amount of €4,443,000 that mainly relate to the implementation of a new ERP.

9. INVENTORIES, NET

Inventories, net consist of the following items:

In thousands of Euros	30 September 2011	31 March 2011
Raw materials and supplies	22,610	22,054
Finished goods and work in progress	117,868	86,294
Inventories, gross	**140,478**	**108,348**
Less, allowance	(8,485)	(7,009)
Inventories, net	**131,993**	**101,339**

As mini products and pouches are now essentially bundled with regular products, they are part of the cost of sales and the mini products and pouches on-hand are part of the inventories as at 30 September 2011 for an amount of €8,500,000.

10. TRADE RECEIVABLES, NET

Trade receivables, net ageing analysis consist of the following:

In thousands of Euros	30 September 2011	31 March 2011
Current and past due within 3 months	63,662	58,269
3 to 6 months	1,160	533
6 to 12 months	647	185
Over 12 months	355	642
Trade receivables, net	**65,824**	**59,629**

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	30 September 2011	31 March 2011
Value added tax receivable and other taxes and social items receivable	19,604	15,834
Prepaid expenses (a)	12,545	12,370
Income tax receivable (b)	5,920	636
Recharge of listing costs to the parent company	—	197
Short-term bank deposit (c)	3,408	960
Advance payments to suppliers	2,446	2,217
Other current assets	3,946	2,167
Total other current assets	**47,869**	**34,381**

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

(b) 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.

(c) The short-term bank deposit is pledged as collateral for a short-term bank borrowing (note 14).

12. DERIVATIVE FINANCIAL INSTRUMENTS

Analysis of derivative financial instruments

Derivative financial instruments are analyzed as follows:

	30 September 2011		31 March 2011	
In thousands of Euros	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives - held for trading	—	114	—	110
Foreign exchange derivatives - held for trading	353	2,899	201	367
Sub-total derivatives at fair value through profit and loss	**353**	**3,013**	**201**	**477**
Interest rate derivatives - cash flow hedges	—	570	—	695
Foreign exchange derivatives - cash flow hedges	—	—	—	261
Sub-total derivatives designated as hedging instruments	**—**	**570**	**—**	**956**
Total derivative financial instruments	**353**	**3,583**	**201**	**1,433**
Less non-current portion:				
– Interest rate derivatives - cash flow hedges	—	516	—	554
– Interest rate derivatives - held for trading	—	—	—	—
Non current portion of derivative financial instruments	**—**	**516**	**—**	**554**
Current portion of derivative financial instruments	**353**	**3,067**	**201**	**879**

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 instruments 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):

Currency	30 September 2011	31 March 2011
Sale of currencies		
JPY	20,811	32,065
BRL	6,004	—
USD	5,608	2,077
GBP	2,740	3,147
THB	970	936
MXN	376	705
AUD	360	1,933
CAD	—	621
CZK	81	—
Purchase of currencies		
EUR	—	1,100

(b) *Interest rate derivatives*

The notional principal amounts of the outstanding interest rate derivatives are (in thousands of Euros):

Instruments	*Rates*	30 September 2011	31 March 2011
Derivatives that qualify for hedge accounting			
Swap EUR	Fixed interest rate: 4%	15,000	15,000
Swap USD	Fixed interest rate: 2.995%	7,406	7,039
Derivatives that do not qualify for hedge accounting			
Swap EUR	Fixed interest rate: 3.7625%	3,348	3,544

13.CAPITAL AND RESERVES

L'Occitane International S.A. ("LOI") is a corporation incorporated in the Grand Duchy of Luxembourg. The authorized capital of the Company is €1,500,000,000 out of which €44,309,000 are issued as at 30 September 2011. At 30 September 2011, the Company's share capital is held by the company L'Occitane Groupe S.A. ('LOG', 'the parent company'), in a proportion of 69.18%.

