

L'OCCITANE

EN PROVENCE

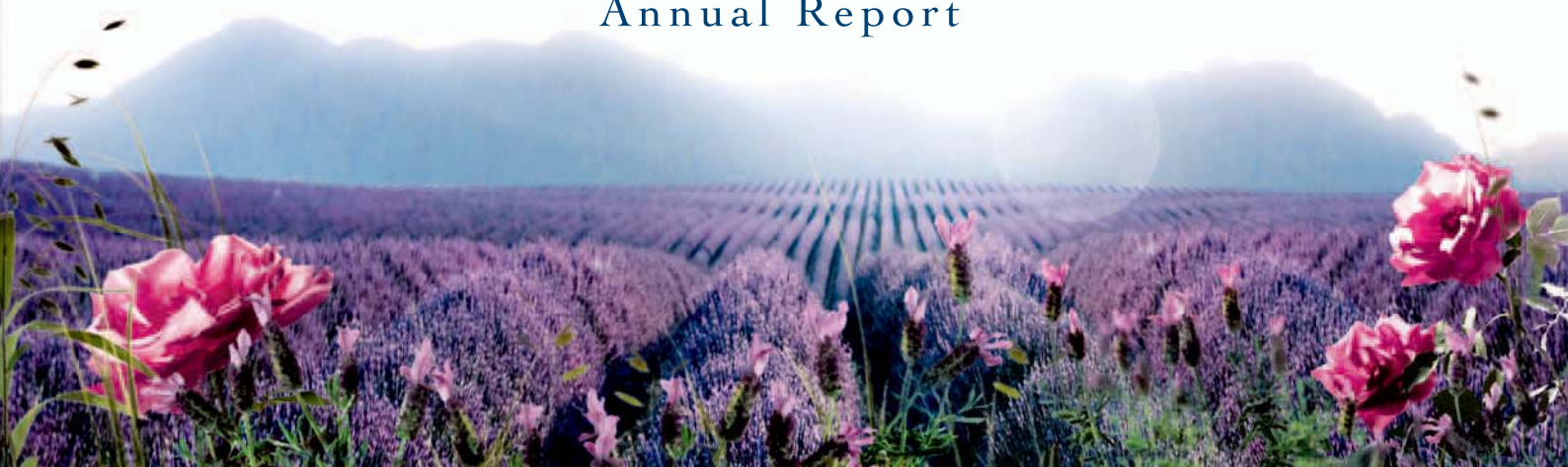
L'OCCITANE INTERNATIONAL S.A.

(Incorporated under the laws of Luxembourg with limited liability)

Stock code : 973



FY2012
Annual Report





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Corporate Information



Executive Directors

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

Non-Executive Directors

Karl Guénard
Martial Thierry Lopez
Pierre Maurice Georges Milet

Independent Non-Executive Directors

Charles Mark Broadley
Susan Saltzbarth 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
CP 165
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

Susan Saltzbar Kilsby (*Chairman*)
Charles Mark Broadley
Domenico Trizio

Nomination Committee

Jackson Chik Sum Ng (*Chairman*)
André Joseph Hoffmann
Susan Saltzbar 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

Auditor

PricewaterhouseCoopers

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

For the year ended 31 March	2012	2011
Net sales (€ million)	913.4	772.3
Operating profit (€ million)	152.3	132.1
Profit for the year (€ million)	124.2	102.7
Gross profit margin	82.7%	82.5%
Operating profit margin	16.7%	17.1%
Net profit margin	13.6%	13.3%
Net operating profit after tax (€ million) (NOPAT) ⁽¹⁾	124.0	103.9
Capital employed (€ million) ⁽²⁾	426.7	341.6
Return on capital employed (ROCE) ⁽³⁾	29.1%	30.4%
Return on equity (ROE) ⁽⁴⁾	18.6%	17.8%
Current ratio (times) ⁽⁵⁾	3.4	3.4
Gearing ratio ⁽⁶⁾	7.6%	7.6%
Average inventory turnover days ⁽⁷⁾	263	228
Turnover days of trade receivables ⁽⁸⁾	27	25
Turnover days of trade payables ⁽⁹⁾	59	57
Total number of own stores ⁽¹⁰⁾	1,053	895
Profit attributable to equity owners (€ million)	121.2	99.5
Basic earnings per share (€)	0.082	0.068

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 365. 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 365. 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 365. In calculating turnover days of trade payables, we use total purchases rather than cost of sales as our cost of sales do not take into account certain distribution, general and administrative expenses that are included in our trade payables, whereas our total purchases include all payments to suppliers.*

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

Chairman's Statement



Message From
REINOLD GEIGER

Photo by : Ranjan Basu,
Planman Media

DEAR SHAREHOLDERS,

We are pleased to report our strong financial results for the year ended 31 March 2012 ("FY2012"). FY2012 marks a year of important achievements for the Group. Against the backdrop of a challenging global economy, we continued to invest significantly for our Group's future growth and at the same time, delivered excellent business and financial results.

The Group achieved revenue growth of 18.3% for FY2012 and the gross profit margin rose from 82.5% to 82.7%, reflecting the strength of the Group's core brand, L'Occitane. We grew our profit for the year by 20.9% and earnings per share increased by 20.2% from €0.068 to €0.082. With a strong cash position, the Board proposed to raise our dividend payout ratio from 20% to 30%, raising our dividend per share by 83.0% from €0.0135 to €0.0247.

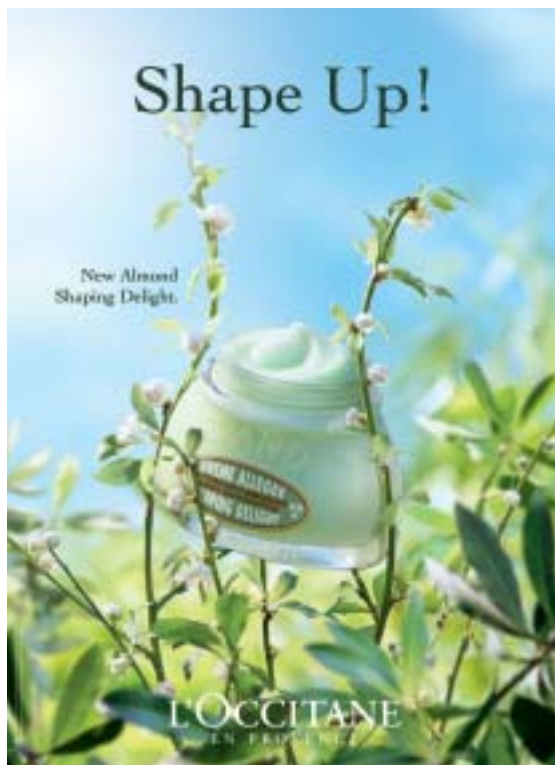
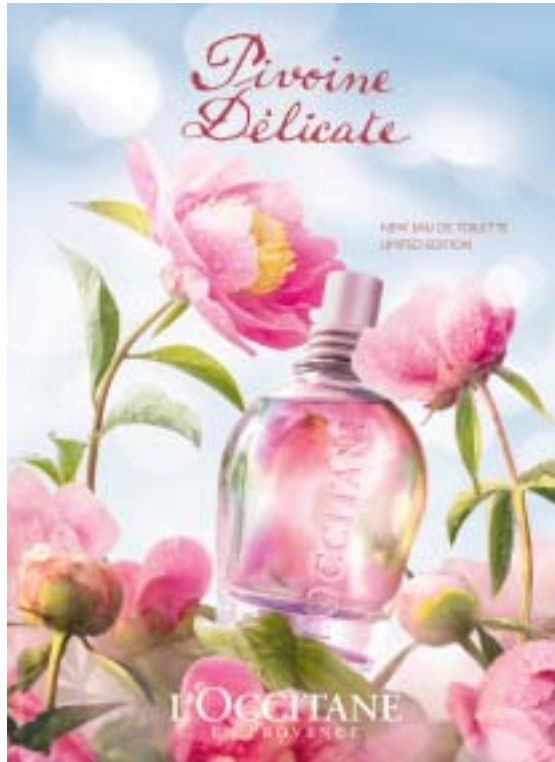
The Group remained focused on driving our growth in FY2012 through the expansion of our stores network and sustained strong same store sales growth figures in most of our markets, our continued commitment in the emerging countries and success with our sell-in and B-to-B businesses. We are pleased to share that our global same store sales ratio increased to 6.7% in FY2012, an increase from 5.3% last year.

In this context, we witnessed strong performances in several key countries, like China (+52% in local currency), Brazil (+35% in local currency) and Russia (+31% in local currency) and had an exceptional year for Hong Kong (+34% in local currency). China experienced the fastest growth amongst our key countries, largely due to the increased store openings during the last two years and an improved product mix at the retail store level as we were able to increase the importation of new products introduced to the Chinese market, which had significantly improved the inventory situation at the retail stores.

Maintaining our strategy of investing in our own retail network for future growth opportunities as demonstrated in FY2011, FY2012 was highlighted as the year with the highest number of store openings in our Group's history and the ongoing store renovation program, which is critical to our Group's efforts to upgrade and maintain the optimal retail shopping experience for our customers globally.

Our total stores network reached 2,082 points of sales as at FY2012, an increase of 14% over the same period in FY2011. Our own store network reached 1,053 doors, with 159 net store openings versus 131 in FY2011. We opened 62 stores in the BRIC countries and in China alone, we opened a net 22 stores. In Russia and Brazil, we opened net 19 and 17 stores, respectively. In addition, we acquired our distributor in Malaysia, where we added 16 stores to our own retail network.

We are pleased to report that our ambitious store renovation program in the USA has shown positive results and we expect to continue the store renovation program this year. The USA confirmed its business turnaround with a 13% growth in local currency and double digit same store sales growth of 10.7%. The US market also had three net openings, including two large format stores in New York, which have renewed and enhanced the core L'Occitane's brand's premium positioning in the USA.



During the year, we continued to invest in new projects, digital marketing and resources in product development and operational marketing. We remain confident that our continued investments in our research and development, together with our marketing efforts will help drive the development of our Group's future endeavours with further product innovations and exciting new product offerings.

As we continue to upgrade our existing supply chain, we are pleased to report that our integration of both factories in Manosque and Lagorce has been successful and that our new central warehouse is operational. After the successful implementation of our new enterprise resource system, SAP, which went live during May 2011 in our central distribution entities in France, Switzerland and the United Kingdom, we continued to roll out the system to Germany, Belgium and Hong Kong, smoothly.

We remain confident of our solid business foundation and committed to growing our stores network, promoting innovation within our Group and boosting our supply chain capabilities. We feel that these actions are instrumental in driving our future growth and to achieve synergies and improve operational efficiency.

In terms of future outlook, we will continue to pursue our strategy to develop our brands in strategic channels. We will further expand our stores network, notably in the emerging markets such as China, Russia and Brazil as well as Japan and other countries in Asia.

In developed countries such as the USA, Germany and the United Kingdom, we will take advantage of the momentum and increase our store base in these markets. Going forward, we expect to continue our strong renovation program in the USA and other countries. We believe that these investments will support our growth and deliver benefits to the Group in the long run.

Following the experience we have gained from the opening of the two large format stores in the USA, with positive feedback and strong sales performance,

we expect to expand our presence with similar large format retail store concepts in some select trend-setting cities. We believe that this new enhanced retail store experience will create a more heightened shopping experience for existing customers and attract more new customers to our brand. This ultimately helps reinforce our brand image and awareness, which we hope to translate into future increased sales.

Apart from developing our brand through stores expansion, we expect to focus on the digital arena such as internet and e-commerce to drive future sales growth. The Group expects to devote more resources to digital marketing and potentially increase the contribution from the e-commerce and retail channels. In addition, the travel retail channel is also expected to continue its strong development.

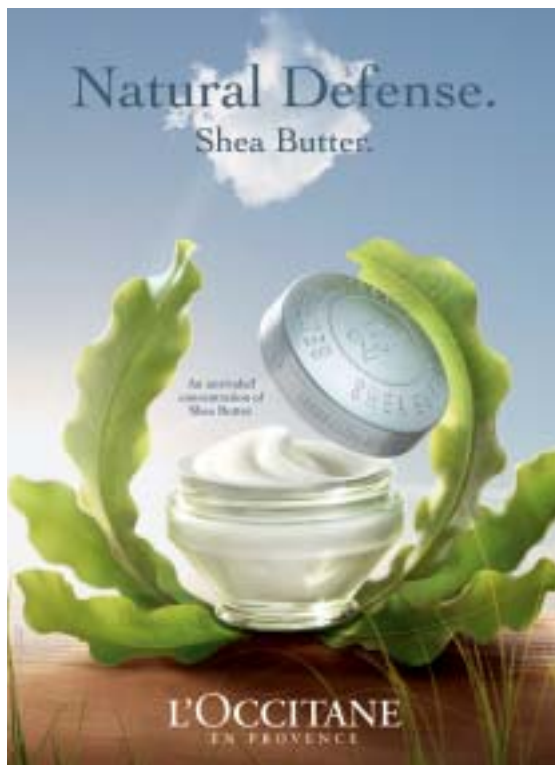
The Group is confident that despite the current challenging economic environment, we should continue to see further progress and developments for the year ended 31 March 2013, as we expect the demand for natural cosmetics to remain resilient, particularly in the emerging markets, such as Brazil, Russia and China.

Once again, we would like to take this opportunity to thank our staff and management team for providing this solid business platform for us to deliver these strong financial results. We will strive to maintain our efforts to build and take our company to the next level. Whilst the Board recognizes that current investment activity is likely to impact returns in the short term, it remains confident that the Group is being positioned to deliver longer term earnings growth and increasing shareholder returns on a sustainable basis.

Reinold Geiger

Chairman

18 June 2012



Management Discussion and Analysis



SUMMARY

- **Net Sales** up 18.3% to **€913.4 million**.
Local currency growth was 18.0%
- **Profit** for the year **increased** by **20.9%**
to €124.2 million
- **Retail network** grew by 13.9% to **2,082 locations** and own retail network increased by 17.7% to **1,053 own stores**
- Same Store **Sales Growth accelerated to 6.7%** as compared to 5.3% in FY2011
- **China grew by 51.9%** in local currency and Same Store Sales Growth was 18.2%
- **Earnings per share** increased by 20.2% to **€0.082**
- Proposed **dividend** per share grew by 83.0% to **€0.0247**, payout ratio of 30.0%



1. Frédéric Nivon, Angelica producer. Village of Lapeyrouse-Mornay, in the Drôme des Collines region.
2. Pivoine Flora
3. Vibrant Verbena

For the year ended 31 March	2012 € million or %	2011 € million or %
Net sales	913.4	772.3
Operating profit	152.3	132.1
Profit for the year	124.2	102.7
Gross profit margin	82.7%	82.5%
Operating profit margin	16.7%	17.1%
Net profit margin	13.6%	13.3%

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.

REVENUE ANALYSIS

Net sales were €913.4 million in FY2012, an 18.3%, or €141.2 million increase compared to FY2011, reflecting net sales growth in most of our business segments and geographic areas. In FY2012, net sales in our Sell-out segment and our Sell-in and B-to-B segment (representing 74.9% and 25.1% of our total net sales, respectively) increased by 19.5% and 13.6%, respectively, excluding foreign currency translation effects. Net sales increased by 18.0% excluding foreign currency translation effects.

We increased the total number of retail locations where our products are sold from 1,828 as at 31 March 2011 to 2,082 as at 31 March 2012, an increase of 13.9%. We likewise increased the number of our own retail stores by 17.7% from 895 at 31 March 2011 to 1,053 at 31 March 2012, representing a net increase of 158 stores, including 80 additional stores in Asia, 53 in Europe and 25 in the Americas. Excluding foreign currency translation effects, Comparable Store Sales represented 23.2% of our Overall Growth in FY2012 while Non-comparable Store Sales during the period represented 55.7% of our Overall Growth, and our Sell-in and B-to-B segment contributed 19.9% to our Overall Growth.

Our sales in Hong Kong, China, Japan, the USA, Brazil, Russia and other countries were the driving factors of our net sales growth in FY2012.



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 FY2012:

	FY2012 compared to FY2011			% Contribution to Overall Growth ⁽³⁾
	€'000	% Growth	% Growth ⁽³⁾	
Sell-out	114,827	20.2	19.5	80.1
Comparable Stores	34,505	7.2	6.7	23.2
Non-comparable Stores	78,459	100.8	99.5	55.7
Other ⁽²⁾	1,863	17.6	15.2	1.2
Sell-in and B-to-B	26,328	13.0	13.6	19.9
Overall Growth	141,155	18.3	18.0	100.0

(1) In accordance with the aggregation criteria of IFRS 8, the operating segments Sell-in and B-to-B have been aggregated into a single operating segment.

(2) Includes mail-order and other sales.

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

Sell-out

Sell-out net sales increased by 19.5% excluding foreign currency translation effects, which was primarily related to our net addition of 158 own stores during FY2012, including net additions of 22 stores in China, 19 stores in Russia, 17 stores in Brazil, 11 stores in Korea, 10 stores in Taiwan, 9 stores each in the United Kingdom and Italy and 7 stores each in Japan and Hong Kong. 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 80.1% of our Overall Growth in FY2012, as compared to FY2011, with Non-comparable Stores providing 55.7% of the growth and Comparable Stores and internet providing 23.2% of the growth, respectively. For FY2012, Same Store Sales Growth rose to 6.7% as compared to 5.3% for FY2011. This increase was driven by a combination of higher average value of sales transactions and an increase in the number of transactions.

Sell-in and B-to-B

Excluding foreign currency translation effects, the Sell-in and B-to-B segment grew by 13.6% in FY2012, as compared to FY2011, reflecting sales growth of 34.4% from 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 lower sales to our distributors as a consequence of our acquisition of our distributor in Malaysia in August 2011. Excluding foreign currency translation effects, B-to-B net sales increased by 19.0% due to strong performances in Asia, particularly in China.

Geographic Areas

The following table presents our net sales growth for FY2012 and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth FY2012 compared to FY2011			% Contribution to Overall Growth ⁽¹⁾
	(€'000)	% Growth	% Growth ⁽¹⁾	
Japan	25,299	13.3	8.7	11.9
Hong Kong ⁽²⁾	21,060	29.6	33.7	17.3
China	18,123	55.3	51.9	12.3
Taiwan	2,422	8.0	7.4	1.6
France	639	0.8	0.8	0.4
United Kingdom	7,421	19.0	20.6	5.8
United States	9,247	9.7	13.2	9.1
Brazil	10,870	31.2	35.3	8.8
Russia	9,556	28.9	30.7	7.3
Other countries ⁽³⁾	36,518	21.7	21.0	25.5
All countries	141,155	18.3	18.0	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 and to distributors and travel retail customers in Asia.

(3) Includes sales from Luxembourg.

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

As at 31 March	FY2012 compared to FY2011						
	Retail Stores		change	% of Overall Growth ^{(1) (2)}			Same Store Sales Growth ⁽²⁾
	2012	2011		Non-comparable Stores	Comparable stores	Total Stores	
Japan ⁽³⁾	90	83	7	13.4	(3.3)	10.1	(3.1)
Hong Kong ⁽⁴⁾	29	22	7	3.9	4.4	8.3	29.6
China	93	71	22	7.6	2.7	10.3	18.2
Taiwan ⁽⁵⁾	62	52	10	0.9	0.2	1.1	1.7
France ⁽⁶⁾	66	66	—	(0.3)	1.3	1.0	5.0
United Kingdom ⁽⁷⁾	57	48	9	3.4	2.8	6.2	15.4
United States ⁽⁸⁾	170	167	3	1.2	5.9	7.1	10.7
Brazil	63	46	17	5.1	2.5	7.6	13.3
Russia ⁽⁹⁾	76	57	19	3.6	2.5	6.1	15.3
Other countries ⁽¹⁰⁾	347	283	64	16.9	4.2	21.1	6.6
All countries	1,053	895	158	55.7	23.2	78.9	6.7

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

(2) Excludes foreign currency translation effects.

(3) Includes 4 and 6 Melvita stores as at 31 March 2011 and 31 March 2012, respectively.

(4) Includes 1 L'Occitane store in Macau, and 4 and 7 Melvita stores in Hong Kong as at 31 March 2011 and 31 March 2012, respectively.

(5) Includes 2 and 8 Melvita stores as at 31 March 2011 and 31 March 2012, respectively.

(6) Includes 5 and 4 Melvita stores as at 31 March 2011 and 31 March 2012, respectively.

(7) Includes 1 and 2 Melvita stores as at 31 March 2011 and 31 March 2012, respectively.

(8) Includes 3 Melvita stores as at 31 March 2011 and 31 March 2012.

(9) Includes 2 and 6 Melvita stores as at 31 March 2011 and 31 March 2012, respectively.

(10) Includes 4 and 9 Melvita stores as at 31 March 2011 and 31 March 2012, respectively.

As the same customer increasingly tends 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:

	FY2012 compared to FY2011 Same Store Sales Growth ⁽¹⁾			
	FY2012		FY2011	
	including e-commerce	excluding e-commerce	including e-commerce	excluding e-commerce
Japan	(3.1)	(4.3)	1.8	0.8
Hong Kong ⁽²⁾	29.6	29.6	20.0	19.9
China	18.2	17.0	8.3	7.7
Taiwan	1.7	1.5	4.9	4.2
France	5.0	3.8	4.0	3.7
United Kingdom	15.4	12.0	8.6	8.2
United States	10.7	10.1	4.3	3.3
Brazil	13.3	10.6	6.2	5.6
Russia	15.3	13.6	18.4	13.0
Other countries	6.6	4.9	4.0	2.8
All countries	6.7	5.4	5.3	4.3

(1) Excludes foreign currency translation effects.

(2) Includes sales in Macau.

Japan

Net sales in Japan increased by 8.7% in local currency in FY2012, as compared to FY2011, contributing 11.9% to our Overall Growth. This was primarily due to the development of our Sell-out segment. With a net addition of 7 stores during the period under review including 6 Melvita stores, Non-comparable Store Sales contributed 13.4% to our Overall Growth. Comparable Store Sales returned to positive in the fourth quarter, despite recording a decrease of 3.1% for the full year 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 2.5%.

Hong Kong

Hong Kong increased its sales by 33.7% in local currency, contributing 17.3% to our Overall Growth. Our Sell-out segment contributed 8.3% to our Overall Growth, notably due to 3.9% from Non-comparable Stores and 4.4% from Comparable Stores primarily explained by a higher number of transactions driven by the strong local consumer activity and the high number of mainland Chinese shoppers. Our Same Store Sales Growth was 29.6% driven by a combination of a higher number of transactions and an increased average sales

value per transaction. The increase of our Sell-in and B-to-B 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 51.9% in local currency, China achieved the fastest growth among our key countries. Comparable Store Sales and Non-comparable Store Sales contributed 2.7% and 7.6%, respectively, to our Overall Growth. Non-comparable Store Sales were driven by the net opening of 22 stores during the period under review. Same Store Sales Growth, at 18.2%, was much stronger than in 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 a large increase of the Sell-in and B-to-B segment, which grew by 45.4%, contributing 2.0% to our Overall Growth.