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 additional paid-in capital are summarized as follows:

In thousands of Euros except "Number of shares"	Number of shares	Share capital	Additional paid-in capital
Balance at 31 March 2010	**19,290,674**	**38,232**	**48,730**
On 9 April 2010, new par value of €0.03	1,255,105,717	—	—
On 7 May 2010, listing of the Company and issue of new shares	182,060,000	5,462	271,410
On 28 May 2010, exercise of an over-allotment option and issue of new shares	20,508,500	615	31,865
Costs directly attributable to the issue of new shares, net of tax	—	—	(9,154)
Balance at 31 March 2011	**1,476,964,891**	**44,309**	**342,851**
—	—	—	—
Balance at 30 September 2011	**1,476,964,891**	**44,309**	**342,851**

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 that were granted: (i) share-based payments related to LOI equity instruments and (ii) share-based payments related to LOG equity instruments.

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

On 30 September 2011, the stock options and free shares plans are the following:

	Movements in the number of equity instruments granted						Characteristics of the plans / grants			
Plans / grants	At the beginning of the period	Granted over the period	Forfeited	Expired	At the end of the period	Number of options exercisable	Contractual option term	Vesting period	Grantees	Performance conditions
Stock options plan authorized on 30 September 2010 for 1.5% of the Company's issued share capital as at 30 September 2010 (a):										
Granted on 4 April 2011 at an exercise price of HKD 19.84	—	7,188,000	(223,000)	—	6,965,000	—	8 years	4 years	Middle management	Non-market performance conditions: the number of options exercisable depends on the achievement of conditions based on Group net sales and Group operating profit
Granted on 4 April 2011 at an exercise price of HKD 19.84	—	2,000,000	(280,000)	—	1,720,000	—	8 years	4 years	Local management of subsidiaries	Non-market performance conditions: the number of options exercisable depends on the achievement of conditions based on the net sales and the operating profit of subsidiaries
Granted on 4 April 2011 at an exercise price of HKD 19.84	—	520,000	—	—	520,000	—	8 years	4 years	Group management	Market performance conditions : the number of options exercisable depends on the change in the share price
Granted on 4 April 2011 at an exercise price of HKD 19.84	—	2,126,000	(336,000)	—	1,790,000	—	8 years	4 years	Group management	No performance condition other than the service conditions.
Free share plan authorized on 30 September 2010 for 0.5% of the Company's issued share capital as at 30 September 2010 (b):										
No grant										

Characteristics of the above authorizations:

(a) The validity of the authorization is 3 years. A vesting period of 4 years as service condition is required. At each grant date, the Board may specify performance targets. The exercise price is to be determined by the Board.

(b) The validity of the authorization is 3 years. A vesting period of 4 years as service condition is required. At each grant date, the Board may specify performance targets.

13. CAPITAL AND RESERVES *(continued)*

13.3. Share-based payments *(continued)*

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

The stock options forfeited are related to the employees who left the Company before the end of the vesting period.

The fair value of options is determined using the Black-Scholes valuation model. The significant inputs into the models and the resulting fair value of the option are the following:

		Inputs into the model					
Grant date	Exercise price	Fair value of a share of the Company	Volatility	Dividend yield	Annual risk-free interest rate	Expected option life	Fair value of the option
Grants on 4 April 2011 with market performance conditions	HKD 19.84 (approximately €1.7 at the exchange rate of the grant date)	HKD 19.84	25%	20 % of the budgeted profit attributable to the equity owners	1.92%	5 years	€0.44
Grants on 4 April 2011 without market performance conditions	HKD 19.84 (approximately €1.7 at the exchange rate of the grant date)	HKD 19.84	25%	20 % of the budgeted profit attributable to the equity owners	1.92%	5 years	€0.44

13. CAPITAL AND RESERVES *(continued)*

13.3. Share-based payments *(continued)*

(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.

Accounting treatment

In accordance with IFRS 2, these share-based arrangements are accounted for as an equity-settled share-based payment transaction in the consolidated financial statements of L'Occitane International S.A.. Therefore, the share-based compensation expense is recognized with a corresponding effect in equity attributable to the owners of the Company as a 'contribution from the parent'.

During the period ended September 2011, no share-based payment related to LOG equity instruments have been granted.

On 30 September 2011, the stock options plans are the following:

	Movements in the number of equity instruments granted						Characteristics of the plans / grants			
Plans / grants	At the beginning of the period	Granted over the period	Forfeited	Expired	At the end of the period	Number of options exercisable	Contractual option term	Vesting period	Grantees	Performance conditions
Plan authorized on 28 January 2010 for 730,000 stock options										
Granted on July 2009 (authorized in January 2010) at an exercise price of €23.20	343,700	—	(16,000)	—	327,700	—	6 years	4 years	Management and middle management	No
Granted on April 2010 at an exercise price of €23.20	10,000	—	—	—	10,000	—	6 years	4 years	Management and middle management	No
Plan authorized on 28 September 2007 for 200,000 stock options										
Granted on February 2008 at an exercise price of €26.10	154,200	—	(1,500)	—	152,700	—	6 years	4 years	Management and middle management	No

13. CAPITAL AND RESERVES *(continued)*

13.3. Share-based payments *(continued)*

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

On 30 September 2011, the free shares plans are the following:

	Movements in the number of equity instruments granted						Characteristics of the plans / grants		
Plans / grants	At the beginning of the period	Granted over the period	Forfeited	Expired	At the end of the period	Number of options exercisable	Vesting period	Grantees	Performance conditions
Plan authorized on 28 September 2007 for 40,000 free shares									
Granted on February 2008	5,500	—	—	—	5,500	—	4 years	Management and middle management	No
Granted on June 2008	24,745	—	(790)	—	23,955	—	4 years	Management and middle management	No
Granted on August 2010	9,755	—	—	—	9,755	—	4 years	Management and middle management	No
Plan authorized on 27 December 2007 for 30,000 free shares									
Granted on June 2008	4,807	—	—	—	4,807	—	4 years	Management and middle management	No
Granted on July 2009	18,825	—	(1,540)	—	17,285	—	4 years	Management and middle management	No
Granted on August 2010	3,745	—	—	—	3,745	—	4 years	Management and middle management	No

The stock options and the free shares forfeited are related to the employees who left the Company before the end of the vesting period.

(iii) Total share-based compensation expense

During the period ended 30 September 2011, the share-based compensation expense recognized within the employee benefits is the following:

- For plans with LOI equity instruments: €390,000 (€ nil during the period ended 30 September 2010);
- For plans with LOG equity instruments: €1,191,000 (€867,000 during the period ended 30 September 2010).

13. CAPITAL AND RESERVES *(continued)*

13.4. Distributable reserves

On 31 March 2011, the distributable reserves of L'Occitane International S.A. amounted to €179,985,000.

13.5. Dividend per share

On 30 September 2011, the annual Shareholder's Meeting approved the distribution of €19,939,026.03 being €0.0135 per share which was paid on 21 October 2011.

14. BORROWINGS

Borrowings include the following items:

In thousands of Euros	30 September 2011	31 March 2011
FY 2011 Revolving facility	51,208	39,669
FY 2012 bank borrowing	2,891	—
Other bank borrowings	3,170	1,781
Finance lease liabilities	18,768	15,241
Current accounts with minority shareholders and related parties	807	3,055
Bank overdrafts	3,123	272
Total	**79,967**	**60,018**
Less, current portion:		
– FY 2011 Revolving facility	(230)	(291)
– FY 2012 bank borrowing	—	—
– Other bank borrowings	(3,170)	(1,225)
– Finance lease liabilities	(1,805)	(1,172)
– Current accounts with minority shareholders and related parties	(807)	(3,055)
– Bank overdrafts	(3,123)	(272)
Total current	**(9,135)**	**(6,015)**
Total non-current	**70,832**	**54,003**

The FY 2011 Revolving Facility is secured by a pledged on 100% of L'Occitane S.A. shares (note 25.3). The FY 2012 bank borrowing is secured by land in Manosque, France. A part of the other bank borrowings is secured by a pledge on a short-term bank deposit (note 11).

14. BORROWINGS *(continued)*

14.1. Maturity of non-current borrowings

For the period ended 30 September 2011 and for the year ended 31 March 2011, 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
FY 2011 Revolving facility	—	50,978	—	50,978
FY 2012 bank borrowing	—	372	2,519	2,891
Other bank borrowings	—	—	—	—
Finance lease liabilities	1,691	4,633	10,639	16,963
Maturity on 30 September 2011	**1,691**	**55,983**	**13,158**	**70,832**
FY 2011 Revolving facility	—	39,378	—	39,378
Other bank borrowings	294	262	—	556
Finance lease liabilities	1,444	4,521	8,104	14,069
Maturity on 31 March 2011	**1,738**	**44,161**	**8,104**	**54,003**

14.2. Credit facilities agreements

FY 2012 bank borrowing

On 20 June 2011, the Group signed a new bank borrowing agreement for an amount of €10.0 million with a 14 year maturity that can be drawn only by L'Occitane S.A.. As at 30 September 2011, the bank borrowing was drawn for an amount of €2,891,000.