Taiwan

Net sales in Taiwan increased by 7.4% in local currency, primarily driven by the Non-comparable Store Sales which contributed 0.9% to our Overall Growth. The Same Store Sales Growth was 1.7% in FY2012, but was stronger in the first half-year as a result of 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 and B-to-B segment by a decrease in sales of corporate gifts.

France

Net sales in France increased by 0.8% with the development of our Sell-out sales more than offsetting lower sales in our Sell-in and B-to-B segment. This decrease in Sell-in and B-to-B sales was attributable to:

- the transfer of the invoicing of international B-to-B customers to other entities of the Company and its subsidiaries (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 and a relatively weak traditional organic retail network.

The Same Store Sales Growth was a healthy 5.0%, contributing 1.3% to our Overall Growth. Excluding 11 stores renovated during FY2012, the Same Store Sales Growth for the L'Occitane brand in France was 6.5%. The Non-comparable stores contributed a negative 0.3% to our Overall Growth due to the closure of three under-performing stores.

United Kingdom

With strong developments in our Sell-out segment, net sales in the United Kingdom increased by 20.6% in local currency. The Sell-out segment contributed 6.1% to our Overall Growth, driven both by Comparable Stores, where sales grew by 15.4% in local currency, contributing 2.8% to the Overall Growth, and Non-comparable Stores which contributed 3.4% to the Overall Growth with the addition of 9 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 0.3% to our Overall Growth due to lower sales from the TV sales operator, QVC.

United States

Net sales in the United States increased by 13.2% in local currency and benefited mainly from increases in the Sell-out segment, with Comparable Store Sales growing by a 10.7% and contributing 5.9% 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 FY2012, the Same Store Sales Growth was 11.2%. Non-comparable Store Sales

contributed 1.2% to our Overall Growth due to the closing or relocation of 10 stores, more than offset by 13 openings during the period under review. The net store openings returned to positive for the first time in two years, with 3 net openings including 2 large format stores in New York. Our Sell-in and B-to-B segment grew by 23.7%, contributing 1.9% to our Overall Growth, with strong developments in distribution channels such as department stores, wholesale and TV channels.

Brazil

Net sales in Brazil increased by 35.3% in local currency. Our Sell-out segment contributed 7.6% to the Overall Growth with a strong 13.3% Same Store Sales Growth in FY2012, as compared to 6.2% in FY2011, and Non-comparable Store Sales contributing 5.1% to our Overall Growth with a faster pace of store openings: a net 17 stores was added during FY2012. Our Sell-in and B-to-B segment sales increased by 35.7%, contributing 1.2% to the Overall Growth, due to the development of the wholesale distribution as we initiated a co-operation with two key drugstore chains.

Russia

Russia achieved a net sales growth of 30.7% in local currency. This was driven by the growth in our Sell-out segment, which contributed 6.3% to the Overall Growth. The Same Store Sales Growth was 15.3% during FY2012, as compared to 18.4% in FY2011, which was due to a recovery after poor Same Store Sales Growth in FY2010 in the context of the weak economy in Russia at the time. Non-comparable Store Sales contributed 3.6% to our Overall Growth with the net addition of 19 stores during the period under review. Our Sell-in and B-to-B sales increased by 25.6% and contributed 1.0% to our Overall Growth, driven by the development of our wholesale activities and our sales to distributors in other cities apart from Moscow and St. Petersburg. The B-to-B sales also contributed with a surge of 92.1%.

Other countries

Net sales in other countries increased by 21.0% in local currency. Our Sell-out segment contributed 21.1% to our Overall Growth. Comparable Store Sales accounted for 4.2% of our Overall Growth with a Same Store Sales Growth of 6.6%. Non-comparable Store Sales contributed 17.0% 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 64 with, among others, 11 stores in Korea, 9 stores in Italy, 5 stores each in Germany and Spain and 3 stores in Canada and Poland. We also opened a net 2 stores each in India and Mexico. As a consequence of our acquisition of our distributor in Malaysia, we added 16 stores and further increased the stores network in this country by 2. Sales in Korea, Canada, Italy, Germany and Spain grew by 45.5%, 37.9%, 29.6%, 28.5% and 18.7%, respectively, excluding foreign currency translation effects. Our Sell-in and B-to-B sales increased by 9.4% and contributed 4.4% to our Overall Growth due to the increased sales from travel retail customers and department stores.

PROFITABILITY ANALYSIS

Cost of Sales and Gross Profit

Cost of sales increased by 16.7%, or €22.6 million, to €158.0 million in FY2012 compared to FY2011. Our gross profit margin increased by 0.2 points to 82.7% in FY2012. The increase in gross profit margin reflected essentially:

- an improved channel mix effect for 0.4 points as our sales in our Sell-out segment increased in FY2012 relative to sales of our other segments whose gross profit margins are lower than those of the Sell-out segment;
- higher sales prices and improved product mix for 0.5 points;

- lower freight and duties for 0.3 points linked to lower product purchases from the subsidiaries;
- the one-time effect of the recognition of our mini products and pouches (“MPPs”) as sellable articles for 0.6 points; and
- a favourable effect of foreign currencies of 0.1 points;

partly offset by:

- the MPPs costs for 1.3 points. In FY2011, prior to their recognition as sellable items, the cost of the MPPs was reported in the Marketing expenses; and
- investments in production overheads for 0.4 points.

Note: 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. Since 1 April 2012, the MPPs costs are booked in the cost of sales and the MPPs on-hand are part of our inventories.

Distribution Expenses

Distribution expenses increased by 19.5%, or €66.9 million, to €410.3 million in FY2012, as compared to FY2011. As a percentage of net sales, our distribution expenses increased by 0.4 points to 44.9% of net sales in FY2012, as compared to FY2011. This increase is attributable to a combination of:

- an unfavourable channel mix effect for 0.7 points;
- additional logistics costs due to the reorganisation of our warehouses prior to the go-live of our new central warehouse in May 2012, for 0.3 points; and
- the higher efficiency of our retail operations in relation to the increased Same Store Sales Growth, resulting in lower personnel, rental expenses and freight in proportion of net sales and the release of certain accruals for previously under-performing stores and other effects, for 0.6 points.

Marketing Expenses

Marketing expenses increased by 9.3%, or €7.8 million, to €92.4 million in FY2012, as compared to FY2011. Our marketing expenses, as a percentage of net sales, decreased by 0.8 points to 10.1% of net sales in FY2012, as compared to FY2011, attributable to the transfer of the MPPs costs to the cost of sales as mentioned above, for 1.3 points, partly offset by:

- investments in new projects, digital marketing and resources in product development and operational marketing, for 0.3 points;
- the full impact of our three years commitments to the L’Occitane Foundation for 0.1 points; and
- an unfavourable channel mix effects for 0.1 points.

Research and Development Expenses

Research and development (“R&D”) expenses increased by 24.6%, or €1.3 million, to €6.3 million in FY2012, as compared to FY2011, mainly explained by higher resources dedicated to strategic developments (phyto-extraction, genomics, patents, sustainable ingredients and products sourcing) and regulatory issues.

The management believes that monitoring the ratio of our R&D expenses to our total net sales in wholesale value allows for a better understanding of our efforts in R&D. This ratio is estimated by the management to be 1.1% in FY2012, compared to 1.0% in FY2011.

General and Administrative Expenses

General and administrative expenses increased by 25.6%, or €19.0 million, to €93.1 million in FY2012, as compared to FY2011 and increased by 0.6 points of net sales. This increase as a percentage of net sales was attributable to:

- investments in our processes, essentially SAP, and our management structures (finance, IT and general management) for 0.9 points;

- non-recurring costs for 0.3 points, mainly related to severances;
- a favourable leverage effect on the cost of the existing structure related to increased sales and other effects for 0.6 points.

Other Gains and Losses

Other losses were €1.0 million in FY2012, as compared to a €2.4 million gain in FY2011. This decrease is due to high gains in FY2011 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. FY2012 was also impacted by:

- an adjustment on prior years' results in Thailand for €0.7 million;
- the impairment of 3 product brands (Algasience, Prosun and Procarbo) that we do not plan to develop strongly in the future, for €0.6 million; and
- the write-off of assets in Japan as a result of the move to a new office expected to be safer in case of an earthquake, for €0.6 million.

Operating Profit

Operating profit increased by 15.3%, or €20.2 million, to €152.3 million in FY2012, as compared to FY2011. Our operating profit margin decreased slightly by 0.4 points of net sales to 16.7%. The reasons for this decrease are summarized as follows:

- unfavourable channel mix effects for 0.3 points as a consequence of the development of the retail network;
- investments in our future sales growth and structures for 1.7 points;
- one-time effects impacting negatively for 0.2 points;
- prices and product mix improvements for 0.5 points;

- increased retail efficiency for 0.5 points; and
- leverage on our existing structures and the combination of other effects for 0.8 points.

Finance Income and Costs, Net

Net finance income was €0.2 million in FY2012, as compared to net finance costs of €1.5 million in FY2011. This improvement was mainly related to higher finance income obtained on our positive cash balances throughout FY2012. In application of our policy and under the control of our Financial Investment Committee, our cash was invested in a range of investments which together generated a return of €4.0 million interest.

Foreign Currency Gains/Losses

Our net foreign currency gains amounted to €4.1 million in FY2012, compared to losses of €3.0 million in FY2011, principally related to inter-company financing and inter-company and external trading. The gain is attributable to:

- gains on our trading activities for €2.2 million, principally explained by the stronger US dollar, Japanese Yen and British Pound; and
- unrealized losses on an open balance in Swiss Francs of €0.5 million and on our inter-company financing for €0.4 million, primarily due to our financing of our affiliate in Brazil.

Income Tax Expense

The effective income tax rate was 20.7% in FY2012, as compared to 19.5% for FY2011. This increase in our effective income tax rate is primarily explained by a higher share of taxable profits achieved in our sales subsidiaries as compared to the group of production and distribution entities in France and Switzerland. Our sales subsidiaries are generally affected by a higher tax rate. Such a change in the localisation of our taxable profits was notably related to the stabilisation of our inventories in distribution subsidiaries in FY2012, as compared to their strong increase in FY2011.

Profit for the Year

For the aforementioned reasons, profit for the period increased by 20.9% or €21.5 million to €124.2 million in FY2012, as compared to FY2011. Basic and diluted earnings per share increased in FY2012, compared with FY2011, by 20.2% from €0.068 to €0.082 with the number of shares used in the calculations increasing by 1.3% to 1,474,789,625. This increase in earnings per share resulted from the strong increase in our profits and from the moderate increase of our number of shares used in the calculation as a consequence of our repurchase of 6,655,500 shares, representing 0.45% of the issued share capital, at an average price of HKD14.44 per share during FY2012.

BALANCE SHEET AND CASH-FLOW REVIEW

Liquidity and Capital Resources

As at 31 March 2012, we had cash and cash equivalents of €308.3 million, as compared to €300.1 million as at 31 March 2011.

As at 31 March 2012, the aggregate amount of undrawn borrowing facilities was €314.0 million. During FY2012, 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 31 March 2012, this facility was drawn for an amount of €6.8 million.

As at 31 March 2012, our total borrowings, including finance lease liabilities, current accounts with non-controlling interests and related parties and bank overdrafts, amounted to €69.2 million, as compared to €60.0 million as at 31 March 2012, 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 increase of the finance lease put in place in 2011 for the extension of the Lagorce facility.

Our net cash inflow from operating activities increased by €36.5 million, or 36.9%, in FY2012 compared to FY2011 as a result principally of our top-line and profit growth as commented above and the lower impact of the increase in working capital.

Investing Activities

Net cash used in investing activities was €83.4 million in FY2012, as compared to €49.4 million in FY2011, representing an increase of €34.0 million. This reflected capital expenditures primarily related to:

- the acquisition of our distributor in Malaysia for €12.6 million;
- the additions of leasehold improvements, other tangible assets, key moneys and changes in deposits related to stores for €32.6 million;
- the additions in information technology software and equipment for €11.8 million, including €6.7 million for the implementation of SAP as our enterprise resources planning system;
- the addition of machinery, equipment, construction, fittings and others to our factories, R&D and warehousing facilities for €21.4 million, net of the disposal of our former European warehouse in Manosque.

Financing Activities

Net cash used in financing activities was €37.8 million in FY2012, as compared to a cash inflow of €213.4 million in FY2011, which was marked by our initial public offering in May 2010. Net cash used during the period under review mainly reflected the following:

- a net increase in bank borrowings and finance leases, as discussed above, for €5.7 million;
- the acquisition of the non-controlling interests in our affiliates in Switzerland and Korea for a total of €9.7 million;
- the payment of €25.0 million dividends to our shareholders and non-controlling interests in our subsidiaries; and
- our purchase of our own shares for €9.2 million under the buyback mandate granted to the Company at the last annual general meeting ("AGM").

Inventories

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

For the year ended 31 March	2012	2011
Average Inventory turnover days ⁽¹⁾	263	228

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

Our inventory increased by €25.1 million to €126.4 million as at 31 March 2012, from a low level of €101.3 million as at 31 March 2011. The inventory was impacted by the change in the utilization of our MPPs which are now essentially sold and are therefore recorded in inventories. This change impacted our inventory for €10.9 million as at 31 March 2012, or 13 inventory turnover days.

Excluding the effect of the MPPs, the 22 days increase in our inventory turnover days is explained as follows:

- Exchange rates effects for 7 days;
- re-sizing of our safety stocks to secure service to the markets, for 5 days;

- increased inventory coverage in our subsidiaries and factories for 6 days; and
- temporary increase in relation to the SAP go-live in Hong Kong in May 2012, for 4 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 8.8 months, which compares to 8.4 months as at 31 March 2011.

Trade Receivables

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

For the year ended 31 March	2012	2011
Turnover days of trade receivables ⁽¹⁾	27	25

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

Turnover days of trade receivables increased by 2 days from FY2011 to FY2012 primarily due to the development of our Sell-out sales in China and Brazil and, to a lesser extent, to exchange rates effects and slightly increased days of sales outstanding in our Sell-in and B-to-B segment.

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 year ended 31 March	2012	2011
Turnover days of trade payables ⁽²⁾	59	57

(1) Average trade payables equals the average of the beginning and ending balance of trade payables for the respective period.

(2) Calculated using the average of the beginning and ending trade payables balance for the period, divided by total purchases for the period, multiplied by 365. In calculating turnover days of trade payables, we use total purchases rather than cost of sales as our cost of sales do not take into account certain distribution, general and administrative expenses that are included in our trade payables, whereas our total purchases include all payments to suppliers. Total purchases are estimated by deducting employee benefits, depreciations and changes in provisions from the total costs and expenses.

From FY2011 to FY2012, our average trade payables increased by €12.0 million and the turnover days of trade payables increased by 2 days, primarily attributable to slightly extended days of trade payables at our factories.

Balance Sheet Ratios

Our return on capital employed decreased slightly in FY2012 compared to FY2011 primarily because of our capital expenditures and higher working capital. Our capital and reserves attributable to the equity owners increased by €89.9 million from 31 March 2011 to 31 March 2012 primarily as a combination of our profit during this period partly offset by the payment of the 2011 dividend and our repurchase of our own shares. Combined with our increased profitability, this resulted in the increase of our return on equity ratio to 18.6%. As a consequence of our high net cash position, our liquidity and capital adequacy ratio remained favourable.

For the year ended 31 March	2012 €'000	2011 €'000
Profitability		
Net operating profit after tax (NOPAT) ⁽¹⁾	124,045	103,876
Capital employed ⁽²⁾	426,711	341,559
Return on capital employed (ROCE) ⁽³⁾	29.1%	30.4%
Return on equity (ROE) ⁽⁴⁾	18.6%	17.8%
Liquidity		
Current ratio (times) ⁽⁵⁾	3.39	3.35
Quick ratio (times) ⁽⁶⁾	2.63	2.67
Capital adequacy		
Gearing ratio ⁽⁷⁾	7.6%	7.6%
Debt to equity ratio ⁽⁸⁾	net cash position	net cash position

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

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

(3) NOPAT/Capital employed

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

(5) Current assets/current liabilities

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

(7) Total debt/total assets

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

Foreign Exchange Risk Management

We enter into forward exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in our presentation currency, the Euro, for periods consistent with our identified exposures. As at 31 March 2012, we had foreign exchange derivatives net assets of €0.9 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 31 March 2012 were primarily Japanese yen for an equivalent of €39.3 million, US dollars for €7.5 million, British pounds for €5.4 million and Canadian dollars for €1.5 million.

Interest Rate Risk Management

We enter into interest rate derivative contracts to manage the exposure to fluctuations of interest rates on our long-term borrowings. As at 31 March 2012, we had interest rate derivative liabilities of €0.4 million. The notional principal amount of outstanding interest rate derivatives as at 31 March 2012 was €18.2 million.

Dividends

On 27 June 2011, the board of Directors (the "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.

Considering the performance delivered during FY2012, the Board is pleased to recommend the distribution of a gross dividend of €0.0247 per share, for a total amount of €36.3 million or 30.0% of the net profit attributable to the equity owners of the Company. The amount of the proposed dividend is based on 1,470,309,391 shares in issue as at 18 June 2012 excluding the treasury shares.

Post Balance Sheet Events

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

Use of Proceeds from the Company's Listing

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 7 May 2010. The gross proceeds from the Company's issue of 202,568,500 new shares (including 20,508,500 new shares issued upon exercise of an over-allotment option) amounted to HKD 3,055 million. The net proceeds after deducting underwriting commission and related expenses amounted to €298.9 million (the "Net Proceeds"). As at 31 March 2012, the Company had utilised €108.4 million of the Net Proceeds as follows:

- new store openings and store renovations for €62.5 million;
- extension and improvement of our manufacturing plants and R&D equipment for €26.1 million;
- increase in our R&D operating expenses for €2.3million;
- development of internet and e-commerce channel for €5.3 million; and
- general corporate purposes for €12.2 million dedicated to the implementation of SAP as our enterprise resources planning system.

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

STRATEGIC REVIEW AND PROSPECTS

FY2012 was a year of important achievements in a difficult market situation. We invested significantly on our future growth whilst delivering excellent business and financial results:

- accelerating top-line growth and store network development;
- excellent results in several key countries including China, Russia and Brazil;

- exceptional year in Hong Kong; and
- confirmed turnaround in the USA.

Furthermore, we still achieved significant growth in regions where the economy was more challenging, including Japan, the UK, France, Spain and Italy.

Our cash inflow from operating activities increased by 36.9% in relation to the sales growth, our maintained profitability and the limited increase in our working capital.

We were able to pursue our investment efforts with increased capital expenditures to enlarge and renovate our own retail network (acquisition of Malaysia, net openings of 158 stores) and implement the platform for our future growth: new central warehouse, revamping of the factories, information systems. We also invested in our operations with further resources in R&D, product development and marketing and in our processes, whilst setting the conditions for synergies with the merger of our factories.

Considering these results, which confirm the resilience of our model, the Board is pleased to propose a more dynamic dividend policy. The payout ratio will be increased to 30% this year, allowing an 83% increase in the dividend per share.

The Board expects that next year should continue to see strong developments despite some risks linked to the economy in general.

We will pursue our strategy to develop our brands in our strategic channels:

- we will further expand our retail stores network notably in China, Japan and other countries in Asia, as well as in Russia and Brazil. We will also take advantage of the momentum acquired in developed countries like the USA, Germany and the UK to increase our store base. In some selected areas, we intend to expand our presence with larger format stores which bring the opportunity for more business and also an enhanced shopping experience for our customers, ultimately reinforcing our brand image and awareness.

Following the successful results in the USA and other countries, we will also continue our strong store renovation program on a global basis;

- internet and e-commerce will remain a key area of focus, as our expansion in this domain clearly demonstrates the potential of this channel and its full complementarity with our retail operations. Further efforts will be made to integrate and cross-fertilize our customer bases in retail and e-commerce;
- Travel retail is expected to continue its strong development and contribution to our growth and the reinforcement of our brand awareness.

Our organisation will see the consolidation of the rationalization efforts undertaken in FY2012 with the benefits of several investments like our new warehouses, the redesign of the Lagorce factory and its merger with the Manosque facility, as well as the successful implementation of our new ERP system in several entities.

We will nevertheless continue to invest significantly to achieve the next steps of our program, particularly with:

- the full renovation of the Manosque factory together with some capacity expansion and the construction of new R&D facilities;
- the roll-out of SAP in several new countries and the preparation for its implementation in our factories; combined with initiatives in the fields of purchasing and lean manufacturing, this will set the basis for further profitability improvements.
- sustained marketing efforts notably on the web and to prepare and launch new products and brands initiatives.

We strongly believe that the combined result of our operational, sales and marketing initiatives will drive further strong growth and enhanced results in the future in the interest of our shareholders.

Corporate Governance Report



CORPORATE GOVERNANCE PRACTICES

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

As set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), "The Corporate Governance Code and Corporate Governance Report" (the "Code"), there are two levels of corporate governance practices, namely: 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.

Throughout FY2012 (the "Review Period"), the Company was in compliance with the mandatory provisions of the Code, with the exception of one deviation as set out under the section "Chairman and Chief Executive Officer" below. The application of the relevant principles and the reasons for the above mentioned deviation from the code provision A.2.1, are stated in the following sections.

On 28 October 2011 the Hong Kong Stock Exchange issued amended provisions to the Code (the "New Code") as a result of its review of the Code and associated Listing Rules. The New Code came into effect from 1 April 2012.

In preparation for the New Code, the Board at a Directors' Meeting held on 29 March 2012 adopted various resolutions with regard to the terms of reference of its committees and made changes to the composition of the members of the committees. Details of the changes were included in the announcement dated 3 April 2012 and are also described in this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 throughout the Review Period.

BOARD OF DIRECTORS

The Board is responsible for long term development and strategy as well as controlling and evaluating the Company's daily operations. In addition, the Board has appointed a Chairman who is responsible for ensuring that the Board receives regular reports regarding the Group's business development, its results, financial position and liquidity and events of importance to the Group. Directors are elected for a period of three years, but can serve any number of consecutive terms.

The duties of the Board are partly exercised through its three committees:

- the Audit Committee
- the Nomination Committee
- the Remuneration Committee

The Board appoints each of the committee members from amongst the Board members. The Board and each committee have the right to engage external expertise either in general or in respect to specific matters, if deemed appropriate.

Corporate Governance Structure



Composition of the Board, Number of Board meetings and Directors' Attendance

The Board consists of eleven Directors, comprising five executive directors ("ED"), three non-executive directors ("NED") and three independent non-executive directors ("INED"). All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are shown on pages 36 to 41 of the Annual Report.

The following is the attendance record of the Board and committee meetings held during FY2012:

Name	Category	Board of Directors	Attendance:		
			Audit Committee	Nomination Committee	Remuneration Committee
Reinold Geiger	ED	6/6			
Emmanuel Osti	ED	6/6			3/3
André Hoffmann	ED	6/6		0/0	
Domenico Trizio*	ED	3/3			0/0
Thomas Levilion	ED	5/6			
Martial Lopez	NED	5/6	4/4		
Karl Guénard	NED	6/6			
Pierre Milet	NED	5/6			
Mark Broadley	INED	4/6	4/4	0/0	3/3
Susan Kilsby	INED	6/6		0/0	3/3
Jackson Ng	INED	6/6	4/4	0/0	

* Domenico Trizio was elected as a Director on 30 September 2011.

Minutes of the Board meetings are kept by the Company Secretary; all Directors have a right to access board papers and related materials and are provided with adequate information in a timely manner; this enables the Board to make informed decisions on matters placed before it.

Responsibilities of the Board

The Board is responsible for:

- Reviewing and approving the strategic direction of the Group established by the ED in conjunction with the management;
- Reviewing and approving objectives, strategies and business development plans;
- Monitoring the performance of the Chief Executive Officer (the “CEO”) and the senior management;
- Assuming responsibility for corporate governance; and
- Reviewing the effectiveness of the internal control system of the Group.

Responsibilities of the Senior Management

The senior management under the leadership of the CEO is responsible for:

- Formulating strategies and business development plans, submitting to the Board for approval, and implementing such strategies and business development plans thereafter;
- Submitting annual budgets to the Board on regular basis;
- Reviewing salary increment proposals and remuneration policy and submitting to the Board for approval; and
- Assisting the Board in conducting the review of the effectiveness of the internal control systems of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In the opinion of the Board, the Group has complied with the Code during FY2012, except that the role of the CEO of the Group has been assumed by Mr. Reinold Geiger (“Mr. Geiger”), the Chairman of the Board. Such deviation from Code provision A.2.1 is deemed appropriate as it is considered to be more efficient to have one single person as the Chairman of the Company as well as to discharge the executive functions of a CEO, and it provides the Group with strong and consistent leadership. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three INED on the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved a balance and provided sufficient protection of its interests. Moreover, Mr. Geiger is not a member of any of the committees (Audit Committee, Nomination Committee, Remuneration Committee) and each committee is composed of a majority of INED. Nevertheless, the Board will regularly review the management structure to ensure that it meets the business development requirements of the Group.

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

NON-EXECUTIVE DIRECTORS

All the NED of the Company have their respective terms of appointment coming to an end three years after their appointment to the Board, subject to re-election at the end of their respective three year term.

The three INED are persons of high experience, with academic and professional qualifications in the field of accounting and finance. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each INED gives an annual confirmation of his/her independence to the Company and the Company considers them to be independent under rule 3.13 of the Listing Rules.

COMMITTEES

As an integral part of good corporate governance, the Board has established the following committees. The authorities, functions, composition and duties of each committee are set out below:

Audit Committee

The terms of reference of the Audit Committee were amended on 29 March 2012 to comply with the provisions set out in the New Code. The Audit Committee has three members, Mr. Mark Broadley (Chairman), Mr. Jackson Ng and Mr. Martial Lopez. Mr. Martial Lopez is a NED, and the two others are INED.

In compliance with rule 3.21 of the Listing Rules, at least one member of the Audit Committee possesses appropriate professional qualifications in accounting or related financial management expertise in discharging the responsibilities of the Audit Committee.

All members have sufficient experience in reviewing audited financial statements as aided by the auditors of the Group whenever required.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board.

The following is a summary of the work performed by the Audit Committee during FY2012:

- i. Review of the report from the auditors on the audit of the final results of the Group for FY2011;
- ii. Review of the draft financial statements of the Group for FY2011;
- iii. Review of the draft results announcement and annual report of the Group for FY2011;
- iv. Review of the audit fees payable to the external auditors for FY2011;
- v. Review of the external auditors' independence and transmission of a recommendation to the Board for the re-appointment of the external auditors at the forthcoming AGM;
- vi. Review of the draft results announcement and interim report of the Group for as of 30 September 2011.
- vii. Review of the internal control system including the internal audit results analysis and the internal audit plan for 2012-2013, and report to the Board;
- viii. Review of the Listing Rules modification affecting the Group in order to monitor appropriate corporate governance. Under its terms of reference, the Audit Committee oversees the Company's corporate governance.

There have been four meetings of the Audit Committee during the Review Period: two following the publication of financial reports (annual report and interim report), one specific to the internal control and one to take into consideration the New Code.

Nomination Committee

The terms of reference of the Nomination Committee were amended on 29 March 2012 to comply with the provisions set out in the New Code. The Nomination Committee has three members, who were, prior to 29 March 2012 Mr. André Hoffmann (Chairman), Mr. Mark Broadley and Mrs. Susan Kilsby. On 29 March 2012 Mr. Jackson Ng was appointed to the Committee as Chairman and Mr. Mark Broadley resigned. Mr. André Hoffmann is an ED, and the two others are INED.

The primary function of the Nomination Committee is to make recommendations to our Board on the appointment and removal of Directors of our Company.

There has been no meeting of our Nomination Committee during the Review Period.

Remuneration Committee

The terms of reference of the Remuneration Committee were amended on 29 March 2012 to comply with the provisions set out in the New Code. The Remuneration Committee has three members, who were, prior to 29 March 2012 Mr. Emmanuel Osti (Chairman), Mr. Mark Broadley and Mrs. Susan Kilsby. On 29 March 2012 Mr. Emmanuel Osti resigned, Mrs. Susan Kilsby was appointed as Chairman and Mr. Domenico Trizio was appointed to the Committee. Mr. Domenico Trizio is an ED, and the two others are INED.

The primary duties of the Remuneration Committee are to evaluate the performance of and make recommendations to the Board on the remuneration packages of our Directors and senior management and evaluate and make recommendations to the Board on employee benefit arrangements.

The following is a summary of the work performed by the Remuneration Committee during FY2012:

- i. Consideration of a share plan (stock options and free shares) with recommendation to the Board for general guidelines
- ii. Review of the Directors' and key executives' compensation, with a recommendation to the Board for approval

There have been three meetings of the Remuneration Committee during the Review Period and one has been dedicated specifically to the study of the share plan.

The following is a general description of the emolument policy and long term incentive schemes of the Group as well as the basis of determining the emoluments payable to the Directors:

- i. The remuneration of our Directors is determined by our Board which receives recommendations from our Remuneration Committee. Under our current compensation arrangements, our ED receive compensation in the form of salaries and bonus subject to performance targets. The majority of our NED and all the INED received Directors' fees.
- ii. The remuneration our Directors have received (including fees, salaries, discretionary bonus, share based payments, housing and other allowances, and other benefits in kind) for FY2012 was approximately €3,171,000. The aggregate amount of fees, salaries, discretionary bonus, share-based payments, housing and other allowances, and other benefits in kind paid to the five highest paid individuals of our Group, including certain Directors, for FY2012 was approximately €3,582,000.

We have not paid any remuneration to our Directors or the five highest paid individuals as inducement to join or upon joining us as a compensation for loss of office in respect of FY2012. Further, none of our Directors has waived any remuneration during the same period.

- iii. Within the context of our international development and for the purpose of incentivisation of our staff, we have implemented grants of share options on 4 April 2011 and employees reward schemes in respect of shares in the Company to the staff of our various subsidiaries located in the relevant jurisdictions and to some Directors. The share option scheme has been reviewed by the Remuneration Committee and approved by the Board.

AUDITORS' REMUNERATION

The fees in relation to the audit and related services for FY2012 provided by PricewaterhouseCoopers, the external auditors of the Company, amounted to approximately €950,000 and €136,000 respectively.

	€'000
Annual audit and interim review services	950
Audit related services	136
TOTAL	1,086

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges that it holds responsibility for:

- Overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group; and
- Selecting suitable accounting policies and applying the selected accounting policies consistently with the support of reasonable and prudent judgment and estimates.

The Board ensures the timely publication of the financial statements of the Group.

The management provides explanations and information to the Board to enable it to make an informed assessment of the financial and other information to be approved.

The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's position and prospects to extend the Group's financial reporting including annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements and applicable accounting standards.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 58 of this Annual Report.

The Board is responsible for keeping proper accounting records, for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention of fraud and other irregularities.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Board places great importance on internal control and is responsible for establishing and maintaining adequate internal control over financial reporting for the Company and assessing the overall effectiveness of those internal controls.

The Internal Audit Department provides an independent review of the adequacy and the effectiveness of the internal control system. The audit plan is discussed and agreed every year with the Audit Committee. In addition to its agreed annual schedule of work, the Internal Audit Department conducts other special reviews as required. Internal Audit reports are sent to relevant Directors, external auditors and management of the audited entity. Moreover, summary reports of each audit are sent to all members of the Audit Committee.

The system of internal control is designed to provide reasonable assurance against human errors, material misstatements, losses, damages, or fraud, and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. During FY2012, no irregularity or significant internal control deficiency was noted within any function or process. The Audit Committee was satisfied that the internal control system has functioned effectively as intended.

The Board considers that the internal control system is effective and adequate for the Group as a whole. The Board further considers that there was no issue relating to the material controls and risk management functions of the Group.

COMMUNICATIONS WITH SHAREHOLDERS

The Company attaches great importance to communication with shareholders. To this end, a number of means are used to promote greater understanding and dialogue with the investment community. The Company holds group meetings with analysts in connection with the Company's annual and interim results. In addition, designated senior executives maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's development, subject to compliance with the applicable laws and regulations, including the two results announcements. In addition, certain of the Company's Directors also made presentations and held group meetings with investors at investor forums in Hong Kong and overseas.

Further, the Company's website, www.loccitane.com, contains an investor relations section which offers timely access to the Company's press releases, other business information and information on the Company's corporate governance structure and practices. For efficient communication with shareholders and in the interest of environmental preservation, shareholders are encouraged to refer to the Company's corporate communications on the Company's website.

Directors and Senior Management

EXECUTIVE DIRECTORS

Directors

Our board of Directors is responsible for and has general powers over the management and conduct of our business. The table below shows certain information in respect of our Board:

Name	Age	Position
Reinold Geiger	65	Executive Director, Chairman and Chief Executive Officer
Emmanuel Laurent Jacques Osti	47	Executive Director and Managing Director
André Joseph Hoffmann	56	Executive Director and Managing Director
Domenico Trizio	51	Executive Director and Chief Operating Officer
Thomas Levilion	52	Executive Director and Group Deputy General Manager, Finance and Administration
Karl Guénard	45	Non-Executive Director
Martial Thierry Lopez	52	Non-Executive Director
Pierre Maurice Georges Milet	70	Non-Executive Director
Charles Mark Broadley	48	Independent Non-Executive Director
Susan Saltzbar Kilsby	53	Independent Non-Executive Director
Jackson Chik Sum Ng	51	Independent Non-Executive Director



Reinold Geiger

*Executive Director, Chairman and
Chief Executive Officer*

Mr. Reinold Geiger was appointed as an executive Director with effect from 22 December 2000 and is our Chairman and Chief Executive Officer. Mr. Geiger is primarily responsible for our Group's overall strategic planning and the management of our Group's business. Mr. Geiger joined our Group in 1996 as Chairman and controlling shareholder. Mr. Geiger is a director and managing director ("administrateur délégué") of our Company and LOG, a director of L'Occitane (Suisse) S.A., L'Occitane Inc., L'Occitane Australia Pty Ltd., L'Occitane Japon KK, L'Occitane Russia and L'Occitane Mexico S.A. de C.V., a member of the board of managers of L'Occitane LLC and Oliviers & Co. LLC, a member of the strategic board ("conseil stratégique") of Les Minimes SAS and a director ("membre du conseil d'administration") of the Fondation d'entreprise L'Occitane. Since joining L'Occitane, Mr. Geiger has developed our Group from a largely domestic operation based in France to an international business. He has spent time travelling to our worldwide locations in order to implement this growth strategy, where he has established our subsidiaries and strong relationships with the local management. In June 2008, Mr. Geiger was awarded the accolade of "INSEAD entrepreneur of the year" for his international development strategy of our Group. Mr. Geiger began his career at the American Machine and Foundry Company in 1970. In 1972 he left to start his own business, involved in the distribution of machinery used in the processing of rubber and plastic, which he sold in 1978. Mr. Geiger then established and developed AMS Packaging SA, which specialised in packaging for the high end perfumes and cosmetics market. This company was floated on the Paris stock exchange in 1987 and Mr. Geiger left the company entirely in 1990. Between 1991 and 1995, he worked for a packaging company with operations primarily based in France and developed it into an international business. Mr. Geiger graduated from the Swiss Federal Institute of Technology in Zürich, Switzerland with a degree in engineering in 1969 and from INSEAD in Fontainebleau, France with a master's in business administration in 1976.



**Emmanuel Laurent
Jacques Osti**

*Executive Director and
Managing Director*



André Joseph Hoffmann

*Executive Director and
Managing Director*

Mr. Emmanuel Laurent Jacques Osti was appointed as an executive Director with effect from 22 December 2000 and is a managing director. Mr. Osti is primarily responsible for our Group's overall strategic planning and the management of our Group's business. Mr. Osti has been our Company's general manager since February 2000. He is managing director ("administrateur délégué") of our Company, director of LOG, director ("administrateur"), chairman of the board of directors in charge of management ("président du conseil d'administration en charge de la direction générale") and general manager ("président directeur général") of Laboratories M&L S.A., and chairman of the board of directors ("presidente del consiglio di amministrazione") and managing director ("consigliere delegato") of L'Occitane Italia Srl, a member of the strategic board ("conseil stratégique") of M&A SAS and a director ("membre du conseil d'administration") of the Fondation d'entreprise L'Occitane. Mr. Osti worked in various mass marketing and product management positions for L'Oréal S.A. between 1987 and 1990, and also in marketing management positions at Duracell International Inc. in France between 1990 and 1992. He then spent seven years at RoC S.A. whilst it was a subsidiary of LVMH Moët Hennessy Louis Vuitton S.A. and subsequently of Johnson & Johnson, Inc.. He served in various marketing and sales positions before being promoted to general manager for RoC S.A. and Neutrogena Corp. S.à.r.l. Mr. Osti holds a master's in business administration from the Ecole des Hautes Etudes Commerciales in Paris, France, part of which was spent abroad at the University of California, Berkeley, USA and the Università Commerciale Luigi Bocconi in Milan, Italy. Mr. Osti is the spouse of Mrs. Cécile de Verdelhan.

Mr. André Joseph Hoffmann was appointed as an executive Director with effect from 2 May 2001. Mr. Hoffmann has been primarily responsible for our Group's strategic planning and the management of our Group's business in Asia-Pacific since June 1995. Mr. Hoffmann is managing director of L'Occitane (Far East) Limited, L'Occitane Singapore Pte. Limited and L'Occitane Trading (Shanghai) Co Limited, president of L'Occitane (Korea) Limited and a director of L'Occitane Australia Pty. Limited, L'Occitane Japon K.K., L'Occitane Taiwan Limited, L'Occitane (China) Limited and L'Occitane (Macau) Limited. He has over 25 years' experience in the retail and distribution of cosmetics, luxury products and fashion in Asia-Pacific. He is a director of Pacifique Agencies (Far East) Limited, which was a joint venture partner with the Company for the distribution of L'Occitane products in the Asia-Pacific region between 1995 and 2004. Between 1979 and 1986, Mr. Hoffmann worked as the sales manager at the GA Pacific Group, a business specialising in the investment and management of retailing, wholesaling, trading, manufacturing and distribution operations and the hotel and tourism trade in Asia-Pacific. Mr. Hoffmann graduated from the University of California at Berkeley, USA in 1978 with a bachelor of arts degree in economics.



Domenico Trizio

Executive Director and Chief Operating Officer



Thomas Levilion

Executive Director and Group Deputy General Manager, Finance and Administration

Karl Guénard

Non-Executive Director

Mr. Domenico Trizio was appointed as an Executive Director with effect from 30 September 2011 and is Chief Operating Officer. Mr. Trizio joined our Group in November 2010. He is responsible for the overall operational management of the Company and oversees the Company's supply chain, management information systems, finance and SAP project. He reports to Emmanuel Osti, executive Director and managing director of the Company. Prior to joining the Company, Mr. Trizio was a vice president at Coty, Inc. from 2007 to 2008 and was subsequently promoted to senior vice president from 2008 to October 2010, where he was in charge of the global supply chain for the Prestige division. Prior to that, he held supply chain positions at Colgate-Palmolive Company from 1987 to 1997, Johnson & Johnson from 1997 to 2001, Levi Strauss & Co. from 2001 to 2005 and Cadbury-Schweppes from 2005 to 2007. Mr. Trizio has over 15 years of experience in operational management. Mr. Trizio graduated in chemical engineering at Rome University in 1986 and received the International Executive Program General Management Certificate at INSEAD in April 2001.

Mr. Thomas Levilion was appointed as an executive Director with effect from 30 September 2008 and is Group Deputy General Manager, Finance and Administration. He is primarily responsible for our Group's finance functions worldwide. Mr. Levilion joined our Group in March 2008 and is managing director ("administrateur délégué") of our Company and deputy managing director ("directeur général délégué") of L'Occitane S.A.. Furthermore, he is manager (a "gérant") of AHP S.à.r.l. and of Relais L'Occitane S.à.r.l. as well as President of Verveina SAS. Between 1988 and 2007, Mr. Levilion worked at Salomon S.A., which was a subsidiary of Adidas AG and was subsequently acquired by the Amer Sports Corporation, where he was the controller and the VP controller and subsequently the chief financial officer. During this time he gained experience in global supply chains, turn-arounds, re-engineering of organisations and mergers and acquisitions. He has a master's in business administration from the Ecole des Hautes Etudes Commerciales in Paris, France, where he majored in finance, and a postgraduate degree in scientific decision making methods from the University of Paris-Dauphine, France.

Mr. Karl Guénard was appointed as a non-executive Director with effect from 30 June 2003. Mr. Guénard joined the Rothschild Group on April 2000. He is currently senior vice president of the financial engineering department at Banque Privée Edmond de Rothschild Europe. Between 1998 and 2000, he was a manager of the financial engineering department at Banque de Gestion Privée Luxembourg (a subsidiary of Crédit Agricole Indosuez Luxembourg). Prior to this, between 1993 and 1998, Mr. Guénard was a funds and corporate auditor. Mr. Guénard is a chartered accountant. He holds a master's degree in economic and management sciences from the University of Strasbourg, France.

Martial Thierry Lopez

Non-Executive Director

Mr. Martial Thierry Lopez was appointed as a non-executive Director with effect from 30 September 2009 and is a consultant of our Group. Prior to that Mr. Lopez had been an executive Director since 22 December 2000. Mr. Lopez takes care of specific finance projects. Mr. Lopez joined our Group in April 2000 as our Group's chief financial officer and was promoted to senior vice president in charge of audit and development in 2008 before he became consultant of the Group. Mr. Lopez gained over 15 years' audit experience prior to joining our Group. He spent three years at Ankaoua & Grabli in Paris, France and 12 years at Befec-Price Waterhouse in Marseille, France as a senior manager. Between 1996 and 1998, he was the senior manager in charge of Price Waterhouse, Marseille until the merger between Price Waterhouse and Coopers & Lybrand. Mr. Lopez graduated from the Montpellier Business School ("Ecole Supérieure de Commerce") in France in 1983 and holds a diploma in accounting and finance ("Diplôme d'Etudes Supérieures Comptables et Financières").

Pierre Maurice Georges Milet

Non-Executive Director

Mr. Pierre Maurice Georges Milet was appointed as a non-executive Director with effect from 25 January 2010. Mr. Milet has been a member of the executive board and managing director of Clarins from 1988 until 10 March 2010. Mr. Milet continues to be a board member of many of the Clarins' subsidiaries. On 8 February 2010, Mr. Milet has been appointed deputy managing director of Financière FC, the holding company of Clarins and as the representative of Financière FC, in its capacity as a member of the supervisory board of Clarins. Clarins is a French cosmetics company that was listed on the Paris Stock Exchange from 1984 to 2008, and is now a privately owned company controlled by the Courtin-Clarins family and is no longer listed on any stock exchange. He also served as company secretary of Clarins from 1983 to 1988 when he was appointed corporate chief financial officer of Clarins. In these capacities, Mr. Milet oversaw all accounting and financial aspects of the Clarins Group's business, as well as negotiated acquisitions and joint ventures. Mr. Milet also has substantial experience in the cosmetics industry gained partly from experience at Max Factor, serving successively as chief financial officer and president of their French subsidiary from 1975 to 1982. Mr. Milet has a masters degree in business administration from Ecole des Hautes Etudes Commerciales (France) where he majored in finance.

Charles Mark Broadley

Independent Non-Executive Director

Mr. Charles Mark Broadley was appointed as an independent non-executive Director with effect from 30 September 2008. He started his career in Investment Banking in Europe and Asia before becoming Finance Director of The Hong Kong & Shanghai Hotels. Subsequently, he founded a private equity business focused on the hotel sector and now is an active investor in a number of businesses. Mr. Broadley graduated in Law from Cambridge University, England.

Susan Saltzbart Kilsby

Independent Non-Executive Director

Mrs. Susan Saltzbart Kilsby was appointed as an independent non-executive Director with effect from 25 January 2010. Mrs. Kilsby is currently a senior advisor to Credit Suisse, where she was previously chairman of the European Mergers and Acquisitions Group at Credit Suisse and was previously head of the European Mergers and Acquisitions Group for Europe. Mrs. Kilsby joined The First Boston Corporation, a predecessor company of Credit Suisse, in 1980, working in the Mergers and Acquisitions Group in New York until 1992. She later moved to London as head of Credit Suisse's European Consumer, Retail and Services Group in Investment Banking and was named head of mergers, acquisitions and strategic advisory in April 2002. She is currently a non-executive Director of Shire plc and BBA aviation plc. Mrs. Kilsby graduated from Wellesley College, USA in 1980 with a bachelor of arts degree in economics and received a master's degree in business administration from the Yale School of Management, USA in 1984.

Jackson Chik Sum Ng

Independent Non-Executive Director

Mr. Jackson Chik Sum Ng was appointed as an independent non-executive Director of the Company with effect from 25 January 2010. Mr. Ng has extensive experience in accounting and financial management. He is currently the chief financial officer of Modern Terminals Limited. Mr. Ng previously worked at Coopers & Lybrand and also served as group financial controller of Lam Soon Group, as finance director of East Asia of Allergan Inc., a United States pharmaceutical company. Mr. Ng is a fellow of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Ng was a non-executive director of Tradelink Electronic Commerce Limited and was an independent non-executive director of Computech Holdings Limited. He holds a master of science degree in Finance from the Chinese University of Hong Kong and a master's degree in business administration from the Hong Kong University of Science and Technology.