The interest rate of the bank borrowing is based on Euribor 3M + margin.

The FY 2012 bank borrowing is secured by a pledge on the land acquired by L'Occitane S.A. to build the new logistic platform in Manosque, France (note 25.3).

FY 2011 Revolving facility

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

Event of default resulting in the early repayment of the FY 2011 Revolving Facility agreement depends on the Leverage financial ratio which is based on the annual Group's consolidated financial statements. 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

The leverage financial ratio is to be lower than 3.5 and this level is respected as at 31 March 2011.

14. BORROWINGS *(continued)*

14.2. Credit facilities agreements *(continued)*

The FY 2011 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 Group 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

As at 31 March 31, 2011, the ratio was lower than 0.5 and the the interest rate is based on Euribor 3M + Margin -0.4 for the fiscal year ending 31 March 2012 (the interest rate was Euribor 3M + Margin -0.4 for the fiscal year ended 31 March 2011).

The FY 2011 Revolving Facility is secured by a pledge on 100% of L'Occitane S.A. shares.

14.3. Current accounts with minority shareholders

Current accounts with minority shareholders and related parties concern:

In thousands of Euros		30 September 2011	31 March 2011
Entity	**Minority shareholders**		
L'Occitane Korea	Clarins Group	—	1,000
L'Occitane Switzerland	Clarins Group	—	1,267
L'Occitane Thailand	Various individual minority shareholders	787	776
L'Occitane India	Beauty Concepts Pvt Ltd.	20	12
Total current accounts		**807**	**3,055**

On 8 August 2011, following the acquisition of the remaining non-controlling interests in L'Occitane (Korea) Ltd and in L'Occitane (Swiss) SA, the current accounts with Clarins Group were reimbursed.

14.4. Finance lease liabilities

On 30 March 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 31 March 2011, an amount of €10,088,000 was drawn and an additional amount of €3,920,000 has been drawn over the period ended 30 September 2011.

15. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include the following:

In thousands of Euros	30 September 2011	31 March 2011
Retirement indemnities	2,752	2,413
Liabilities linked to operating leases	6,747	5,738
Provisions for dismantling and restoring	3,634	2,875
Grants to a foundation	25	—
Total non-current liabilities	**13,158**	**11,026**
Grants to a foundation	490	260
Dividend payable to LOG	19,939	—
Dividend payable to non-controlling interests	1,506	—
Deferred revenue	5,398	6,073
Total current liabilities	**27,333**	**6,333**

On 9 July 2011, the two subsidiaries L'Occitane S.A. and Relais L'Occitane S.A.R.L. increased their commitment to fund the foundation 'La Fondation L'Occitane' for an amount of €1.0 million. This commitment is unconditional. Therefore, the total commitment of €1.0 million was recorded in marketing expenses during the period ended 30 September 2011. The payment of the total obligation is guaranteed by the bank Calyon.

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	30 September 2011	31 March 2011
Current and past due within 3 months	75,380	71,825
Past due from 3 to 6 months	345	380
Past due from 6 to 12 months	162	270
Past due over 12 months	84	8
Trade payables	**75,971**	**72,483**

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.

Onerous contracts relate to operating lease contracts for certain stores where the unavoidable costs of meeting the obligations under the lease agreement exceed the economic benefits expected to be received from it.

In the directors' 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 was recognized.

As at 30 September 2011, provisions for other liabilities and charges can be analyzed as follows:

In thousands of Euros	31 March 2011	Additional provisions	Unused amounts reversed	Used during the period	Exchange differences	30 September 2011
Social litigations	1,095	119	(488)	(35)	(15)	676
Commercial claims	250	11	(97)	(96)	—	68
Onerous contracts	1,091	—	—	—	31	1,122
Tax risks	528	41	—	—	(42)	527
Total	**2,964**	**171**	**(585)**	**(131)**	**(26)**	**2,393**

The provisions reversed unused are mainly due to statute of limitation of certain risks.