SENIOR MANAGEMENT

Mr. David Boynton, aged 49, is general manager of our North Atlantic region, supervising UK, USA and Canada. Mr. Boynton joined our Group in August 2006 as marketing and retail operations director for our operations in the UK prior to being appointed managing director in the UK in April 2007. Mr. Boynton has over twenty years' experience in the retail sector. He worked for Safeway Stores Plc as operations manager for the South of England and other senior roles between 1987 and 2000 and subsequently joined Watsons the Chemist, the health and beauty subsidiary of Hutchison Whampoa, initially as operations director for Hong Kong, then director for buying and marketing in Taiwan before being promoted to the position of managing director of Hong Kong and Macau between 2003 and 2005. Mr. Boynton graduated from the University of Leeds with a bachelor of science degree in 1985.

Mr. Olivier Ceccarelli, aged 49, is our head of Strategy. He joined our Group in December 2003. In December 2004, he became managing director of AHP S.à.r.l. and in May 2008 became director of strategy and development for L'Occitane S.A.. Mr. Ceccarelli has around 20 years' experience in the marketing of cosmetics industry. He worked at L'Oréal Paris as a product manager between 1992 and 1994, as marketing director for L'Oréal Tokyo between 1994 and 1999 and as marketing director in charge of the hair colour market at L'Oréal New York between 1999 and 2002. Mr. Ceccarelli graduated from Ecole des Hautes Etudes Commerciales in Paris, France with a degree in business administration in 1986.

Mr. Bernard Chevilliat, aged 59, is our head of Research and development and President of Melvita SAS. Mr. Chevilliat joined our Group in June 2008 when we acquired Melvita. Mr. Chevilliat has extensive experience in the natural and organic cosmetics industry, having founded M&A SAS in 1983. Mr. Chevilliat was president of Cosmébio, a French association of professionals involved in the ecological and organic cosmetics industry, between December 2007 and June 2008, when he became vice-president. Mr. Chevilliat graduated from the University of Bordeaux, France in 1976 with a master's degree in biology.

Mr. Emmanuel de Courcel, aged 39, is our general manager for Continental Western Europe and is primarily responsible for our Group's business and strategy in Continental Western Europe. Mr. de Courcel joined our Group in September 2004 as director of operational marketing in Continental Western Europe, prior to becoming general manager for the region in 2005. Between 1996 and 2004, Mr. de Courcel worked as a consultant in the retail sector at The Boston Consulting Group. He was based in New York for two years and Paris for six years during which time he spent two years as a recruiting director. Mr. de Courcel graduated from the ESSEC Business School in Paris, France in 1996. Mr. Emmanuel de Courcel leaves our Company on 13 July 2012.

Mr. Jean-François Gonidec, aged 55, is our Deputy General Manager principally in charge of supply chain management. Mr. Gonidec joined our Group in March 2009 and has extensive experience in project management and in managing a production plant and its supply chain. In addition, he has also assumed responsibilities as financial controller in the course of his career. After having worked in different functions and for different legal entities of the Danone Group during a time period of 18 years, he gained further experience at other organisations including the Group Madrange between March 2007 and February 2009 and at Pierre Fabre Dermo Cosmétique between March 2001 and February 2007. Mr. Gonidec graduated from INSA LYON with a degree in engineering in 1981.

Mr. Marcin Jasiak, aged 45, is our Group Managing Director for ECEA Region comprising of Brazil, Russia, Mexico, Poland and Central Europe subsidiaries as well as Export & Duty Free divisions for Europe, Middle East, Africa and Americas. Mr. Jasiak manages also the B-to-B division and the Couvent des Minimes brand. Mr. Jasiak joined our Group in March 2003 as director for export in Geneva and subsequently became managing director in Geneva in 2005. Prior to joining our Group, Mr. Jasiak was a junior consultant at KPMG specialising in due diligence and audit. He joined Procter & Gamble, Inc. in 1993 for ten years, based in Poland, Germany and Switzerland serving different management positions. Mr. Jasiak graduated from the University of Warsaw, Poland with two master's degrees, in English Philology and management and marketing, respectively, and from the University of Illinois at Urbana-Champaign, USA with a master's degree in business administration.

Mrs. Shiho Takano, aged 46, is head of our operations in Japan and is primarily responsible for our Group's strategic planning and the management of our Group's business in Japan. Mrs. Takano joined our Group in January 2001 as general manager for L'Occitane Japon K.K. before being promoted to president representative director. Prior to joining our Group, Mrs. Takano held various managerial roles in the cosmetics industry. Between 1990 and 1996, Mrs. Takano worked at Yves Saint Laurent Japan, where her last position was as marketing manager. She then joined Coca-Cola Japan in 1996 as activation manager where she was responsible for drinks aimed at the female market with a focus on natural products and beauty. From 1998 to 2001, she was buying and marketing manager for the beauty division of Boots MC in Japan.

Directors' Report

THE DIRECTORS SUBMIT THEIR REPORT TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP") FOR FY2012.

PRINCIPAL ACTIVITIES

The Company is a global, natural and organic ingredient-based cosmetics and well-being products enterprise with strong regional roots in Provence. The Company is committed to bringing products of the highest quality under the L'Occitane brand to its customers around the world. The Company designs, manufactures and markets a wide range of cosmetics and well-being products based on natural and organic ingredients sourced principally from or near Provence.

An analysis of the Group's performance for FY2012 by operating segments is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for FY2012 are set out in the Consolidated Statements of Income on page 59.

The Board recommends a final dividend of €0.0247 per share. The payment shall be made in Euros, except that payment to shareholders whose names appear on the

register of members in Hong Kong shall be paid in Hong Kong dollars. The relevant exchange rate will be the opening buying T/T rate of Hong Kong dollars to Euros as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the dividend.

The final dividend will be subject to approval by the shareholders at the forthcoming AGM of the Company to be held on 26 September 2012. The record date to determine which shareholders will be eligible to attend and vote at the forthcoming AGM will be 26 September 2012 (the "AGM Record Date"). The register of members of the Company will be closed from Friday, 21 September 2012 to Wednesday, 26 September 2012, both days inclusive, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited ("Computershare"), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 20 September 2012.





Subject to the shareholders approving the recommended final dividend at the forthcoming AGM, such dividend will be payable on or about 24 October 2012 to shareholders whose names appear on the register of members on 12 October 2012 (the "Dividend Record Date"). To determine eligibility for the final dividend, the register of members will be closed from Tuesday, 9 October 2012 to Friday, 12 October 2012, both days inclusive, during which period no shares can be registered. In order to be entitled to receive the final dividend, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare, not later than 4:30 p.m. on Monday, 8 October 2012.

The dividends will be paid after retention of the appropriate withholding tax under Luxembourg Laws. In the circular containing the notice convening the AGM, shareholders will be provided with detailed information about procedures for reclaiming all or part of the withholding tax in accordance with the provisions of the double tax treaty between Luxembourg and Hong Kong.

FIVE YEAR FINANCIAL SUMMARY

The five year financial summary of the Group is set out on page 172 of this report.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Shareholders' Equity page 65 and note 16 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2012, the Company's reserves available for distribution to shareholders in accordance with the Company's articles of association (the "Articles of Association") as adopted on 15 April 2010 and amended on 30 September 2011 amounted to approximately €246,477,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during FY2012 are set out in note 7 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during FY2012 amounted to €1,994,000.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Grand-Duchy of Luxembourg.



PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company was granted a general mandate by the shareholders at the 2011 AGM to repurchase shares not exceeding 10% of the issued share capital of the Company. Pursuant to this general mandate, during FY2012 the Company purchased a total of 6,655,500 shares of the Company (representing 0.45% of the Company's shares in issue on 28 November 2011) on the Hong Kong Stock Exchange at an aggregate consideration (excluding expenses) of HK\$96,135,434. Details of the repurchases are as follows:

Month of purchase	Total number of shares purchased HK\$	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid (excluding expenses)
November 2011	3,000,000	14.80	13.86	42,512,700
December 2011	3,655,500	15.20	14.12	53,622,734
Total	6,655,500			96,135,434

The purchases were made to enable the Company to hold shares that could subsequently be transferred to employees under the Company's share option plan, upon exercise by such employees of their share options. The Company is currently seeking to obtain a waiver from the Hong Kong Stock Exchange accordingly.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2012 are set out in note 32 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during FY2012 and up to the date of this report were:

Executive Directors

Mr. Reinold Geiger
(Chairman and Chief Executive Officer)
(appointed on 22 December 2000)

Mr. Emmanuel Laurent Jacques Osti
(appointed on 22 December 2000)

Mr. André Joseph Hoffmann
(appointed on 2 May 2001)

Mr. Thomas Levilion
(appointed on 30 September 2008)

Mr. Domenico Trizio
(appointed on 30 September 2011)

Non-Executive Directors

Mr. Martial Thierry Lopez
(appointed on 22 December 2000 and designated as Non-Executive Director on 30 September 2009)

Mr. Karl Guénard
(appointed on 30 June 2003)

Mr. Pierre Maurice Georges Milet
(appointed on 25 January 2010)

Independent Non-executive Directors

Mr. Charles Mark Broadley
(appointed on 30 September 2008)

Mrs. Susan Saltzbarth Kilsby
(appointed on 25 January 2010)

Mr. Jackson Chik Sum Ng
(appointed on 25 January 2010)

In accordance with code provision A.4.2 as set out in Appendix 14 to the Listing Rules, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In addition, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In accordance with Article 10.1 of the Articles of Association of the Company, the Directors shall be elected by the shareholders at a general meeting, which shall determine their number and term of office. The term of the office of a Director shall be not more than three years, upon the expiry of which each shall be eligible for re-election.

Accordingly, Karl Guénard, Martial Thierry Lopez, Reinold Geiger, Emmanuel Laurent Jacques Osti, and André Joseph Hoffmann shall retire by rotation, and being eligible, have offered themselves for re-election as Directors at the forthcoming AGM.

BIOGRAPHICAL INFORMATION OF DIRECTORS

Brief biographical information of the Directors of the Company are set out in the "Directors and Senior Management" section on pages 36 to 41 of this report.

DIRECTORS' SERVICE CONTRACTS

None of our Directors has or is proposed to have a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors of the Company had any interests in a business which competes, either directly, or indirectly, with the business of the Company or the Group.

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

As at 31 March 2012, 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 Hong Kong 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 Hong Kong Stock Exchange pursuant to 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)	69.51%
André Joseph Hoffmann	Beneficial Interest	2,289,750 (long position)	0.16%
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)	0.01%
Jackson Chik Sum Ng	Beneficial Interest	80,000 (long position)	0.01%
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 56.58% 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 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 shareholders' 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)	56.76%
André Joseph Hoffmann	Beneficial interest and deemed Interest	3,268,676 (Note 2)	16.32%
Emmanuel Laurent Jacques Osti	Beneficial interest and deemed interest	356,544 (Note 3)	1.78%
Martial Thierry Lopez	Beneficial interest	26,069	0.13%
Thomas Levilion	Beneficial interest	12,000	0.06%

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 284,384 shares held by Mr. Emmanuel Osti and 72,160 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 20,025,980 LOG shares issued to persons other than LOG, but do not take into account 3,265,442 LOG treasury shares that are held by LOG itself.

Save as disclosed herein, as at 31 March 2012, 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 31 March 2012, 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) <i>(Note a)</i>	69.18%
LOG	Beneficial Owner	1,021,827,891 (long position) <i>(Note a)</i>	69.18%

Note:

a. Société d'Investissement Cime S.A. is the beneficial owner of approximately 56.58% 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 31 March 2012, 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 CAPITAL

Details of the movements in the share capital of the Company during FY2012 are set out in the Consolidated Statement of Changes in Shareholders' Equity page 65 and note 16 to the consolidated financial statements.

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 16.3 to the consolidated 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 (the "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 FY2012 were as follows:

Name/category of participant	Number of share options			As of 31/03/2012	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	Cancelled during the period					
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	1,520,000	7,864,000	4 April, 2011	04/04/2015 - 03/04/2019	19.84	19.84
Sub-total	—	9,384,000	1,520,000	7,864,000	—	—	—	—
Total	—	11,834,000	1,520,000	10,314,000	—	—	—	—

Notes:

- 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.
- 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.
- Includes 50,000 Options held by Ms. Cécile de Verdelhan, Mr. Osti's spouse.
- 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.
- There were no Options exercised during the period.
- 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 FY2012 (FY2011: 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed in the paragraph headed **"DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES"** and **"SHARE OPTION PLAN"** in this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

At the end of the year or at any time during FY2012, there was no contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, and in which a Director had, whether directly or indirectly, a material interest.

CONNECTED TRANSACTIONS

During FY2012, the Company did not enter into any connected transactions or continuing connected transactions that were required to comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BANK LOANS AND OTHER BORROWINGS

Details of the Group's bank loans and other borrowings as at 31 March 2012 are set out in note 17 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The nature of the Group's activities are such that the percentage of sales or purchases attributable to the Group's five largest customers or suppliers is significantly less than 30% of the total and the Directors do not consider any one customer or supplier to be influential to the Group.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group are set out in note 18 to the consolidated financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, all Directors have confirmed that they have complied with the required standard of the Model Code throughout the period under review.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is set out on pages 29 to 35.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 31 to the consolidated financial statements.

MATERIAL LEGAL PROCEEDINGS

As at 31 March 2012, no member of our Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of this annual report, there was a sufficient prescribed public float of more than 25% of the issued share capital of the Company under the Listing Rules during the period under review.

AUDITORS

The financial statements were audited by PricewaterhouseCoopers who will retire as auditors of the Company at the conclusion of the forthcoming AGM and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Company will be proposed at the forthcoming AGM of the Company.

By order of the Board

Reinold Geiger

Chairman

18 June 2012



*Consolidated
Financial Statements*





To the Shareholders of
L'Occitane International S.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of L'Occitane International S.A. and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2012, and the consolidated statement of income, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé" ("Registered Auditor")

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board and as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of L'Occitane International S.A. and its subsidiaries as at 31 March 2012, and of their performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union.

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

PricewaterhouseCoopers S.à r.l.
Represented by

Luxembourg, 18 June 2012

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*

Year ended 31 March			
<i>In thousands of Euros, except per share data</i>			
	Notes	2012	2011
Net Sales		913,448	772,294
Cost of sales		(157,960)	(135,332)
Gross profit		755,488	636,962
% of net sales		82.71%	82.48%
Distribution expenses		(410,325)	(343,460)
Marketing expenses		(92,443)	(84,593)
Research & development expenses		(6,334)	(5,082)
General and administrative expenses		(93,109)	(74,142)
Other (losses) / gains, net	(22)	(1,004)	2,399
Operating profit		152,273	132,084
Finance costs, net	(23)	184	(1,461)
Foreign currency gains / (losses)	(24)	4,128	(3,020)
Profit before income tax		156,585	127,603
Income tax expense	(25)	(32,394)	(24,903)
Profit for the year		124,191	102,700
Attributable to:			
Equity owners of the Company		121,159	99,501
Non-controlling interests		3,032	3,199
Total		124,191	102,700
Earnings per share for profit attributable to the equity owners of the Company during the year <i>(expressed in Euros per share)</i>			
Basic	(26)	0.082	0.068
Diluted	(26)	0.082	0.068
Number of shares used in earnings per share calculation			
Basic	(26)	1,474,789,625	1,455,250,609
Diluted	(26)	1,474,789,625	1,455,250,609

Consolidated Statements of Comprehensive Income

Year ended 31 March <i>In thousands of Euros, except per share data</i>	Notes	2012	2011
Profit for the year		124,191	102,700
Other comprehensive income:			
Cash flow hedges fair value gains, net of tax	(14)	300	815
Currency translation differences		4,562	942
Actuarial losses on defined benefit obligation	(18.1)	(495)	—
Other comprehensive income for the year, net of tax		4,367	1,757
Total comprehensive income for the year		128,558	104,457
Attributable to:			
Equity owners of the Company		124,927	101,695
Non-controlling interests		3,631	2,762
Total		128,558	104,457

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 25.5.

ASSETS		31 March	31 March
<i>In thousands of Euros</i>	Notes	2012	2011
Property, plant and equipment, net	(7)	120,787	91,258
Goodwill	(8)	106,747	89,382
Intangible assets, net	(9)	54,923	48,390
Deferred income tax assets	(25.2)	41,972	40,701
Available-for-sale financial assets		49	39
Other non-current receivables	(10)	25,582	20,415
Non-current assets		350,060	290,185
Inventories, net	(11)	126,410	101,339
Trade receivables, net	(12)	76,747	59,629
Other current assets	(13)	47,952	34,381
Derivative financial instruments	(14)	1,006	201
Cash and cash equivalents	(15)	308,303	300,125
Current assets		560,418	495,675
TOTAL ASSETS		910,478	785,860

EQUITY AND LIABILITIES <i>In thousands of Euros</i>	Notes	31 March 2012	31 March 2011
Share capital	(16)	44,309	44,309
Additional paid-in capital	(16)	342,851	342,851
Other reserves		(5,463)	5,831
Retained earnings		268,495	167,275
Capital and reserves attributable to the equity owners		650,192	560,266
Non-controlling interests		5,075	4,998
Total equity		655,267	565,264
Borrowings	(17)	64,816	54,003
Deferred income tax liabilities	(25.2)	1,948	1,253
Derivative financial instruments	(14)	360	554
Other financial liabilities	(6.3)	8,404	5,873
Other non-current liabilities	(18)	14,418	11,026
Non-current liabilities		89,946	72,709
Trade payables	(19)	84,528	72,483
Salaries, wages, related social items and other tax liabilities		47,463	36,431
Current income tax liabilities		17,945	22,782
Borrowings	(17)	4,425	6,015
Other current liabilities	(18)	8,156	6,333
Derivative financial instruments	(14)	164	879
Provisions for other liabilities and charges	(20)	2,584	2,964
Current liabilities		165,265	147,887
TOTAL EQUITY AND LIABILITIES		910,478	785,860
NET CURRENT ASSETS		395,153	347,788
TOTAL ASSETS LESS CURRENT LIABILITIES		745,213	637,973

ASSETS		31 March	31 March
<i>In thousands of Euros</i>	Notes	2012	2011
Property, plant and equipment, net		1,744	2,581
Intangible assets, net		1,592	1,228
Investments in subsidiaries	(32)	132,931	119,453
Deferred income tax assets		—	15
Other non-current receivables due from subsidiaries		31,227	904
Non-current assets		167,494	124,181
Inventories, net		4,343	3,508
Trade receivables due from subsidiaries, net		69,222	73,058
Trade receivables, net	(12)	9,719	9,768
Other current assets due from subsidiaries		220,706	178,888
Other current assets		2,061	2,104
Derivative financial instruments	(14)	887	177
Cash and cash equivalents	(15)	268,357	262,940
Current assets		575,295	530,443
TOTAL ASSETS		742,789	654,624

Company-Alone Balance Sheets *(continued)*

EQUITY AND LIABILITIES <i>In thousands of Euros</i>	Notes	31 March 2012	31 March 2011
Share capital	(16)	44,309	44,309
Additional paid-in capital	(16)	342,851	342,851
Retained earnings		247,632	180,933
Total equity		634,792	568,093
Borrowings	(17)	26,864	24,377
Deferred income tax liabilities		300	—
Derivative financial instruments	(14)	—	—
Other financial liabilities	(6.3)	8,154	4,974
Non-current liabilities		35,318	29,351
Trade payables due to subsidiaries		47,495	36,899
Trade payables		4,846	3,516
Salaries, wages, related social items and other tax liabilities		3,356	4,421
Current income tax liabilities		7,324	8,426
Borrowings	(17)	109	155
Other current liabilities due to subsidiaries		8,529	1,806
Other current liabilities		943	1,188
Derivative financial instruments	(14)	77	769
Provisions for other liabilities and charges		—	—
Current liabilities		72,679	57,180
TOTAL EQUITY AND LIABILITIES		742,789	654,624
NET CURRENT ASSETS		502,616	473,263
TOTAL ASSETS LESS CURRENT LIABILITIES		670,110	597,444

The profits attributable to equity owners of the Company for the years ended 31 March 2012 and 2011 are dealt with in the consolidated financial statements of the Group to the extent of € 92,554,000 and € 107,216,000.

Consolidated Statements of Changes in Shareholders' Equity

<i>In thousands of Euros (except "Number of Shares")</i>	Notes	Attributable to equity owners of the Company											TOTAL EQUITY
		Number of shares	Share capital	Additional paid-in capital	Share Based Paym.	Hedging reserve	Other reserves		Retained earnings				
							Cumul. Currency Transl. Diff.	Excess of consideration paid in transaction with non- controlling interests	Other reserves	Prior years	Profit for the period	Non- controlling interests	
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 period		–	–	–	–	–	–	–	–	–	99,501	3,199	102,700
Other comprehensive income													
Currency translation differences		–	–	–	–	–	1,379	–	–	–	–	(437)	942
Cash flow hedges fair value gains/(losses), net of tax	(14)	–	–	–	–	815	–	–	–	–	–	–	815
Total comprehensive income for the year		–	–	–	–	815	1,379	–	–	–	99,501	2,762	104,457
Transactions with owners													
Allocation of prior year earnings		–	–	–	–	–	–	–	–	81,626	(81,626)	–	–
Effect of the change in par value to € 0.03 on April 9, 2010	(16.1)	1,255,105,717	–	–	–	–	–	–	–	–	–	–	–
Issue of new shares on May 7 and May 28, 2010 (net of transaction costs and net of tax)	(16.1)	202,568,500	6,077	294,121	–	–	–	–	–	–	–	–	300,198
Dividends declared		–	–	–	–	–	–	–	–	–	–	(2,094)	(2,094)
Contribution from the parent	(16.3)	–	–	–	2,017	–	–	–	–	–	–	–	2,017
Non-controlling interests in capital increase		–	–	–	–	–	–	–	–	–	–	395	395
Total contributions by and distributions to owners of the Company		1,457,674,217	6,077	294,121	2,017	–	–	–	–	81,626	(81,626)	(1,699)	300,516
Transactions with non-controlling interests	(6.2)	–	–	–	–	–	–	(934)	–	–	–	(53)	(987)
Total transactions with owners		–	–	–	–	–	–	(934)	–	–	–	(53)	(987)
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 period		–	–	–	–	–	–	–	–	–	121,159	3,032	124,191
Other comprehensive income													
Currency translation differences		–	–	–	–	–	3,963	–	–	–	–	599	4,562
Change in value of available-for-sale financial assets		–	–	–	–	–	–	–	–	–	–	–	–
Actuarial losses on defined benefit obligation	(18.1)	–	–	–	–	–	–	–	(495)	–	–	–	(495)
Cash flow hedges fair value gains/(losses), net of tax	(14)	–	–	–	–	300	–	–	–	–	–	–	300
Total comprehensive income for the year		–	–	–	–	300	3,963	–	(495)	–	121,159	3,631	128,558
Transactions with owners													
Allocation of prior year earnings		–	–	–	–	–	–	–	–	99,501	(99,501)	–	–
Dividends declared		–	–	–	–	–	–	–	–	–	(19,939)	(3,087)	(23,026)
Purchase of 6,655,500 treasury shares	(16.2)	–	–	–	–	–	–	(9,247)	–	–	–	–	(9,247)
Contribution from the parent	(16.3)	–	–	–	2,183	–	–	–	–	–	–	–	2,183
Employee share option : value of employee services	(16.3)	–	–	–	800	–	–	–	–	–	–	–	800
Non-controlling interests in capital increase		–	–	–	–	–	–	–	–	–	–	425	425
Total contributions by and distributions to owners of the Company		–	–	–	2,983	–	–	–	(9,247)	99,501	(119,440)	(2,662)	(28,865)
Non-controlling interests arising on business combination		–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interests		–	–	–	–	–	–	(8,798)	–	–	–	(892)	(9,690)
Total transactions with owners		–	–	–	–	–	–	(8,798)	–	–	–	(892)	(9,690)
Balance at 31 March 2012		1,476,964,891	44,309	342,851	8,105	(258)	6,164	(9,732)	(9,742)	167,275	101,220	5,075	655,267

Consolidated Statements of Cash Flows

Year ended 31 March In thousands of Euros	Notes	2012	2011
Cash flows from operating activities			
Profit for the year from continuing operations		124,191	102,700
<i>Adjustments to reconcile profit for the year to net cash from operating activities</i>			
Depreciation, amortization and impairment	(27.3)	36,841	30,452
Deferred income taxes	(25.1)	(270)	(15,331)
Unwinding of discount on other financial liabilities	(23)	527	369
Share based payment	(21)	2,983	2,017
Change in the fair value of derivatives	(14)	(1,278)	(502)
Other losses / (gains), net	(27.2)	193	(1,471)
Net movements in provisions	(27.4)	354	(804)
<i>Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation)</i>			
Inventories		(21,686)	(34,057)
Trade receivables		(14,937)	(11,608)
Trade payables		10,207	14,131
Salaries, wages, related social items and other tax liabilities		10,488	6,305
Current income tax assets and liabilities		(10,802)	14,115
Unpaid finance costs		—	(33)
Other assets and liabilities, net		(1,369)	(7,372)
Net cash inflow from operating activities		135,442	98,911
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	(6.1), (6.2)	(12,551)	(3,392)
Purchases of property, plant and equipment	(7)	(56,255)	(36,029)
Purchases of intangible assets	(9)	(14,958)	(13,002)
Proceeds from sale of fixed assets	(27.2)	4,632	4,332
Change in deposits and key moneys paid to the landlords		(3,370)	(1,514)
Change in non-current receivables and liabilities		(889)	173
Net cash outflow from investing activities		(83,391)	(49,432)

Consolidated Statements of Cash Flows *(continued)*

Year ended 31 March <i>In thousands of Euros</i>	Notes	2012	2011
Cash flows from financing activities			
Proceeds from non-controlling interests		425	395
Transactions with non-controlling interests	(6.1), (6.2)	(9,690)	—
Proceeds from the issue of new shares net of directly associated costs, net of tax		—	300,704
Change in payables directly associated with the issuance of new shares, net of tax effects		—	(1,771)
Dividends paid to equity owners of the Company	(16.5)	(19,939)	(80,000)
Dividends paid to non-controlling interests		(5,043)	(2,094)
Purchase of treasury shares	(16.2)	(9,247)	—
Proceeds from borrowings	(17), (27.8)	34,769	146,554
Repayments of borrowings	(17), (27.8)	(27,861)	(149,248)
Repayments on obligations under finance leases	(17)	(1,213)	(1,178)
Net cash inflow from financing activities		(37,799)	213,362
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	(27.7)	(5,821)	(1,375)
Net (decrease)/ increase in cash, cash equivalents and bank overdrafts		8,431	261,466
Cash, cash equivalents and bank overdrafts at beginning of the year		299,853	38,387
<i>Cash and cash equivalents</i>		300,125	41,825
<i>Bank overdrafts</i>		(272)	(3,438)
Cash, cash equivalents and bank overdrafts at end of the year		308,284	299,853
<i>Cash and cash equivalents</i>		308,303	300,125
<i>Bank overdrafts</i>		(19)	(272)

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1. THE GROUP

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

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

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

The Group is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements have been approved by the Board of Directors for issue on 18 June 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation and changes in accounting principles

The consolidated financial statements of the Group and the Company-alone balance sheets have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board which are similar, for operations conducted by the Group, to International Financial Reporting Standards as adopted by the European Union. IFRS are available in the internet site of the European Committee as follows: http://ec.europa.eu/internal_market/accounting/ias_en.htm

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1. Basis of preparation and changes in accounting principles *(continued)*

The following amended standards and interpretations are effective for the first time for the Group for the financial year ended 31 March 2012 and do not have any material impact on the consolidated financial statements:

Standard	Topic
IAS 1	Presentation of the other comprehensive income
IAS 24	Related party disclosures
IAS 32	Classification of rights, warrants or options issued at a fixed strike price in a foreign currency
IFRS 3	Measurement of ownership instruments that entitle holders to proportionate share of net assets upon liquidation
IFRS 3	Measurement of the share-based payments
IFRS 7	Nature and extent of the qualitative disclosures
	Clarification of disclosures related to credit risk
IFRIC 13	Clarification of the meaning of the term "fair value"
IFRIC 14	Prepayments of a minimum funding requirement
IFRIC 19	Clarification of the accounting when an entity renegotiates the terms of its debt

On 16 June 2011, the IASB published the amendments relating to the recognition of defined benefit pension plans detailed in IAS 19, Employee benefits. The main changes include the requirement to immediately recognize all such actuarial gains and losses in other comprehensive income with no subsequent transfer to profit or loss.

Given the mandatory application of these new provisions in 2013 and in accordance with the option offered by the current version of IAS 19, Employee benefits, the Group has decided to stop charging or crediting the actuarial gains and losses in the statement of income in the period in which they arise and to apply the "recognition in other comprehensive income" option from the period beginning as at 1 April 2011, by immediately recognizing all actuarial gains and losses relating to post-employment defined benefit plans in other comprehensive income with no subsequent transfer to profit or loss.

These changes in accounting and presentation principles enable the financial statements to provide more relevant information and facilitate their comparison with the financial statements of international groups, the majority of which use this option.

Due to the lack of materiality for the comparative period (actuarial gains and losses amounting to €66,000 for the year ended 31 March 2011, this change was applied prospectively from 1 April 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2. Principles of consolidation

The accounts of all companies included within the scope of consolidation are closed on 31 March.

(a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders gives the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liability incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is measured to fair value at the acquisition date through statement of income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in statement of income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2. Principles of consolidation *(continued)*

(a) *Subsidiaries (continued)*

Inter-company transactions, in particular the internal profits included in the inventories at the balance sheet date, balances and unrealized gains on transactions between group companies are eliminated. If any, unrealized losses are also eliminated but considered as an impairment indicator of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

For the Company alone balance sheets, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

(b) *Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Put options on non-controlling interests issued before 2010

For puts on non-controlling interests issued after 2010, the accounting is as follows:

- The difference between the initial accounting of the liability and the historical value of non-controlling interest is recorded within Equity.
- The future changes in the estimated fair value of the liabilities will be recorded within Equity.

No new put options were granted during the fiscal year.

Put options on non-controlling interests issued after 2010

The potential cash payments related to put options issued after 2010 by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The amount that may become payable under the option on exercise is initially recognised at fair value within financial liabilities with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries. If any, the change in estimates in the fair value of the financial liability is recorded with a corresponding adjustment to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2. Principles of consolidation *(continued)*

(b) *Transactions with non-controlling interests (continued)*

Put options on non-controlling interests issued after 2010 *(continued)*

The Group recognises the cost of writing such put options, determined as the excess of the fair value of the option over any consideration received as a financing cost. Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first become exercisable. The charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

No new put options were granted during the fiscal year.

(c) *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of income.

(d) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates included goodwill identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the statement of income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit / (loss) of an associate" in the statement of income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3. Foreign currency translation

(a) **Functional and presentation currency**

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros.

(b) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation of items are remeasured. The exchange rates prevailing at these dates are approximated by a single rate per currency for each month (unless these rates are not reasonable approximations of the cumulative effect of the rates prevailing on the transaction dates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income under the line "Foreign currency gains / (losses)", except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within "Finance costs, net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in statement of income, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in statement of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

(c) **Group companies**

None of the Group's entities has the functional currency of a hyperinflationary economy.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. Income and expenses for each statement of income are translated at an estimated monthly average exchange rate (unless this rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- iii. All resulting exchange differences are recognized in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3. Foreign currency translation *(continued)*

(c) *Group companies (continued)*

On consolidation, exchange differences arising from the translation of the net investment in foreign operations including monetary items that form part of the reporting entity's net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are included in "Cumulative currency translation differences" within shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman & Chief Executive Officer (CEO) and the Managing Director that make strategic decisions.

2.5. Intangible assets

(a) *Goodwill*

Goodwill arises on the acquisition of subsidiaries, associates and joint-venture and represents the excess of the consideration transferred over IFRS Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units or groups of cash generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(b) *Key moneys*

Key moneys are entry rights to be paid prior to starting up a store. When the key money is paid to the previous tenant, it is classified within intangible assets and is amortized using the straight-line method over a period of 10 years (which is deemed to approximate the average lease term) or over the lease term if shorter, and is tested for impairment at each balance sheet date, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

In case the key money is paid to the landlord, then it is deemed to be linked to the rent and is classified as a prepaid expense (current and non current) and amortized on a straight-line basis over the rent period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5. Intangible assets *(continued)*

(c) **Contractual customer relationship**

These assets result from business combinations when the Group, at the acquisition date, allocates the cost of the business combination by recognizing the acquiree's identifiable intangible assets that meet the definition of intangible assets and when the fair value can be measured reliably. The contractual customer relationship is amortized using the straight-line method over the average period of the expected relationship with the client which usually ranges between 3 years and 5 years.

(d) **Trademarks**

These assets result from business combinations when the Group, at the acquisition date, allocates the cost of the business combination by recognizing the acquiree's identifiable intangible assets that meet the definition of intangible assets and when the fair value can be measured reliably. When the Group intends to sell products under the acquired trademarks and when there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group, then it is considered that trademarks have an indefinite useful life. Therefore, trademarks are not amortized but tested annually for impairment.

Trademark is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash generating units that are expected to benefit from the trademark.

(e) **Computer software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized using the straight-line method over their estimated useful lives (not exceeding 5 years).

Costs that are directly associated with the production and testing of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Directly attributable costs include the software development employee costs and an appropriate portion of relevant overheads. These costs are amortized using the straight-line method over their estimated useful lives. The main ERP of the Group (SAP) is amortized over 10 years.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5. Intangible assets *(continued)*

(f) Commercial websites

Development costs that are directly attributable to the design and testing of commercial websites are recognised as intangible fixed assets and are amortized over their estimated useful lives, which does not exceed three years.

(g) Research and development costs

Research costs are expensed when incurred.

Development costs relating to a development project are recognised as an intangible asset when the following criteria are met:

- It is technically feasible to complete the project so that it will be available for use or sale;
- Management intends to complete the project and use or sell it;
- There is an ability to use or sell the project;
- It can be demonstrated how the project will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use of sell the project are available;
- The expenditure attributable to the project during its development can be reliably measured.

In view of the large number of development projects and uncertainties concerning the decision to launch products relating to these projects, the Group considers that some of these capitalisation criteria are not met and the development costs are expensed when incurred.

2.6. Property, Plant and Equipment

All property, plant and equipment (PP&E) are stated at historical cost less depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6. Property, Plant and Equipment *(continued)*

Land is not depreciated. Depreciation on other tangible assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

• Buildings	20 years
• Equipment and machinery	between 5 and 10 years
• Information system equipments and cash registers	3 years
• Leasehold improvements	5 and 10 years
• Leasehold improvements related to the stores	5 years
• Furniture and office equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.7).

Gains and losses on sales are determined by comparing proceeds with the carrying amount. These are included in the statement of income under "Other (losses) / gains, net".

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has all the substantial risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current obligations under finance leases. The interest element of the finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

2.7. Impairment of non-financial assets

(a) *Intangible assets (other than goodwill and trademarks) and property, plant and equipment*

Intangible assets that are subject to amortization and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In assessing the fair value, an external valuation is obtained or management's best estimate is used to the extent the assumptions used by management reflect market expectations.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units: CGUs):

- For testing the asset's carrying amount of the stores (mainly: key moneys, architect / decorator costs, leasehold improvements, furniture), the cash-generating unit is the store.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7. Impairment of non-financial assets *(continued)*

(a) **Intangible assets (other than goodwill and trademarks) and property, plant and equipment *(continued)***

- For the corporate assets (assets other than those related to the stores) where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Intangible assets (other than goodwill and trademarks) and property, plant and equipment that have been subject to impairment in the previous period are reviewed for a possible reversal of the impairment at each reporting date (notes 7, 8 and 9). Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

(b) **Goodwill and trademarks**

Goodwill and trademarks are allocated to cash generating units either by operating segment or by operating segment and by country. Cash generating units to which goodwill and trademarks have been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, an impairment loss is recognized. An impairment loss recognized for goodwill or trademarks is not reversed in a subsequent period.

2.8. Deposits

Deposits are recorded at their historical value. Impairment is recorded if the net present value is higher than the estimated recoverable amount. The impact for not discounting is not material.

A provision for impairment of deposits is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of deposits.

2.9. Assets held for sale and assets directly associated with discontinued operations

Non current assets or disposal groups are classified as assets held for sale or directly associated with discontinued operations and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through a continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10. Inventories

Inventories are carried at the lower of cost or net realizable value (net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses); with cost being determined principally on the weighted average cost basis. The cost of inventories comprises the cost of raw materials, direct labour, depreciation of machines and production overheads (based on normal operating capacity). It excludes borrowing costs.

Inventories also include (a) distribution and marketing promotional goods that are intended to be sold to third parties and (b) mini products and pouches that are essentially bundled and sold together with regular products.

The Group regularly reviews inventory quantities on hand for excess inventory, discontinued products, obsolescence and declines in net realizable value below cost and records an allowance against the inventory balance for such declines.

2.11. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The amount of the loss on a trade receivable is recognized in the income statement within "Distribution expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "Distribution expenses" in the statement of income.

2.12. Financial assets

Classification of financial assets

The Group classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit and loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12. Financial assets *(continued)*

Classification of financial assets *(continued)*

(b) Loans and receivables

Loans and receivables originating from the Group are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "Trade receivables" and "Other current assets" in the consolidated balance sheets.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on trade-date: the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit and loss" category are presented in "Finance costs, net" in the period in which they arise. Dividend income from "Financial assets at fair value through profit and loss" is recognised in the statement of income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of income in "Finance costs, net".

Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of income in "Finance costs, net". Dividends on available-for-sale equity instruments are recognised in the statement of income when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12. Financial assets *(continued)*

Impairment of financial assets

(a) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the debtor or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the Group would not otherwise consider;
- It becomes probable that the debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of debtors in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12. Financial assets *(continued)*

Impairment of financial assets *(continued)*

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of income – is removed from equity and recognised in the separate consolidated statements of income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in statement of income, the impairment loss is reversed through the consolidated statement of income.

2.13. Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between the hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of the various derivative instruments used for hedging purposes is disclosed in note 14. Movements on the hedging reserve in other comprehensive income are shown in the consolidated statement of changes in shareholders' equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13. Derivative financial instruments and hedging activities *(continued)*

The full fair value of a hedging derivative is classified as a non-current asset or liability when the hedged item is more than 12 months; it is classified as a current asset or liability when the maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income within "Finance costs" for interest derivatives and within "Foreign currency gains / (losses)" for currency derivatives.

Amounts accumulated in equity are reclassified in the statement of income in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the statement of income within "Finance costs". The gain or loss relating to the ineffective portion is recognized in the statement of income within "Finance costs" for interest derivatives and within "Foreign currency gains / (losses)" for currency derivatives.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income within "Finance costs" for interest derivatives and within "Foreign currency gains / (losses)" for currency derivatives.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income within "Foreign currency gains / (losses)".

Gains and losses accumulated in equity are included in the statement of income when the foreign operation is partially disposed of or sold.

The Group does not use net investment hedges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13. Derivative financial instruments and hedging activities *(continued)*

(d) *Derivatives at fair value through profit and loss*

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognized immediately in the statement of income within "Finance costs, net" or "Foreign currency gains / (losses)".

2.14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

All significant cash deposits are made with major financial institutions having an investment grade rating and invested in euro money market fixed term deposits or mutual funds that have a maturity of three months or less. The Group has temporary exposure to non-investment grade institutions on payments made by customers in certain countries, until the Group transfers such amounts to investment grade institutions.

2.15. Share capital

Ordinary shares are classified as equity. There are no mandatory redeemable preference shares.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group's entity purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity owners.

2.16. Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

2.17. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18. Provisions

Provisions for customer and warranty claims, dismantling and restoring obligations, restructuring costs and legal claims are recognized when:

- The Group has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation;
- And the amount has been reliably estimated.

If any, restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the best estimate of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provisions due to passage of time is recognized as interest expense.

Provision for costs of dismantling and restoring

When the lease agreement includes an obligation to restore the leased property into original condition at the end of the lease term or to compensate for dilapidation, a provision for the estimated discounted costs of dismantling and restoring or settlement is recorded over the length of the lease.

Depending upon the nature of the obligation in the lease agreement, it may be considered that the alterations occurred when entering the lease. In this case the liability is immediately recorded at the inception of the lease and the same amount is included in property, plant and equipment. This item is then depreciated over the lease term.

Provision for onerous contracts

The lease contracts used by the Group are mostly lease contracts for the stores. The store is the cash generating unit used for testing the asset's carrying amount of the non-financial assets (note 2.7). Certain operating lease contracts are onerous contracts when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it. In this case, in addition to the impairment loss recognised on the non-current assets dedicated to that contract, the present obligation is recognised and measured as a provision.

Provision for returned goods

When there is a legal or constructive obligation to accept returns, revenue is recognised when the products are delivered and a provision is deducted from this revenue for expected returns based on historical and statistics in-house data. This provision is classified in current provisions for other liabilities and charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19. Employee benefits

(a) Pension obligations

The Group operates various pension schemes under both defined benefits and defined contribution plans:

- A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation;
- A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. In a defined contribution plan, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined benefit plans

The only significant regime with defined benefits concerns the retirement indemnities in France. The employees receive a lump sum which varies according to the seniority and the other elements of the collective agreement from which they depend.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

From 1 April 2011, actuarial gains and losses resulting from experience adjustments and changes in the actuarial assumptions that are used to calculate the obligations (including the estimated return on the plan's assets) are fully recognized within "Other comprehensive income" (refer note 2.1).

Past-service costs are recognized immediately in the statement of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19. Employee benefits *(continued)*

(b) **Other post-employment obligations**

The Group does not provide any other post-employment obligations.

(c) **Share-based compensation**

Following decisions approved on 28 September 2007, L'Occitane Groupe S.A., the parent of the Company, operates a number of share-based compensation plans which are granted to employees of the Group and its subsidiaries.

The Group has also authorized free share and share option plans over its own equity instruments whose characteristics are described in note 16.

The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense over the vesting period.

The total amount of the expense is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Equity settled share-based compensations

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity in other reserves.

The market conditions are taken into account in the valuation of the option at the grant date and are not updated for the subsequent closings.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the equity instruments are exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19. Employee benefits *(continued)*

(c) *Share-based compensation (continued)*

Equity settled share-based compensations *(continued)*

The grant by the parent company of share-based compensations over its equity instruments to the employees of the Company or subsidiaries undertakings in the Group is treated as a capital contribution from the parent company. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as share-based compensation expense, with a corresponding effect in equity attributable to the equity owners of the Company as a “contribution from the parent”.

The social security contributions payable in connection with the grant of the equity instruments is considered an integral part of the grant itself, and the charge is treated as a cash-settled transaction.

Equity settled share-based compensations – modification and cancellation

If a non-market vesting condition of an equity-settled award is modified, the Group revises its estimates of the number of equity instruments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity in other reserves. The fair value of the option is not modified.

If a market condition is modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

Cash settled share-based compensations

For cash-settled share-based compensations, the Group measures services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the statement of income.

The liability is measured, initially and at each reporting date until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered service to date.

The social security contributions payable in connection with the grant of the equity instruments is considered an integral part of the grant itself, and the charge is treated as a cash-settled transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19. Employee benefits *(continued)*

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

(e) Profit-sharing and bonus plans

The Group recognizes a provision where legally, contractually obliged or where there is a past practice that has created a constructive obligation.

(f) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.20. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.21. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognized revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Revenue from product sales is recorded upon transfer of risks and rewards, insofar as all significant contractual obligations have been fulfilled and the collection of corresponding receivables is probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21. Revenue recognition *(continued)*

Revenue for sales invoiced when the transfer of risks and rewards has not occurred is deferred in the balance sheet under the “deferred revenue” line, in “other current liabilities”.

Revenue is recognized as follows:

(a) Sales of goods – retail (sell-out business segment)

Sales of goods are recognized when the Group sells a product to the customer at the store. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in distribution costs.

It is not the Group’s policy to sell its products to the end retail customer with a right of return. However, in some countries, the Group accepts returned products from customers and a refund is offered. In this case, the Group retains only an insignificant risk of ownership and the revenue is recognised at the time of sale net of a liability to cover the risk of return based on past experience. The liability is recognised as a decrease in net sales.

(b) Sales of goods – wholesale and distributors (sell-in and B-to-B business segments)

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- There is no unfulfilled obligation that could affect the wholesaler or the distributor’s acceptance;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The products are sometimes sold with conditional discounts. Sales are recorded based on the price specified in the sales contracts / invoices, net of the estimated conditional discounts.

No element of financing is deemed present as the sales are made with a credit term of maximum 60 days.

(c) Sale of gift-certificates

In some territories, in the ordinary course of the Group’s activities, the Group sells gift certificates. The revenue is recognized when the customer redeems the gift certificates for buying goods (the product is delivered to the customer).

As long as customers do not redeem these gift certificates, the revenue for sales is deferred in the balance sheet.

Gift certificates that exceed the validity period are recognized in the statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21. Revenue recognition *(continued)*

(d) *Loyalty program*

Customer loyalty programs are used by the Group to provide customers with incentives to buy their products. Each time a customer buys goods, or performs another qualifying act, the entity grants the customer award credits. The customer can redeem the award credits for awards such as free or discounted goods or services.