18. EXPENSES BY NATURE

18.1. Breakdown of expenses by nature

Expenses by nature include the following amounts:

In thousands of Euros	Period ended 30 September 2011	2010
Employee benefits (a)	114,605	95,126
Rent and occupancy (b)	69,871	60,101
Raw materials and consumables used	55,810	55,442
Change in inventories of finished goods and work in progress	(29,000)	(19,932)
Advertising costs (c)	39,994	35,555
Professional fees (d)	22,495	18,400
Depreciation, amortization and impairment	16,419	14,385
Transportation expenses	14,822	12,858
Other expenses	30,883	23,221
Total cost of sales, distribution expenses, marketing expenses, research and development expenses, general and administrative expenses	**335,899**	**295,156**

(a) Employee benefits include wages, salaries, bonus, share-based payments, social security, post employment benefits and the cost of the 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 given for free to customers without any obligation to purchase products.

(d) Professional fees include mainly payments made to warehouse management companies, marketing agencies and lawyers.

18.2. Workforce

	Period ended 30 September 2011	2010
Workforce (full time equivalent)	**5,861**	**5,013**

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

18. EXPENSES BY NATURE *(continued)*

18.3. Breakdown of depreciation, amortization and impairment

Depreciation, amortization and impairment include the following:

	Period ended 30 September	
In thousands of Euros	2011	2010
Depreciation of property, plant and equipment	13,568	11,779
Impairment charge on property, plant and equipment, net	(148)	(21)
Amortization of intangible assets	2,999	2,627
Impairment charge on intangible assets, net	—	—
Depreciation, amortization and impairment	**16,419**	**14,385**

19. OTHER GAINS / (LOSSES), NET

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

	Period ended 30 September	
In thousands of Euros	2011	2010
Net profit on sale of assets	371	1,761
Government grant on research & development costs	435	250
Adjustment on prior years results in L'Occitane Thailand Ltd.	(683)	—
Other gains / (losses), net	**123**	**2,011**

20. FINANCE COSTS, NET

Finance costs, net consist of the following:

	Period ended 30 September	
In thousands of Euros	2011	2010
Interest on cash and cash equivalents	1,625	616
Fair value gains on derivatives	—	83
Finance income	**1,625**	**699**
Interest expense	(1,721)	(1,404)
Fair value losses on derivatives	(138)	—
Finance costs	**(1,859)**	**(1,404)**
Finance costs, net	**(234)**	**(705)**

21.FOREIGN CURRENCY GAINS / (LOSSES)

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

In thousands of Euros	Period ended 30 September 2011	2010
Foreign exchange differences	(270)	(2,210)
Fair value gains / (losses) on derivatives	(2,222)	(561)
Foreign currency gains / (losses)	**(2,492)**	**(2,771)**

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	Period ended 30 September 2011	2010
Profit before income tax	29,992	34,597
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 28.80% as at 30 September 2011 and of 28.59% as at 30 September 2010)*	(8,638)	(9,891)
Effect of different tax rates in foreign countries	11,339	7,605
Effect of unrecognized tax assets	(1,819)	(401)
Expenses not deductible for taxation purposes	(449)	(900)
Effect of unremitted tax earnings	(630)	(808)
Income tax expense	**(197)**	**(4,395)**

23. EARNINGS PER SHARE

23.1. Basic

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Period ended 30 September	
	2011	2010
Profit for the half-year attributable to equity owners of the Company *(in thousands of Euros)*	**28,952**	**29,846**
Weighted average number of ordinary shares in issue	1,476,964,891	1,434,761,916
Basic earnings per share *(in € per share)*	**0.020**	**0.021**

23.2. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Period ended 30 September	
	2011	2010
Profit for the half-year attributable to equity owners of the Company *(in thousands of Euros)*	**28,952**	**29,846**
Weighted average number of ordinary shares in issue	1,476,964,891	1,434,761,916
Adjustment for stock options (a)	—	—
Weighted average number of ordinary shares for diluted earnings per share	**1,476,964,891**	**1,434,761,916**
Diluted earnings per share *(in € per share)*	**0.020**	**0.021**

(a) There is no dilutive effect as the average market price of ordinary shares is lower than the exercise price of the stock options.

24. CONTINGENCIES

24.1. 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.

24.2. 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 25.3.