The programs operate in a variety of ways. Customers may be required to accumulate a specified minimum number or value of award credits before they are able to redeem them. Award credits may be linked to individual purchases or groups of purchases, or to continued custom over a specified period of time.

The Group accounts for award credits as a separately identifiable component of the sales transaction(s) in which they are granted (the "initial sale"). The fair value of the consideration received or receivable in respect of the initial sale is allocated between the components, i.e. the goods sold and the award credits granted. The allocation is made by reference to the relative fair values of the components, i.e. the amounts for which each component could be sold separately.

The fair value of the award credits is estimated by reference to the discount that the customer would obtain when redeeming the award credits for goods. The nominal value of this discount is reduced to take into account:

- any discount that would be offered to customers who have not earned award credits from an initial sale;
- the proportion of award credits that are expected to be forfeited by customers; and
- the time value of money.

The Group recognizes revenue in respect of the award credits in the periods, and reflecting the pattern, in which award credits are redeemed. The amount of revenue recognized is based on the number of award credits that have been redeemed relative to the total number expected to be redeemed.

(e) *Consideration paid to distributors*

In some cases, the Group can enter into arrangements with distributors where payments are made to compensate for certain promotional actions.

As such payments cannot usually be separated from the supply relationship, the Group recognises the consideration paid as a deduction of revenue.

2.22. Distribution expenses

The line "Distribution expenses" in the statement of income includes expenses relating to stores, mainly: employee benefits, rent and occupancy, depreciation and amortization, freight on sales, promotional goods, credit card fees, maintenance and repairs, telephone and postage, travel and entertainment, doubtful receivables, start-up costs and closing costs.

Distribution promotional goods include testers and bags and are expensed when the Group has access to those items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23. Marketing expenses

The line "Marketing expenses" in the statement of income includes mainly the following expenses: employee benefits, advertising expenses and promotional goods.

Marketing promotional goods include press kits, gifts with purchases, samples, commercial brochures and decoration items used to prepare the windows and are expensed when the Group has access to those items.

2.24. Research and Development costs

The line "Research and Development costs" in the statement of income includes mainly the following expenses: employee benefits and professional fees.

2.25. Accounting of rent expenses

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease beginning at the date when the lessee is entitled to exercise its right to use the leased asset.

Certain rents can be variable according to the turnover. In this case, the supplementary and variable part of the rent is recorded in the period during which it becomes likely that the additional rent will be due.

Should the landlord grant free rent - in particular during the first months of the lease during the construction of the store - the free part is recognized on a straight-line basis over the remaining duration of the lease. Similarly, in the case of escalation clauses, lease payments are recognized as an expense on a straight-line basis. The counterpart is recorded in "liabilities linked to operating leases" in "non-current liabilities".

2.26. Start-up and pre-opening costs of stores

Start-up costs and pre-opening costs of the stores are expensed when incurred under the line "Distribution expenses" in the statement of income. These costs mainly include the following: broker and / or lawyer fees, rent paid before the opening date, travel expenses relating to the opening team.

2.27. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are first deferred in non-current liabilities and then classified as a reduction of the fixed asset when it is put in service. The government grant is then credited to the income statement on a straight-line basis over the expected lives of the related assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.28. Foreign currency gains / (losses)

The line "Foreign currency gains / (losses)" in the statement of income relates to:

- Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies (note 2.3 (b)). These foreign currency gains and losses are mainly related to the financing of the subsidiaries;
- Gains or losses arising from changes in the fair value of the foreign exchange derivatives at fair value through profit and loss (note 2.13 and note 14);
- Gains or losses arising from the ineffective portion of changes in the fair value of foreign exchange derivatives that are designated as hedging instruments (note 2.13 and note 14).

2.29. Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax, if it is not accounted for, arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.30. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity owners of the Group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

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.

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 Japanese Yen, US Dollar and the Sterling Pound. 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.

When the foreign currency derivative instruments used to hedge the exposure of the Group's foreign currency risk do not qualify for hedge accounting, as they do not formally satisfy the conditions of hedge accounting fixed by IAS 39, gains or losses arising from changes in the fair value of the instrument and of the hedged item are recorded within "Foreign currency gains / (losses)" in the statement of income.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

(a) **Market risk *(continued)***

Foreign exchange risk *(continued)*

During the fiscal years 2012 and 2011 and on 31 March 2012 and 2011, if the euro had weakened / strengthened by 10% in comparison to the currencies listed below with all other variables held constant, equity, net sales and post-tax profit for the year would have been higher / lower as illustrated below:

<i>In thousands of Euros</i> 31 March	Currency translation differences (other comprehensive Income)		Net Sales		Profit for the year	
	2012	2011	2012	2011	2012	2011
USD	4,215	4,400	10,485	9,555	4,016	3,137
JPY	12,314	14,450	21,560	19,030	6,945	10,515
HKD	5,733	4,270	8,383	5,673	3,528	2,701
GBP	2,716	2,600	4,647	3,904	2,384	2,111

The above sensitivity does not take into consideration the effect of a higher / lower euro on the fair market value of the foreign currency derivative instruments and on realized exchange gains and losses. The fair value of these derivatives at period end is not material.

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 long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The analysis of the borrowings by category of rate is provided in note 17.5.

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 17.7, the interest rate of certain bank borrowings can be re-priced.

Based on the simulations performed, on 31 March 2012 and 2011, if interest rates had been 50 basis points higher / lower with all other variables held constant, post-tax profit for the year would have been lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings (note 23).

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

(a) Market risk *(continued)*

Cash flow and fair value interest rate risk *(continued)*

<i>In thousands of Euros</i>	31 March 2012	2011
Sensitivity of finance costs	245	230
Sensitivity of finance income	1,091	1,044
Sensitivity of the post-tax profit	235	586

The above sensitivity takes into consideration the impact of the interest rate derivatives existing at 31 March 2012 and 2011 on the interest expense but does not take into consideration the effect of a higher / lower interest rate on the fair market value of the derivatives designed to manage the cash flow interest risk floating-to-fixed interest rate swaps. The fair value of these derivatives at period end is not material.

Price risk

The Group is not significantly exposed to commodity price risk.

The Group is also exposed to price risk arising from investments in equity securities. The investments are done in accordance with the limits set by the Financial Investment Committee in charge of selecting the investments.

On 31 March 2012, the Group has no investment in equity securities.

(b) Credit risk

Credit risk is managed on group basis, except for credit risk relating to account receivables balances. Each local entity is responsible for monitoring and analysing the credit risk of their clients. Standard payment and delivery terms and conditions are offered. 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 customers in the Sell-in and B-to-B segments, sales are made with credit terms generally from 60 and 90 days and the Group maintains adequate allowances for potential credit losses and follows regularly the solvency of its counterpart. As of 31 March 2012 and 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 customers in the Sell-out segment, the Group's sales to end customers are made in cash or via major credit cards and no credit terms are generally granted to the end customers. When the Sell-out sales are generated in department stores, a credit term is granted to the department store until the cash is transferred to the Group. This credit term is generally from 60 to 90 days;
- Cash and cash equivalents and derivatives financial instruments are concentrated on few 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.

Cash flow forecasting is performed in each of the operating entities of the Group and aggregated at Group level. The Group monitors rolling forecasts of the Group's liquidity requirements and reserve (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. The liquidity reserve is as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Cash and cash equivalents and bank overdrafts	308,284	299,853
Undrawn borrowing facilities (note 17.7)	314,047	313,590
Liquidity reserves	622,331	613,443

Surplus cash held by the Group is invested in call accounts, certificates of deposit, money market funds and securities.

The repayment of certain bank borrowings depends on a financial ratio (note 17.2).

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

<i>In thousands of Euros</i>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	4,425	2,338	48,195	14,283	69,241
Trade payables	84,528	–	–	–	84,528
Interests payments on borrowings	1,128	1,007	1,794	497	4,426
Total on 31 March 2012	90,081	3,345	49,989	14,780	158,195
Borrowings	6,015	1,705	44,300	7,998	60,018
Trade payables	72,483	–	–	–	72,483
Interests payments on borrowings	1,671	1,164	2,128	377	5,340
Total on 31 March 2011	80,169	2,869	46,428	8,375	137,841

3. FINANCIAL RISK MANAGEMENT *(continued)*

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 equity owners 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 equity owners, return capital to equity owners, issue new shares or sell assets to reduce debt.

3.3. Fair value estimation

Fair value of financial instruments

The table below presents the net book value and fair value of some of the Group's financial instruments, with the exception of cash, trade receivables, and trade payables as well as accrued expenses (their carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values given their short maturities):

<i>In thousands of Euros</i>	2012		2011	
	Net book value	Fair value	Net book value	Fair value
Assets				
Available-for-sale financial assets (a)	49	49	39	39
Other non-current receivables	25,582	25,582	20,415	20,415
Derivative financial instruments (b)	1,006	1,006	201	201
Total assets	26,637	26,637	20,655	20,655
Liabilities				
Non-current borrowings	—	—	—	—
Fixed rate	—	—	—	—
Floating rate	69,241	69,241	60,018	60,018
Total borrowings	69,241	69,241	60,018	60,018
Derivative financial instruments (b)	524	524	1,433	1,433
Total liabilities	524	524	1,433	1,433

(a) Available-for-sale financial assets include non-consolidated investments that are not significant and are valued as described in the note 2.12.

(b) The fair value of financial derivatives is determined as indicated below.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3. Fair value estimation *(continued)*

Fair value measurement hierarchy

IFRS 7 for financial instruments requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

<i>In thousands of Euros</i>	31 March 2012			31 March 2011		
	Level 1 (a)	Level 2 (b)	Level 3 (c)	Level 1 (a)	Level 2 (b)	Level 3 (c)
Assets						
Derivatives at fair value through profit and loss	–	1,006	–	–	201	–
Derivatives designated as hedging instruments	–	–	–	–	–	–
Cash equivalents	769	–	–	256,996	–	–
Total assets	769	1,006	–	256,996	201	–
Liabilities						
Derivatives at fair value through profit and loss	–	(164)	–	–	(477)	–
Derivatives designated as hedging instruments	–	(360)	–	–	(956)	–
Total liabilities	–	(524)	–	–	(1,433)	–

- (a) The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3. Fair value estimation *(continued)*

Fair value measurement hierarchy (continued)

- (b) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by external counterparties using methods and assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- (c) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used for, but not limited to, depreciation, amortization and impairment (notes 2.5, 2.6 and 2.7) of non-current assets, allocation of the excess of the cost of an acquisition over the carrying value of the net assets acquired to key moneys (note 2.5) and to contractual customer relationship (note 2.5), valuation of inventories (note 2.10), depreciation of inventories (note 2.10), provisions (note 2.18), the provision for impairment of trade receivables (note 2.11), revenue recognition (note 2.21), current and deferred income taxes (note 2.29), fair value of the derivative instruments (note 2.13), valuation of share-based compensation (note 16.3) and contingencies (note 28).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1. Impairment test of non-current assets

Impairment test for intangible assets (including goodwill and trademarks), and property, plant and equipment are performed in accordance with the accounting policy stated in note 2.7. The recoverable amounts of cash-generating units (CGU) have been determined on the basis of value-in-use calculations. These calculations used cash flow projections approved by management.

The key assumptions used for value-in-use calculations are as follows:

- Forecasted sales are determined for each store based on its location. This may vary significantly from one location to another or from one country to another. Management determined budgeted net sales, gross margin and operating cash flows based on past performance and its expectations of market developments;
- The terminal value is based on a long term growth rate of 1%;
- The pre-tax discount rate of 10.18% (9.90% in the fiscal year 2011). The same pre-tax discount rate has been used for all the segments as;
 - o All the products are produced in France;
 - o Most of the financing is done centrally, and;
 - o The specific local market risks are embedded in the cash flows projections.

The cash flow projections used to test the goodwill related to the Melvita acquisition are based on forecasted sales supported by actual or targeted openings or decision to open Melvita stores in several countries and on a 7 years plan prepared by management. The key assumptions of these cash flow projections relate to the increase in the number of stores and in the net sales.

4.2. Depreciation and amortization periods

The main intangible and tangible assets of the Group relate to the stores. The amortization period of key money is based on 10 years which is deemed to approximate the average lease term or over the lease term of the related store, if shorter and the depreciation period of tangible assets takes into consideration the expected commercial lives of the store or the lease term if shorter. These assets are tested for impairment in accordance with the accounting policy stated in note 2.7.

4.3. Allowance on inventories

The Group regularly reviews inventory quantities on hand for excess inventory, discontinued products, obsolescence and declines in net realizable value below cost and records an allowance against the inventory balance for such declines.

When the annual inventory count takes place on a date different from the closing date, the quantity on hand is adjusted to take into account the shrinkage rate (after deduction of non-recurring differences) over the period between the date of the stocktaking and the balance sheet date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.4. Legal claims

The estimates for provisions for litigation are based upon available information and advice of counsel and are regularly reviewed on this basis by management (see notes 20 and 27).

4.5. Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such a determination is made.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

5. SEGMENT INFORMATION

The chief operating decision-maker has 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. The Chairman & CEO and the Managing Director 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 two operating segments, which are Sell-out and Sell-in and Business to Business:

- Sell-out comprises the sales 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 and comprises the sales 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 sales of the Group's products to an intermediate who will provide them as free amenities to its final customers. These intermediates are mainly airlines companies and hotels.

In accordance with the aggregation criteria of IFRS 8, the operating segments Sell-in and B-to-B have been aggregated into a single reportable segment.

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

5. SEGMENT INFORMATION *(continued)*

5.1. Operating segments

The measure of profit or loss for each operating segments followed by the executive committee is their operating profit:

The operating segments information as at 31 March 2012 and 2011 is as follows:

31 March 2012				
<i>In thousands of Euros</i>	Sell-out	Sell-in and B-to-B	Other reconciling items	Total
Sales	683,942	229,507	—	913,448
<i>In %</i>	74.9%	25.1%	—	100.0%
Gross profit	601,328	154,161	—	755,489
<i>% of sales</i>	87.9%	67.2%	—	82.7%
Distribution expenses	(329,334)	(35,412)	(45,579)	(410,325)
Marketing expenses	(38,279)	(5,812)	(48,353)	(92,443)
Research & development expenses	—	—	(6,334)	(6,334)
General and administrative expenses	—	—	(93,109)	(93,109)
Other (losses) / gains, net	535	(4)	(1,534)	(1,004)
Operating profit	234,250	112,933	(194,909)	152,274
<i>% of sales</i>	34.2%	49.2%	0.0%	16.7%

31 March 2011				
<i>In thousands of Euros</i>	Sell-out	Sell-in and B-to-B	Other reconciling items	Total
Sales	569,115	203,179	—	772,294
<i>In %</i>	73.7%	26.3%	—	100.0%
Gross profit	504,634	132,328	—	636,962
<i>% of sales</i>	88.7%	65.1%	—	82.5%
Distribution expenses	(272,517)	(30,876)	(40,067)	(343,460)
Marketing expenses	(40,331)	(6,132)	(38,129)	(84,593)
Research & development expenses	—	—	(5,082)	(5,082)
General and administrative expenses	(1,968)	—	(72,175)	(74,142)
Other (losses) / gains, net	1,425	(2)	977	2,399
Operating profit	191,242	95,318	(154,476)	132,084
<i>% of sales</i>	33.6%	46.9%	0.0%	17.1%

There are no significant inter-segment transfers or transactions.

In addition, the “other reconciling items” column includes amounts corresponding to central functions unrelated to a specific business segment (mainly the central distribution warehouses, central marketing and most of general and administration expenses).

5. SEGMENT INFORMATION (continued)

5.2. Geographic areas

(a) Sales

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

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

31 March <i>In thousands of Euros</i>	2012		2011	
	Total	In %	Total	In %
Japan	215,583	23.6%	190,284	24.6%
United States	104,759	11.5%	95,512	12.4%
Hong-Kong	92,227	10.1%	71,167	9.2%
France	77,908	8.5%	77,269	10.0%
China	50,917	5.6%	32,794	4.2%
United Kingdom	46,466	5.1%	39,045	5.1%
Brazil	45,713	5.0%	34,843	4.5%
Luxembourg	44,729	4.9%	41,832	5.4%
Russia	42,648	4.7%	33,092	4.3%
Taiwan	32,540	3.6%	30,118	3.9%
Other countries	159,959	17.5%	126,337	16.4%
Sales	913,448	100%	772,294	100%

(b) Assets

The following table shows the breakdown of certain non-current assets by geographical areas.

31 March <i>In thousands of Euros</i>	2012			2011		
	Property, Plant and Equipment	Goodwill	Intangible assets	Property, Plant and Equipment	Goodwill	Intangible assets
Japan	7,784	23,698	425	7,077	22,073	462
United States	10,270	5,064	216	8,314	4,761	80
Hong-Kong	2,262	2,209	—	1,779	2,072	—
France	62,768	30,056	36,154	42,152	36,056	31,145
China	1,759	1,398	74	1,140	1,311	109
United Kingdom	5,149	1,473	11	4,584	1,390	2
Brazil	6,811	4,066	4,236	4,857	4,289	2,879
Luxembourg	1,744	—	1,592	1,742	—	2,067
Russia	4,066	10,357	480	2,789	5,625	181
Taiwan	924	1,712	81	571	1,620	49
Other countries	17,250	26,714	11,654	16,253	10,185	11,416
Total	120,787	106,747	54,923	91,258	89,382	48,390

These assets are allocated based on the country of the subsidiary owning the asset.

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE

6.1. For the year ended 31 March 2012

(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 corresponding to excess of cash paid of €6,296,000.

L'Occitane (Swiss) S.A.

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

The carrying amount of the non-controlling interests in L'Occitane (Swiss) S.A. 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) S.A. on the equity attributable to owners of the Company during the year ended 31 March 2012 is summarised as follows:

<i>In thousands of Euros</i>	L'Occitane (Korea) Ltd	L'Occitane (Swiss) S.A.	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

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE (continued)**6.1. For the year ended 31 March 2012** (continued)**(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 B.V. a fully owned subsidiary of Clarins B.V. for a total consideration of €10,463,000. Far East Cosmetics Holding B.V. is located in The Netherlands and is the owner of L'Occitane Malaysia Sdn. Bhd..

L'Occitane Malaysia Sdn. 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 €1,977,000.

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.

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:

<i>In thousands of Euros</i>	Far East Cosmetics Holding B.V.	L'Occitane Malaysia Sdn. Bhd.	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)	—	—	—
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 7)	—	371	371
Key moneys (note 9)	—	—	—
Contractual customer relationship (note 9)	—	—	—
Other non-current assets	—	315	315
Deferred tax assets	—	—	—
Inventories	—	1,232	1,232
Trade receivables and other current assets	—	59	59
Trade payables and other current liabilities	—	—	—
Total identifiable net assets	5	1,977	1,982
Non-controlling interest			
Goodwill (note 8)			10,574

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

6.1. For the year ended 31 March 2012 *(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.

In accordance with the contingent consideration arrangement the consideration has been adjusted for the difference between the estimated value of assets and the actual value of the assets after a physical inventory. This difference is not significant.

No contingent liability had been recognized.

The revenue contributed by L'Occitane Malaysia Sdn. Bhd. included in the consolidated statement of income from 8 August 2011 to 31 March 2012 was €6,489,000. Far East Cosmetics Holding B.V. and L'Occitane Malaysia Sdn. Bhd. also contributed profit of €432,000 over the same period.

6.2. For the year ended 31 March 2011

(a) *Transactions with non-controlling interests*

L'Occitane Mexico S.A. (acquisition of additional interest in a subsidiary)

On 1 December 2010, the Company acquired the remaining 49% of non-controlling interests in L'Occitane Mexico S.A. for a total consideration of €987,000 in cash. L'Occitane Mexico S.A. was located in Mexico, Mexico and was specialized in the distribution of L'Occitane products in that country.

After this transaction, L'Occitane Mexico S.A. was 100% held by the Group.

The carrying amount of the non-controlling interests in L'Occitane Mexico S.A. on the date of acquisition was €53,000. The Group recognised a decrease in non-controlling interests of €53,000 and a decrease in equity attributable to owners of the Company of €934,000. The effect of changes in the ownership interest of L'Occitane Mexico S.A. on the equity attributable to owners of the Company during the year was summarised as follows:

31 March	2011
<i>In thousands of Euros</i>	
Carrying amount of non-controlling interests acquired	53
Consideration paid to non-controlling interest	987
<hr/>	
Excess of consideration paid recognised in the transaction	
with non-controlling interests reserve within "other reserves" in equity	934

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*6.2. For the year ended 31 March 2011 *(continued)*(b) *Business combinations***L'Occitane Nederland B.V. (business combinations)**

On 2 September 2010, the Company acquired 100% of the issued share capital and voting rights of L'Occitane Nederland B.V. for a total consideration of €2,686,000. L'Occitane Nederland B.V. was located in Amsterdam, the Netherlands and was specialized in the distribution of L'Occitane products in that country.

The following table summarizes the consideration paid for the below companies and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

<i>In thousands of Euros</i>	L'Occitane B.V.	Total
Cash paid	2,686	2,686
Equity instruments	—	—
Contingent consideration	—	—
Total consideration transferred	2,686	2,686
Indemnification asset	—	—
Total consideration	2,686	2,686
Cash acquired	(281)	(281)
Total consideration net of cash acquired	2,405	2,405
Recognised amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment (note 7)	110	110
Key moneys (note 9)	239	239
Other intangible assets (note 9)	1	1
Trademarks	—	—
Contractual customer relationship	—	—
Other non-current assets	—	—
Deferred tax assets	—	—
Inventories	220	220
Trade receivables and other current assets	127	127
Trade payables and other current liabilities	(325)	(325)
Deferred tax liabilities	—	—
Changes in minority interest	—	—
Total identifiable net assets	372	372
Non-controlling interest		
Goodwill (note 8)	2,033	2,033
	2,405	2,405

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

6.2. For the year ended 31 March 2011 *(continued)*

(b) Business combinations (continued)

L'Occitane Nederland B.V. (business combinations) *(continued)*

The excess of the acquisition cost over the share of the fair value at the acquisition date of the acquiree's identifiable assets, liabilities and contingent liabilities was recorded to goodwill. The goodwill of €2,033,000 arising from the acquisition was 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 (there is no contractual customer relationship as the acquired business is mainly related to the Sell-out operating segment). The goodwill is not deductible for tax purposes.

There was no difference between the fair value of identifiable assets and liabilities and the corresponding acquiree's carrying amount.

No contingent liability had been recognized.

The acquisition related costs were non significant and expensed in the statement of income, within "General and administrative expenses".

There was no contingent consideration arrangement.

The revenue contributed by L'Occitane B.V. included in the consolidated statement of comprehensive income since 2 September 2010 was €947,000. L'Occitane B.V. had also contributed a loss of €388,000 over the same period.

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

6.3. Other financial liabilities

For the year ended 31 March 2012

The following put options have been granted by the Group to the non-controlling interests:

<i>In thousands of Euros</i>	31 March 2011	Dividend paid to the non-controlling interests	Change in estimates in the valuation of the exercise price	Unwinding of discount (note 23)	Exercise of the option / purchase of non-controlling interests	31 March 2012
Anton Luybimov (L'Occitane Russia)	4,974	(1,956)	4,658	478	–	8,154
Harald Link and Nunthinee Sudhirak (L'Occitane Thailand)	899	–	(698)	49	–	250
Total put options	5,873	(1,956)	3,960	527	–	8,404

The fair value of the liability to the non-controlling interests in L'Occitane Russia has been reassessed based on a discounted cash flow approach and applying a 20% haircut for the minority shareholding. The €4,658,000 increase in the liability has been recorded in goodwill (note 8.1).

The fair value of the liability to the non-controlling interests in L'Occitane Thailand has been reassessed to take into account the consideration that is likely to be paid to non-controlling interests. The €698,000 decrease in the liability has been recorded in goodwill (note 8.1).

For the year ended 31 March 2011

The following put options have been granted by the Group to the non-controlling interests:

<i>In thousands of Euros</i>	31 March 2010	Grant of puttable instruments	Unwinding of discount (note 23)	Change in estimates in the valuation of the exercise price	Exercise of the option / purchase of non-controlling interests	31 March 2011
Anton Luybimov (L'Occitane Russia)	4,652	–	322	–	–	4,974
Harald Link and Nunthinee Sudhirak (L'Occitane Thailand)	852	–	47	–	–	899
Total put options	5,504	–	369	–	–	5,873

7. PROPERTY, PLANT AND EQUIPMENT, NET

7.1. Year ended 31 March 2012

As of 31 March 2012, property, plant and equipment, net can be analyzed as follows:

<i>In thousands of Euros</i>	Land	Buildings	Machinery and equipment	Other tangible assets	Leasehold improvements related to the stores	Other tangible assets related to the stores	Tangible assets in progress	Total
Cost as of 1 April 2011	2,184	20,135	22,015	32,671	90,250	21,148	9,528	197,931
Additions	1,562	930	5,156	8,134	17,997	5,167	21,637	60,583
Disposals	(138)	(3,227)	(1,052)	(2,695)	(6,816)	(1,054)	(602)	(15,584)
Acquisition of subsidiaries	–	–	–	23	122	226	–	371
Other movements	–	6,670	1,237	2,717	2,585	(903)	(11,962)	344
Exchange differences	–	–	57	506	4,036	915	49	5,563
Cost as of 31 March 2012	3,608	24,508	27,413	41,356	108,174	25,499	18,650	249,208
Accum. depreciation as of April 1, 2011	–	(7,296)	(15,690)	(15,797)	(56,711)	(11,179)	–	(106,673)
Depreciation	–	(1,590)	(2,926)	(5,511)	(15,194)	(3,715)	–	(28,936)
Impairment loss	–	–	–	(24)	(1,200)	–	–	(1,224)
Reversal of impairment loss	–	–	–	–	895	–	–	895
Disposals	–	1,652	1,040	1,999	5,750	1,041	–	11,482
Other movements	–	–	29	(258)	(444)	518	–	(155)
Exchange differences	–	–	(59)	(404)	(2,798)	(549)	–	(3,810)
Accum. depreciat. as of 31 March 2012	–	(7,234)	(17,606)	(19,995)	(69,702)	(13,884)	–	(128,421)
Net book value as of 31 March 2012	3,608	17,274	9,807	21,361	38,472	11,615	18,650	120,787
Including assets under finance leases:								
Property, plant & equipment, gross	1,701	22,714	5,192	350	–	–	–	29,957
Accumulated depreciation	–	(6,778)	(2,881)	(350)	–	–	–	(10,009)
Net book value under finance leases as of 31 March 2012	1,701	15,936	2,311	–	–	–	–	19,948

Main additions during the period related to:

- Leasehold improvements for the opening of 184 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 on 20 June 2011.

On 31 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. As at 31 March 2012, the finance lease was drawn for an amount of €3,909,000 in connection with the acquisition of the land, buildings and other tangible assets related to the plant in Lagorce (€5,154,000 as at 31 March 2011).

The additions in "Other tangible assets" related to the stores include the costs for dismantling and restoring that are recorded at the inception of the lease and that amount to €419,000. This component is subsequently depreciated over the lease term (note 2.18 and 18.3). Excluding these costs of dismantling and restoring and the acquisitions under finance lease that are non cash items, total cash additions amount to €56,255,000.

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

7.2. Year ended 31 March 2011

As of 31 March 2011, property, plant and equipment, net can be analyzed as follows:

<i>In thousands of Euros</i>	Land	Buildings	Machinery and equipment	Other tangible assets	Leasehold improvements related to the stores	Other tangible assets related to the stores	Tangible assets in progress	Total
Cost as of 1 April 2010	2,015	20,029	19,757	25,468	76,475	16,830	4,700	165,274
Additions	169	23	1,576	7,322	16,745	4,117	11,608	41,560
Disposals	–	(2)	(206)	(1,411)	(4,469)	(646)	(1,425)	(8,159)
Acquisition of subsidiaries	–	–	–	–	61	49	–	110
Other movements	–	85	921	1,299	1,927	910	(5,321)	(179)
Exchange differences	–	–	(33)	(7)	(489)	(112)	(34)	(675)
Cost as of 31 March 2011	2,184	20,135	22,015	32,671	90,250	21,148	9,528	197,931
Accum. depreciation as of April 1, 2010	–	(4,991)	(13,340)	(13,438)	(48,303)	(8,522)	–	(88,594)
Depreciation	–	(1,553)	(2,603)	(5,346)	(12,338)	(3,113)	–	(24,953)
Impairment loss	–	–	–	–	(1,445)	–	–	(1,445)
Reversal of impairment loss	–	–	–	–	1,435	–	–	1,435
Disposals	–	–	144	1,401	3,817	604	–	5,966
Other movements	–	(752)	59	1,547	(507)	(265)	–	82
Exchange differences	–	–	50	39	630	117	–	836
Accum. depreciat. as of 31 March 2011	–	(7,296)	(15,690)	(15,797)	(56,711)	(11,179)	–	(106,673)
Net book value as of 31 March 2011	2,184	12,839	6,325	16,874	33,539	9,969	9,528	91,258
Including assets under finance leases :								
Property, plant & equipment, gross	601	16,491	1,633	858	–	–	5,154	24,737
Accumulated depreciation	–	(5,506)	(1,633)	(858)	–	–	–	(7,997)
Net book value under finance leases as of 31 March 2011	601	10,985	–	–	–	–	5,154	16,740

Main additions during the period related to leasehold improvements for the opening of 160 stores.

The additions in “Other tangible assets” related to the stores include the costs for dismantling and restoring that are recorded at the inception of the lease and that amount to €377,000. This component is subsequently depreciated over the lease term (note 2.18 and 18.3). Excluding these costs of dismantling and restoring and the acquisitions under finance lease that are non cash items, total cash additions amount to €36,029,000.

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

7.3. Classification of the depreciation of the tangible assets in the statement of income

Depreciation of the Group's property, plant and equipment has been charged to statement of income as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Cost of goods sold	4,238	3,570
Distribution expenses	20,335	18,754
Marketing expenses	86	20
General and administrative expenses	4,277	2,609
Depreciation expenses	28,936	24,953

7.4. Impairment tests for property, plant and equipment

31 March <i>In thousands of Euros</i>	2012	2011
Accumulated impairment as of the beginning of the year	(3,125)	(3,199)
Impairment loss	(1,224)	(1,445)
Reversal used of impairment loss	122	235
Reversal unused of impairment loss	773	1,200
Disposals	107	—
Exchange differences	(139)	84
Accumulated impairment as of 31 March	(3,486)	(3,125)

Property, plant and equipment are allocated to the Group's cash-generating units (CGUs) and tested for impairment as described in note 2.7. The note 4.1 describes the key assumptions used for the value-in-use calculations.

An impairment loss amounting to €1,224,000 at 31 March 2012 and €1,445,000 at 31 March 2011 has been recorded within the distribution expenses to adjust the carrying amount of certain assets related to the stores.

Reversal of impairment loss relating to other stores and amounting to €895,000 at 31 March 2012 and €1,435,000 at 31 March 2011 has been recorded within the distribution expenses. No impairment loss has been recorded in the general and administrative expenses.

8. GOODWILL

Goodwill variation analysis is as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Cost as of the beginning of the year	89,382	86,184
Acquisition of new companies (see note 6.1)	10,574	2,033
Change in the estimated fair value of other financial liabilities relating to put options	3,960	—
Exchange differences	2,831	1,165
Cost as of 31 March	106,747	89,382
Accumulated impairment as of the beginning of the year	—	—
Impairment loss	—	—
Exchange differences	—	—
Accumulated impairment as of 31 March	—	—
Net book value as of 31 March	106,747	89,382

8. GOODWILL *(continued)*

8.1. Year ended 31 March 2012

As of 31 March 2012, the breakdown of the Group's goodwill by country of origin is detailed as follows:

Geographic areas <i>In thousands of Euros</i>	Net book value on 1 April 2011	Acquisitions of subsidiaries or of additional shareholdings	Change in the estimated fair value of other financial liabilities to put options (note 6.3)	Exchange differences	Net book value on 31 March 2012
France (a)	36,056	—	—	—	36,056
Japan (b)	22,073	—	—	1,625	23,698
Russia	5,625	—	4,658	74	10,357
United States	4,761	—	—	303	5,064
Brazil	4,289	—	—	(223)	4,066
Canada	3,615	—	—	129	3,744
Netherlands	2,033	—	—	—	2,033
Hong Kong	2,072	—	—	137	2,209
Taiwan	1,620	—	—	92	1,712
United Kingdom	1,390	—	—	83	1,473
China	1,311	—	—	87	1,398
Thailand	1,180	—	(698)	41	523
Poland	1,086	—	—	(37)	1,049
Spain	880	—	—	—	880
Australia	938	—	—	69	1,007
Belgium	323	—	—	—	323
Germany	130	—	—	—	130
Malaysia	—	10,574	—	451	11,025
TOTAL	89,382	10,574	3,960	2,831	106,747

(a) The French goodwill mostly related to Melvita acquisition is allocated to the Sell-out operating segment for an amount of €22,067,000 and to the Sell-in operating segment for an amount of €13,864,000. The international launch of the Melvita brand started during the fiscal year ended 31 March 2011.

(b) The Japanese goodwill is allocated to the Sell-out operating segment.

8. GOODWILL *(continued)***8.2. Year ended 31 March 2011**

As of 31 March 2011, the breakdown of the Group's goodwill by country of origin is detailed as follows:

Geographic areas <i>In thousands of Euros</i>	Net book value on 1 April 2010	Acquisitions of subsidiaries or of additional shareholdings	Adjustment to the purchase consideration	Exchange differences	Net book value on 31 March 2011
France	36,056	—	—	—	36,056
Japan	20,612	—	—	1,461	22,073
Russia	5,669	—	—	(44)	5,625
United States	5,018	—	—	(257)	4,761
Brazil	4,114	—	—	175	4,289
Canada	3,641	—	—	(26)	3,615
Netherlands	—	2,033	—	—	2,033
Hong Kong	2,189	—	—	(117)	2,072
Taiwan	1,575	—	—	45	1,620
United Kingdom	1,380	—	—	10	1,390
China	1,385	—	—	(74)	1,311
Thailand	1,215	—	—	(35)	1,180
Poland	1,126	—	—	(40)	1,086
Spain	880	—	—	—	880
Australia	871	—	—	67	938
Belgium	323	—	—	—	323
Germany	130	—	—	—	130
TOTAL	86,184	2,033	—	1,165	89,382

8.3. Impairment test for goodwill

As described in notes 2.5, 2.7 and 4.1, goodwill is reviewed for impairment based on expectations of future cash flows at each balance sheet date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When an impairment loss is recognized, the corresponding amount is included in the statement of income under "Goodwill impairment" (note 4.1).

No impairment loss was recognized during the periods.

9. 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.

The intangible assets in progress relate to purchased softwares to be used internally which are under development.

9.1. Year ended 31 March 2012

As of 31 March 2012, intangible assets, net can be analyzed as follows:

<i>In thousands of Euros</i>	Websites	Trademarks	Key moneys	Software	Contractual customer relationships	Intangible assets in progress	Other intangible assets	Total
Cost as of 1 April 2011	766	14,717	40,125	8,046	1,761	9,105	4,431	78,951
Additions	—	—	4,178	2,486	—	8,256	38	14,958
Disposals	—	—	(693)	(32)	—	(231)	(41)	(997)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—
Other movements	—	—	86	13,363	—	(10,497)	(3,392)	(440)
Exchange differences	8	—	(132)	163	—	1	23	63
Cost as of 31 March 2012	774	14,717	43,564	24,026	1,761	6,634	1,059	92,535
Accumulated amortization and impairment as of April 1, 2011	(711)	—	(19,622)	(6,193)	(1,725)	—	(2,310)	(30,561)
Impairment loss	—	—	—	—	—	—	—	—
Reversal of impairment loss	—	—	—	—	—	—	—	—
Amortization	(24)	(624)	(3,633)	(3,176)	(18)	—	(101)	(7,576)
Disposals	—	—	236	30	—	—	8	274
Other movements	—	—	343	(1,551)	—	—	1,581	373
Exchange differences	(3)	—	2	(119)	—	—	(2)	(122)
Accumulated amortization and impairment as of 31 March 2012	(738)	(624)	(22,674)	(11,009)	(1,743)	—	(824)	(37,612)
Net book value as of 31 March 2012	36	14,093	20,890	13,017	18	6,634	236	54,923
Including assets under finance leases								
Intangible assets, gross	—	—	—	—	—	—	1,170	1,170
Accumulated amortization	—	—	—	—	—	—	(1,170)	(1,170)
Net book value under finance leases as of 31 March 2012	—	—	—	—	—	—	—	—

Additions mainly concern:

- Intangible assets in progress for €8,256,000 are related mainly to the implementation of a new ERP. The total costs capitalized on this project amount to €14,491,000 as at 31 March 2012.
- Key moneys for an amount of €4,178,000. Such key moneys were mainly acquired in Italy and Brazil.

9. INTANGIBLE ASSETS, NET (continued)

9.2. Year ended 31 March 2011

As of 31 March 2011, intangible assets, net can be analyzed as follows:

<i>In thousands of Euros</i>	Website	Trademarks	Key moneys	Contractual customer relationships	Intangible assets in progress	Other intangible assets	Total
Cost as of 1 April 2010	698	14,717	35,473	1,761	3,147	10,874	66,670
Additions	71	—	5,361	—	6,479	1,091	13,002
Disposals	—	—	(1,171)	—	(127)	(68)	(1,366)
Acquisition of subsidiaries	—	—	239	—	—	1	240
Other movements	—	—	21	—	(394)	494	121
Exchange differences	(3)	—	202	—	—	86	285
Cost as of 31 March 2011	766	14,717	40,125	1,761	9,105	12,477	78,951
Accumulated amortization and impairment as of April 1, 2010	(698)	—	(16,537)	(1,671)	—	(6,666)	(25,572)
Impairment loss	—	—	—	—	—	—	—
Reversal of impairment loss	—	—	—	—	—	—	—
Amortization	(14)	—	(3,623)	(54)	—	(1,798)	(5,489)
Disposals	—	—	622	—	—	76	698
Other movements	—	—	11	—	—	(92)	(81)
Exchange differences	1	—	(95)	—	—	(23)	(117)
Accumulated amortization and impairment as of 31 March 2011	(711)	—	(19,622)	(1,725)	—	(8,503)	(30,561)
Net book value as of 31 March 2011	55	14,717	20,503	36	9,105	3,974	48,390
Including assets under finance leases							
Intangible assets, gross	—	—	—	—	—	1,170	1,170
Accumulated amortization	—	—	—	—	—	(1,170)	(1,170)
Net book value under finance leases as of 31 March 2011	—	—	—	—	—	—	—

9. INTANGIBLE ASSETS, NET *(continued)*

9.2. Year ended 31 March 2011 *(continued)*

Additions mainly concerned:

- Intangible assets in progress for €6,479,000 were mainly related to the implementation of a new ERP. The total costs capitalized on this project amounted to €7,972,000 as at 31 March 2011;
- Key moneys for an amount of €5,361,000. Such key moneys were mainly acquired in Spain, France and Italy.

The amount of intangible assets whose title is restricted or that are pledged as security for liabilities is €730,000 as at 31 March 2011.

9.3. Classification of the amortization of the intangible assets in the statement of income

Amortization of the intangible assets has been charged to statement of income as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Cost of goods sold	4	11
Distribution expenses	4,693	3,799
Marketing expenses	—	4
General and administrative expenses	2,255	1,675
Other gains / losses (a)	624	—
Amortization expenses	7,576	5,489

- (a) The useful life of small trademarks previously considered as indefinite has been revised and these trademarks were therefore fully amortized during the fiscal year ended 31 March 2012.

9.4 Impairment tests for intangible assets

Intangible assets are allocated to the Group's cash-generating units (CGUs) as described in note 2.7 and tested for impairment. The note 4.1 describes the sensitivity of the key assumptions used for the value-in-use calculation.

31 March <i>In thousands of Euros</i>	2012	2011
Accumulated impairment as of the beginning of the year	(100)	(100)
Impairment loss	—	—
Reversal of impairment loss	—	—
Exchange differences	—	—
Accumulated impairment as of 31 March	(100)	(100)

10. OTHER NON-CURRENT RECEIVABLES

The other non-current receivables consist of the following:

31 March <i>In thousands of Euros</i>	2012	2011
Deposits	23,364	18,945
Key moneys paid to the landlord	2,218	1,470
Other non-current receivables	25,582	20,415

Key moneys paid to the landlord are deemed to be linked to the rent and are classified within prepaid expenses (current and non current) (note 2.5).

11. INVENTORIES, NET

Inventories, net consist of the following items:

31 March <i>In thousands of Euros</i>	2012	2011
Raw materials and supplies	24,248	22,054
Finished goods and work in progress	111,658	86,294
Inventories, gross	135,906	108,347
Less, allowance	(9,496)	(7,008)
Inventories, net	126,410	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 31 March 2012 for an amount of €10,900,000.

12. TRADE RECEIVABLES, NET

12.1. Group information

Trade receivables, net consist of the following:

31 March <i>In thousands of Euros</i>	2012	2011
Trade receivables, gross	79,123	61,410
Less, allowances for doubtful accounts	(2,376)	(1,781)
Trade receivables, net	76,747	59,629

Credit risk:

The carrying amounts of the Group's trade receivables approximate their fair value. At the balance sheet date, there is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, dispersed internationally. The maximum exposure to credit risk at each balance sheet date is the fair value of receivables set out above. The Group does not hold any collateral as security.

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

31 March <i>In thousands of Euros</i>	2012	2011
Current and past due within 3 months	75,709	59,364
3 to 6 months	1321	831
6 to 12 months	816	234
Over 12 months	1277	981
Trade receivables, gross	79,123	61,410

Movement of the Group's provision for impairment on trade receivables are as follows:

31 March <i>In thousands of Euros</i>	2012	2011
At beginning of the year / period	(1,781)	(1,887)
Provision for impairment	(1,338)	(285)
Reversal of impairment	754	430
Exchange differences	(11)	(39)
At end of the year / period	(2,376)	(1,781)

The creation and release of provision for impaired receivables have been included in distribution expenses.

12. TRADE RECEIVABLES, NET *(continued)***12.1. Group information** *(continued)***Credit risk:** *(continued)*

The ageing of the provision for the impaired receivables from due date is as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Within 3 months	645	1,095
3 to 6 months	362	298
6 to 12 months	487	49
Over 12 months	882	339
Impaired receivables	2,376	1,781

The individually impaired receivables relate to wholesalers which are in unexpectedly difficult economic situations.

The ageing analysis of trade receivables from due date that were past due but not impaired as of 31 March 2012 and 2011 is as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Within 3 months	7,425	9,502
3 to 6 months	959	533
6 to 12 months	328	185
Over 12 months	395	642
Trade receivables past due but not impaired	9,107	10,862

These trade receivables relate to a number of customers for whom there is no recent history of default.

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

12. TRADE RECEIVABLES, NET *(continued)*

12.1. Group information *(continued)*

Denomination in currencies:

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

31 March <i>In thousands of Euros</i>	2012	2011
Euros	20,560	18,660
US Dollar	3,288	3,308
Sterling Pound	1,290	708
Japanese Yen	15,138	11,739
Hong Kong Dollar	11,095	7,953
Brazilian Real	8,402	4,093
Taiwan Dollar	2,538	2,149
Chinese Renminbi	7,993	5,393
Other currencies	6,443	5,626
Total	76,747	59,629

12.2. Company information

Trade receivables, net consist of the following:

31 March <i>In thousands of Euros</i>	2012	2011
Trade receivables, gross	10,688	10,575
Less, allowances for doubtful accounts	(969)	(807)
Trade receivables, net	9,719	9,768

Credit risk:

The carrying amounts of the Company's trade receivables approximate their fair value. At the balance sheet date, there is no concentration of credit risk with respect to trade receivables, as the Company has a large number of customers, dispersed internationally. The maximum exposure to credit risk at each balance sheet date is the fair value of receivables set out above.

12. TRADE RECEIVABLES, NET (continued)**12.2. Company information** (continued)**Credit risk:** (continued)

The Company's sales to the customers in the Sell-in segments are made with credit terms generally from 60 and 90 days. Ageing analysis of trade receivables from due date at the respective balance sheet date are as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Current and past due within 3 months	9,620	10,379
3 to 6 months	577	111
6 to 12 months	171	52
Over 12 months	320	33
Trade receivables, gross	10,688	10,575

Movement of the Company's provision for impairment on trade receivables are as follows:

31 March <i>In thousands of Euros</i>	2012	2011
At beginning of the year / period	(807)	(291)
Provision for impairment	(438)	(516)
Reversal of impairment	276	—
At end of the year / period	(969)	(807)

Provision for impaired receivables and its reversal have been included in distribution expenses.

The ageing of the provision for the impaired receivables from due date is as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Within 3 months	342	643
3 to 6 months	100	109
6 to 12 months	165	22
Over 12 months	362	33
Impaired receivables	969	807

The individually impaired receivables relate to wholesalers which are in unexpectedly difficult economic situations.

12. TRADE RECEIVABLES, NET *(continued)*

12.2. Company information *(continued)*

Credit risk: *(continued)*

The ageing analysis of trade receivables from due date that were past due but not impaired as at 31 March 2012 and 2011 is as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Within 3 months	1,206	1,591
3 to 6 months	435	2
6 to 12 months	6	30
Over 12 months	—	—
Trade receivables past due but not impaired	1,647	1,623

These trade receivables relate to a number of customers for whom there is no recent history of default.