25. COMMITMENTS

25.1. Capital and other expenditure commitments

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

In thousands of Euros	September 30, 2011	31 March 2011
Property, plant and equipment	7,310	6,816
Intangible assets	2,809	2,097
Investment	—	—
Raw materials	560	1,735
Total	**10,679**	**10,648**

The above commitments are mainly related to the factories in France.

25. COMMITMENTS *(continued)*

25.2. 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, 2011	31 March 2011
Within one year	66,320	61,850
One to two years	55,149	49,413
Two to three years	40,815	37,556
Three to four years	30,768	29,095
Four to five years	24,379	22,451
Subsequent years	70,509	62,124
Total	**287,940**	**262,489**

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

25.3. Other commitments

In thousands of Euros	September 30, 2011	31 March 2011
Pledge of key money (note 14)	—	730
Pledge of land and building (note 14.2)	2,891	—
Pledge of investments (note 14)	51,208	39,669
Total	**54,099**	**40,399**

As at 30 September 2011 and 31 March 2011, the pledge of investments corresponds to the FY 2011 Revolving facility (note 14.2).

26. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties:

26.1. 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	Period ended 30 September 2011	2010
Executive directors	1,279	1,050
Non executive directors	55	50
Total Directors' emoluments	**1,334**	**1,100**

During the period ended 30 September 2011, 1,250,000 stock options were granted to the Directors (Nil during period ended 30 September 2010) (note 13.3).

26.2. Other transactions with other related parties

The sales / (purchases) with other related parties are as follows:

In thousands of Euros	Period ended 30 September 2011	2010
Sales of goods	35	1,207
Sales of services	—	223
Purchase of services from related parties	(270)	(633)
Purchase of services from other related parties (close members of the family of key management)	(103)	(162)
Interest expenses	—	(30)

27. POST BALANCE SHEET EVENTS

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

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

As at 30 September 2011, 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 1)	Interest in controlled corporation and beneficial Interest	1,022,077,891 (long position)	69.20%
André Joseph Hoffmann	Beneficial Interest	1,889,750 (long position)	0.13%
Charles Mark Broadley	Beneficiary of a trust and beneficial Interest	152,000 (long position)	0.01%
Susan Kilsby	Beneficiary of a trust and beneficial Interest	108,500 (long position)	0.00%
Jackson Chik Sum Ng	Beneficial Interest	80,000 (long position)	0.00%
Thomas Levilion	Beneficial Interest	250,000 (long position)	0.02%
Martial Thierry Lopez	Beneficial Interest	60,000 (long position)	0.00%
Pierre Maurice Georges Milet	Beneficial Interest	50,000 (long position)	0.00%
Emmanuel Laurent Jacques Osti (Note 2)	Beneficial Interest and deemed Interest	300,000 (long position)	0.02%
Domenico Trizio (Note 3)	Beneficial Interest	1,200,000 (long position)	0.08%

Note:

(1) 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 56.63% of the entire issued share capital of the L'Occitane Groupe S.A. ("LOG"). Mr. Reinold Geiger is therefore deemed under the SFO to be interested in all the shares registered in the name of LOG, which holds 1,021,827,891 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.

(2) Comprised of 250,000 underlying shares held by the Mr. Emmanuel Osti and 50,000 underlying 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 underlying shares of the Company held by Mr. Osti's spouse, Ms. de Verdelhan.

(3) The Board passed a resolution on 28 November 2011 which clarified that 1,200,000 underlying shares should have been and were granted to Mr. Trizio on 4 April 2011 instead of 1,000,000 underlying shares as stated in the shareholder circular of 25 August 2011.

(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 interest and deemed Interest	11,366,920 *(Note 1)*	56.86%
André Joseph Hoffmann	Deemed interest	3,260,676 *(Note 2)*	16.31%
Emmanuel Laurent Jacques Osti	Beneficial interest and deemed interest	339,144 *(Note 3)*	1.70%
Martial Thierry Lopez	Beneficial interest	26,069	0.13%

Notes:

1. *Comprised of 253 shares held by Mr. Reinold Geiger, 11,331,207 shares held by Societe d'Investissement Cime S.A. and 35,460 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 3,260,676 shares in LOG.*
3. *Comprised of 276,384 shares held by Mr. Emmanuel Osti and 62,760 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 20,009,873 LOG shares issued to persons other than LOG, but do not take into account 3,281,549 LOG treasury shares that are held by LOG itself.*

Save as disclosed herein, as at 30 September 2011, 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 Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2011, 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.	Interest in controlled corporation	1,021,827,891 (long position) *(Note a)*	69.18%
LOG	Beneficial Owner	1,021,827,891 (long position) *(Note a)*	69.18%

Note:

a. *Société d'Investissement Cime S.A. is the beneficial owner of approximately 56.63% of the entire issued share capital of LOG, which held 1,021,827,891 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 2011, 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

On 30 September 2010, a meeting of the shareholders of the Company authorised the adoption of a share option plan the ("Share Option Plan"), certain characteristics of which are set out in Note 13.3 to the Financial Statements. The purpose of the Share Option Plan is to provide employees of the Group, all its Directors (including NEDs) and Shareholders (together, the "Eligible Persons") with an opportunity to have a proprietary interest in the Company through being granted share options under the Share Option Plan rules ("Options"), which will motivate the Eligible Persons to optimise their performance, effectiveness and efficiency for the benefit of the Group and attract and retain or otherwise maintain ongoing business relationships with those Eligible Persons whose contributions are or will be beneficial to the long-term growth of the Group. The maximum number of Shares in respect of which Options may be granted under the Share Option Plan shall not exceed 22,154,473 Shares, being 1.5% of the Company's issued share capital as at 30 September 2010.

Particulars and movements of Options during the six months ended 30 September 2011 were as follows:

Name/category of participant	Number of share options				Date of grant	Exercise Period (Note 1)	Exercise price per Share (HK$)	Price immediately preceding the date of grant (Note 2) (HK$)
	As of 01/04 2011	Granted during the period	Lapsed during the period	As of 30/09/ 2011				
Directors								
Reinold Geiger	—	250,000	—	250,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Emmanuel Osti (Note 3)	—	300,000	—	300,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
André Hoffmann	—	250,000	—	250,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Thomas Levilion	—	250,000	—	250,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Pierre Milet	—	50,000	—	50,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Susan Kilsby	—	50,000	—	50,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Jackson Ng	—	50,000	—	50,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Mark Broadley	—	50,000	—	50,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Domenico Trizio (Note 4)	—	1,200,000	—	1,200,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Sub-total	—	2,450,000	—	2,450,000				
Others								
Employees	—	9,384,000	839,000	8,545,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Sub-total	—	9,384,000	839,000	8,545,000	—	—	—	—
Total	**—**	**11,834,000**	**839,000**	**10,995,000**	**—**	**—**	**—**	**—**

Notes:

1. *As a general rule, the vesting period of the Options is set at four years and the exercise period is set at four years after the date of vesting. The Board is entitled, however, to grant Options to Eligible Persons subject to such conditions as the Board may think fit, including in respect to the vesting and exercise of such Options.*
2. *Being the closing price of the Shares quoted on the Stock Exchange on the trading day immediately prior to the date of grant of the Options.*
3. *Includes 50,000 Options held by Ms. Cécile de Verdelhan, Mr. Osti's spouse.*
4. *The Board passed a resolution on 28 November 2011 which clarified that 1,200,000 Options should have been and were granted to Mr. Trizio on 4 April 2011 instead of 1,000,000 Options as stated in the shareholder circular of 25 August 2011.*
5. *There were no Options exercised or cancelled during the period.*
6. *The weighted average fair value of Options granted under the Share Option Scheme on 4 April 2011 was approximately €0.44. The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:*

Date of grant	Expected volatility (%)	Expected life	Risk-free interest rate (%)	Expected dividend yield (%)
4 April 2011	25%	5 years	1.92%	20% of budgeted profit attributable to the equity holders

In total, share-based compensation expense of €390,000 was included in the consolidated statement of comprehensive income for the six months ended 30 September 2011 (six months ended 30 September 2010: NIL). These expenses included the amortisation of the fair value of the share-based awards in the form of Options granted to our directors and employees under our Share Option Plan.

HUMAN RESOURCES

As at 30 September 2011, the Group had 5,861 employees (30 September 2010, 5,013 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 2011.

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 on 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.

During the period ended 30 September 2011, 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 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 during the period ended 30 September 2011.

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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