The Company considers that there is no recoverability risk on these past due receivables.

Denomination in currencies:

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

31 March <i>In thousands of Euros</i>	2012	2011
Euros	7,642	7,444
US Dollar	1,844	2,206
Sterling Pound	223	99
Other currencies	10	19
Total	9,719	9,768

13. OTHER CURRENT ASSETS

The following table presents details of other current assets:

31 March <i>In thousands of Euros</i>	2012	2011
Value added tax receivable and other taxes and social items receivable	18,218	15,834
Prepaid expenses (a)	14,561	12,370
Income tax receivable (b)	7,999	636
Recharge of IPO costs and management fees to the parent company (note 30.2)	—	197
Short-term bank deposit (c)	1,696	960
Advance payments to suppliers	2,031	2,217
Other current assets	3,447	2,167
Total other current assets	47,952	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 17).

14. DERIVATIVE FINANCIAL INSTRUMENTS

Analysis of derivative financial instruments

Derivative financial instruments are analyzed as follows:

31 March <i>In thousands of Euros</i>	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives				
- held for trading	—	87	—	110
Foreign exchange derivatives				
- held for trading	1,006	77	201	367
Sub-total derivative financial instruments at fair value through profit and loss	1,006	164	201	477
Interest rate derivatives				
- cash flow hedges	—	360	—	695
Foreign exchange derivatives				
- cash flow hedges	—	—	—	261
Sub-total derivative financial instruments designated as hedging instruments	—	360	—	956
Total derivative financial instruments	1,006	524	201	1,433
Less non-current portion:				
- Interest rate derivatives				
- cash flow hedges	—	360	—	554
- Interest rate derivatives				
- held for trading	—	—	—	—
Non current portion of derivative financial instruments	—	360	—	554
Current portion of derivative financial instruments	1,006	164	201	879

Held for trading derivatives are classified as a current asset or liability. The fair value of a derivative designated as hedging instrument is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognized in the hedging reserve in other comprehensive income on forward foreign exchange contracts designated as hedging instruments as of the end of the period will be recognized in the statement of income in the period or periods during which the hedged forecast transaction will affect the statement of income. This is generally within the 12 months from the balance sheet date.

14. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Derivatives at fair value through profit and loss

The change in fair value related to derivatives at fair value through profit and loss is as follows:

31 March <i>In thousands of Euros</i>	2012	2011
– within “Finance costs” for interest derivatives (note 23)	23	120
– within “Foreign currence gains / (losses)” for currency derivatives (note 24)	1,097	677
Total change in the fair value of derivatives at fair value through profit and loss : gains / (losses)	1,120	797

Derivatives designated as hedging instruments

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

31 March <i>In thousands of Euros</i>	2012	2011
Interest rate derivatives - cash flow hedges	337	669
Foreign exchange derivatives - cash flow hedges	261	218
Total change in the fair value of hedging instruments	598	887
Less ineffective portion:		
– Ineffective portion of interest rate derivatives	2	45
– Ineffective portion of foreign exchange derivatives	156	(340)
Ineffective portion	158	(295)
Effective portion (note 25.5)	440	1,182

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 of (€300,000) at 31 March 2012, (€815,000) at 31 March 2011.

14. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)***Derivatives designated as hedging instruments** *(continued)*

The ineffective portion that arises from derivatives designated as hedging instruments is recognized in the statement of income as follows:

31 March <i>In thousands of Euros</i>	2012	2011
– within “Finance costs” for interest derivatives (note 23)	2	45
– within “Foreign currence gains / (losses)” for currency derivatives (note 24)	156	(340)
Total change in the fair value of derivatives at fair value through profit and loss : gains / (losses)	158	(295)

Notional amounts of derivatives**(a) Foreign exchange derivatives**

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

Currencies	31 March	
	2012	2011
<i>Sale of currencies</i>		
JPY	39,339	28,484
USD	7,487	–
GBP	5,396	1,132
CAD	1,487	943
THB	991	949
AUD	686	1,456
CZK	291	151
PLN	217	137
BRL	–	6,527
MXN	–	414
<i>Purchase of currencies</i>		
EUR	–	1,100
JPY	7,758	–
RUB	1,988	–

14. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Notional amounts of derivatives

(b) Interest rate derivatives

The notional principal amounts of the outstanding interest rate derivatives that qualify for hedge accounting are (in thousands of Euros):

Instruments	Rates	2012	2011
Swap EUR	Fixed interest rate : 4%	15,000	15,000
Swap USD	Fixed interest rate : 2.995%	—	7,039

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as of 31 March 2012 will be continuously released to the statement of income until the repayment of the bank borrowings.

The notional principal amounts of the outstanding interest rate derivatives that do not qualify for hedge accounting are (in thousands of Euros):

Instruments	Rates	31 March 2012	2011
Swap	Fixed interest rate : 3.7625%	3,150	3,544

15. CASH AND CASH EQUIVALENTS

15.1. Group information

The following table presents details of cash and cash equivalents:

31 March <i>In thousands of Euros</i>	2012	2011
Cash at bank and in hand	307,534	43,165
Cash equivalents	769	256,960
Cash and cash equivalents	308,303	300,125

Cash equivalents include highly liquid investments in short-term bank deposits.

The effective interest rate on cash at bank and in hand is based on Eonia Index +0.30% for Euro and on Libor USD index + 0.50% for US dollar in 2012.

The effective interest rate on cash at bank and in hand is based on Eonia Index -0.10% for Euro and on Fed Funds Rate - 0.10% for US dollar in 2011.

The effective interest rate on cash equivalents (short-term bank deposits) is based on Eonia Index in 2012 and 2011.

15. CASH AND CASH EQUIVALENTS *(continued)***15.1. Group information** *(continued)*

The cash and cash equivalents are denominated in the following currencies:

Currencies	31 March	
	2012	2011
EUR	271,460	260,937
CNY	6,601	4,078
USD	6,015	5,444
JPY	5,444	7,985
HKD	4,455	4,801
Others	14,328	16,880
Total	308,303	300,125

15.2. Company information

The following table presents details of cash and cash equivalents:

31 March <i>In thousands of Euros</i>	2012		2011	
Cash at bank and in hand	268,357		6,020	
Cash equivalents	—		256,920	
Cash and cash equivalents	268,357		262,940	

The effective interest rate on cash at bank and in hand is based on Eonia Index +0.30% for Euro and on Libor USD index + 0.50% for US dollar in 2012.

The effective interest rate on cash at bank and in hand is based on Eonia Index -0.10% for Euro and on Fed Funds Rate -0.10% for US dollar in 2011.

The effective interest rate on cash equivalents (short-term bank deposits) is based on Eonia Index.

16. CAPITAL AND RESERVES

L'Occitane International S.A. is a corporation incorporated in the Grand Duchy of Luxembourg. The authorized capital of the Company is €1,500,000,000 out of which €44,309,000 are issued as at 31 March 2012. At 31 March 2012, the Company's share capital is held by the company "L'Occitane Groupe S.A.", in a proportion of 69.18%.

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

16.1. 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:

<i>In thousands of Euros except "Number of shares"</i>	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 31 March 2012	1,476,964,891	44,309	342,851

16.2. Treasury shares

During the fiscal year ended 31 March 2012, the Company purchased 6,655,500 own shares at an average price of HK\$ 14.48 per share on The Hong Kong Stock Exchange. The purchase involved a total cash outflow of HK\$ 96,383,469.46 (including directly attributable costs). The aggregate price of the purchased shares was deducted from equity as treasury shares reserve for an amount of €9,247,000.

16. CAPITAL AND RESERVES (continued)

16.3. 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 31 March 2012, the stock options and free shares plans are the following:

Plans / grants	Movements in the number of equity instruments granted					Characteristics of the plans / grants				
	At the beginning of the period / year	Granted over the period / year	Forfeited	Harmonization in performance conditions	At the end of the period / year	Number of options exercisable or shares	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	(934,000)	1,720,000	7,974,000	–	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	(306,000)	–	1,820,000	–	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.

On January 30, 2012, the board of directors resolved that the tailored non-market performance conditions are harmonized to the general non-market performance conditions. There is no significant impact in the share-based compensation expense for the year.

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

16. CAPITAL AND RESERVES (continued)

16.3. Share-based payments (continued)

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

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:

Grant date	Exercise price	Fair value of a share of the Company	Inputs into the model		Annual risk-free interest rate	Expected option life	Fair value of the option
			Volatility	Dividend yield			
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

(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 fiscal year ended 31 March 2012, no share-based payments related to LOG equity instruments have been granted.

On 31 March 2012, the stock options plans are the following:

Plans / grants	Movements in the number of equity instruments granted				At the end of the period / year	Number of options exercisable	Characteristics of the plans / grants			
	At the beginning of the period / year	Exercised over the period / year	Forfeited	Expired			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	—	(27,500)	—	316,200	—	6 years	4 years	Management and middle management	None
Granted on April 2010 at an exercise price of €23.20	10,000	—	—	—	10,000	—	6 years	4 years	Management and middle management	None
Plan authorized on 28 September 2007 for 200,000 stock options										
Granted on February 2008 at an exercise price of €26.10	154,200	(55,150)	(3,500)	—	95,550	95,550	6 years	4 years	Management and middle management	None

16. CAPITAL AND RESERVES (continued)

16.3. Share-based payments (continued)

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

Accounting treatment (continued)

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:

Grant date	Exercise price	Inputs into the model			Annual risk-free interest rate	Expected option life	Fair value of the option
		Fair value of a LOG share	Volatility	Dividend yield			
August 2010	€23.20	(a)	35%	None	2.5%	4 years	€19.91
July 2009	€23.20	(a)	35%	None	2.5%	4 years	€19.91
February 2008	€26.10	(a)	26%	None	4.4%	4 years	€12.01

(a) The fair value of a share of L'Occitane Groupe S.A. was determined through a formula based on multiples for comparable companies (net sales, EBITDA, net income and market capitalization). These multiples were applied to the performance of the Group based on forecasted figures which were available at the grant date.

On 31 March 2012, the free shares plans are the following:

Plans / grants	Movements in the number of equity instruments granted				Characteristics of the plans / grants			
	At the beginning of the period / year	Vested over the period / year	Forfeited	Expired	At the end of the period / year	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	None
Granted on June 2008	24,745	—	(1,500)	—	23,245	4 years	Management and middle management	None
Granted on August 2010	9,755	—	—	—	9,755	4 years	Management and middle management	None
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	None
Granted on July 2009	18,825	—	(2,420)	—	16,405	4 years	Management and middle management	None
Granted on August 2010	3,745	—	—	—	3,745	4 years	Management and middle management	None

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

16. CAPITAL AND RESERVES *(continued)*

16.3. Share-based payments *(continued)*

(iii) Total share-based compensation expense

During the period ended 31 March 2012, the share-based compensation expense recognized within the employee benefits is the following:

- For plans with LOI equity instruments: €800,000 (€nil during the period ended 31 March 2011);
- For plans with LOG equity instruments: €2,183,000 (€2,017,000 during the period ended 31 March 2011).

16.4. Distributable reserves

On 31 March 2012, the distributable reserves of L'Occitane International S.A. amounted to €246,477,000 (€179,985,000 as at 31 March 2011).

16.5. Dividend per share

On 30 September 2011, the annual Shareholder's Meeting approved the distribution of €19,939,026 being €0.0135 per share which was paid on 21 October 2011.

On 31 March 2010, the Shareholders' Meeting approved the distribution of €80,000,000 being €4.147 per share. This distribution was conditional upon the approval of the interim financial information of the Company on a standalone basis under Luxembourg Generally Accepted Accounting Principles as at 28 February 2010. This interim financial information was approved by the Board of directors held for 9 April 2010. On 31 March 2010, the dividend payable was recognised as a current liability (note 18). The dividend was paid on 4 May 2010.

16.6. Additional paid in capital

Additional paid in capital includes:

- The additional paid in capital recognized in the statutory financial statements;
- The effect of valuing, at market value, the shares issued in exchange of acquisitions;
- The difference between the carrying amount net of tax and the nominal amount of the compound financial instruments converted to equity on 26 February 2007.

17. BORROWINGS

Group:

Borrowings include the following items:

31 March <i>In thousands of Euros</i>	2012	2011
FY2011 Revolving facility	42,112	39,669
FY2012 bank borrowing	6,826	—
Other bank borrowings	1,497	1,781
Finance lease liabilities	17,938	15,241
Current accounts with minority shareholders and related parties	849	3,055
Bank overdrafts	19	272
Total	69,241	60,018
Less, current portion:		
– FY2011 Revolving facility	(247)	(291)
– FY2012 bank borrowing	—	—
– Other bank borrowings	(1,497)	(1,225)
– Finance lease liabilities	(1,813)	(1,172)
– Current accounts with minority shareholders and related parties	(849)	(3,055)
– Bank overdrafts	(19)	(272)
Total current	(4,425)	(6,015)
Total non-current	64,816	54,003

The FY2011 Revolving Facility is secured by a pledged on 100% of L'Occitane S.A. shares (note 25.3). The FY2012 bank borrowing is secured by a land in Manosque, France. The other bank borrowing is secured by a pledge on a short-term bank deposit (note 13).

17. BORROWINGS *(continued)*

Company:

Borrowings include the following items:

31 March <i>In thousands of Euros</i>	2012	2011
FY2011 Revolving facility	26,973	24,532
Other bank borrowings	—	—
Bank overdrafts	—	—
Total	26,973	24,532
Less, current portion:		
FY2011 Revolving facility	(109)	(155)
– Other bank borrowings	—	—
– Bank overdrafts	—	—
Total current	(109)	(155)
Total non-current	26,864	24,377

17.1. Maturity of non-current borrowings

For the year ended 31 March 2012 and 2011, maturity of non-current borrowings, excluding current portion, can be broken down as follows:

<i>In thousands of Euros</i>	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total non-current
FY2011 Revolving facility	—	41,865	—	41,865
FY2012 bank borrowing	488	1,464	4,874	6,826
Other bank borrowings	—	—	—	—
Finance lease liabilities	1,850	4,866	9,409	16,125
Maturity on 31 March 2012	2,338	48,195	14,283	64,816
FY2011 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

17. BORROWINGS *(continued)*

17.2. Credit facilities agreements

FY2012 bank borrowing

On 20 June 2011, the Group signed a new bank borrowing agreement for an amount of €10.0 million with a 15 years maturity and that can be drawn only by L'Occitane S.A.. As at 31 March 2012, the bank borrowing was drawn for an amount of €6,825,733.

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

The FY2012 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 29.3).

FY2011 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. An amount of €41,864,796 is drawn as at 31 March 2012 (€39,378,000 as at 31 March 2011).

Event of default resulting in the early repayment of the FY2011 Revolving Facility agreement depends on the Leverage financial ratio which is based on the annual Group's consolidated financial statements. The ratio is calculated for the first time on the basis of the consolidated financial statements of the fiscal year ending 31 March 2011. The leverage financial ratio is calculated as follows: Consolidated net debt / EBITDA. For the measurement of this ratio, the definitions to be used are as follows:

Consolidated net debt	Current and non-current borrowings (including finance leases and other commitments but excluding operating 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 was respected as at 31 March 2012 and 2011.

The FY2011 Revolving Facility includes a repricing option. The interest rates depend on the above described Leverage financial ratio calculated every year after the consolidated financial statements of the Company are issued. The change in the ratio results in repricing the interest rate as follows:

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

17. BORROWINGS *(continued)*

17.2. Credit facilities agreements *(continued)*

FY2011 Revolving facility (continued)

During the fiscal years ended 31 March 2012 and 31 March 2011, the interest rate was based on Euribor 3M + Margin -0.4.

The FY2011 Revolving Facility is secured by a pledge on 100% of L'Occitane S.A. shares.

Directly attributable transaction costs related to the issuance of this FY2011 Revolving Facility amounted to €1,000,000. As there is no evidence that it is probable that some or all the facilities will be drawn down, the fees were capitalised as a pre-payment for liquidity services and amortised over the period of facility to which it relates (note 13).

17.3. Current accounts with non-controlling interests

Current accounts with non-controlling interests :

31 March		2012	2011
<i>In thousands of Euros</i>			
	Minority shareholders		
L'Occitane Korea (note 29.4)	Clarins Group	—	1,000
L'Occitane Suisse (note 29.4)	Clarins Group	—	1,267
L'Occitane Thailand	Various individual minority shareholders	849	776
L'Occitane India	Beauty Concepts Pvt Ltd.	—	12
Total current accounts		849	3,055

Since 25 June 2010, Clarins Group is no more a related party to the Group.

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.

17. BORROWINGS *(continued)***17.4. Finance lease liabilities**

Finance lease liabilities outstanding are analyzed as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Within one year	2,166	1,498
One to two years	2,174	1,786
Two to three years	2,187	1,799
Three to four years	2,056	1,813
Four to five years	1,676	1,701
Thereafter	10,580	8,909
Total future minimum lease payments	20,841	17,506
Less, amount representing interest	(2,903)	(2,265)
Present value of finance lease liabilities	17,938	15,241
Less, current portion of finance lease liabilities	(1,813)	(1,172)
Non-current portion of finance lease liabilities	16,125	14,069

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 (Euribor 3M + Margin for a part of the finance lease amounting to €9,334,000; Euribor 3M + Margin for a part of the finance lease amounting to €4,666,000). On 9 September 2011, the Company signed an additional clause to increase by €2,700,000 the total amount of the finance lease with the same conditions.

As at 31 March 2012, an amount of €13,997,000 was drawn (€10,088,000 as at 31 March 2011).

17.5. Effective interest rates

The effective interest rates at the balance sheet date were as follows:

As at 31 March	2012	2011
FY2012 bank borrowing	Euribor 3M + Margin	—
FY2011 Revolving facility	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin
Other borrowings	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin
Bank overdrafts	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin
Finance lease liabilities	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin

17. BORROWINGS *(continued)*

17.6. Denomination in currencies

The carrying amounts of the Group's borrowings are denominated in the following currencies:

31 March <i>In thousands of Euros</i>	2012	2011
Euro	40,030	32,615
US dollar	12,728	13,066
Sterling Pound	5,876	1,810
Canadian Dollar	5,559	5,223
Swiss Franc	1,328	2,421
Australian dollar	—	2,038
Other currencies	3,720	2,845
Total	69,241	60,018

17.7. Borrowing facilities

The Group has the following undrawn borrowing facilities:

31 March <i>In thousands of Euros</i>	2012	2011
Floating rate:		
– Expiring within one year	2,738	2,968
– Expiring beyond one year	311,309	310,622
Fixed rate:		
– Expiring within one year	—	—
– Expiring beyond one year	—	—
Total	314,047	313,590

18. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include the following:

31 March <i>In thousands of Euros</i>	2012	2011
Retirement indemnities	3,519	2,413
Liabilities linked to operating leases	7,053	5,738
Provisions for dismantling and restoring	3,626	2,875
Grants to a foundation	220	—
Total non current liabilities	14,418	11,026
Grants to a foundation	240	260
Deferred revenue	7,916	6,073
Total current liabilities	8,156	6,333

18.1. Provision for retirement indemnities

Subsidiaries of the Group incorporated in France contribute to the national pension system, which is a defined contribution obligation. In addition, a lump-sum payment is made on the date the employee reaches retirement age, such award being determined for each individual based upon factors such as years of service provided and projected final salary. There are no plan assets. In other countries, the Group contributes to pensions with defined contributions.

The amounts recognized in the balance sheet are determined as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Present value of unfunded obligations	3,519	2,413
Unrecognized past service cost	—	—
Liability in the balance sheet	3,519	2,413

The movement in the defined benefit obligation over the year is as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Beginning of the year / period	2,413	1,935
Current service cost	488	329
Interest cost	120	97
Actuarial losses	495	66
Exchange differences	15	(4)
Benefits paid	(12)	(10)
Curtailments	—	—
Settlements	—	—
End of year / period	3,519	2,413

18. OTHER CURRENT AND NON-CURRENT LIABILITIES *(continued)*

18.1. Provision for retirement indemnities *(continued)*

The amounts recognized in the income statement are as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Current service cost	488	329
Interest cost	120	97
Actuarial losses	—	66
Total included in employee benefit expenses (note 21)	608	492

The principal actuarial assumptions used were as follows:

31 March <i>%</i>	2012	2011
Discount rate	4.00	5.00
Inflation rate	2.00	2.00
Future salary increases	3.00	3.00
Retirement age (in number of years)	62-64	62-64

The effect of a 1% movement of the actuarial assumptions is not material on the calculation of the defined benefit obligation.

18.2. Liabilities linked to operating leases

The liabilities linked to operating leases are related to:

- The impact of recognizing the lease payment as an expense on a straight-line basis (note 2.25);
- Incentives received from the lessors at the inception of the lease, which are recognized pro-rata over the lease term (note 2.25).

18. OTHER CURRENT AND NON-CURRENT LIABILITIES (continued)**18.3. Provision for dismantling and restoring**

As at 31 March 2012, provisions for dismantling and restoring costs are as follows:

<i>In thousands of Euros</i>	31 March 2011	Provisions recorded in the statement of income	Provisions recorded as a component of tangible fixed assets	Unused amounts reversed	Used during the year	Exchange differences	31 March 2012
Provisions recorded over the length of the lease	477	152	–	–	(3)	28	654
Provisions recorded at the inception of the lease	2,398	–	419	(14)	–	169	2,972
Total	2,875	152	419	(14)	(3)	197	3,626

<i>In thousands of Euros</i>	31 March 2010	Provisions recorded in the statement of income	Provisions recorded as a component of tangible fixed assets	Unused amounts reversed	Used during the year	Exchange differences	31 March 2011
Provisions recorded over the length of the lease	425	72	–	–	(22)	2	477
Provisions recorded at the inception of the lease	1,900	–	377	–	–	121	2,398
Total	2,325	72	377	0	(22)	123	2,875

18. OTHER CURRENT AND NON-CURRENT LIABILITIES *(continued)*

18.4. Grants to a foundation

On 9 October, 2010, Melvita Production SAS and Melvita SAS, two wholly owned French subsidiaries of the Group, participated in the creation of a foundation ("La Fondation d'Entreprise Melvita"). The objective of this foundation is to fund ecological projects, related to the protection of bees and their environment and supporting a 100 percent biological method of agriculture. At the creation of this foundation, the two subsidiaries Melvita Production SAS and Melvita SAS are unconditionally committed to fund the foundation for an amount of €300,000.

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 year ended 31 March 2012. The payment of the total obligation is guaranteed by the bank Calyon.

The maturity of the remaining obligation can be analyzed as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Within one year	240	260
One to two years	220	—
Two to three years	—	—
Three to four years	—	—
Total obligation	460	260
Less, current portion	(240)	(260)
Non-current portion of the obligation	220	—

The obligation is recorded at its nominal value. The impact for not discounting is not significant. The payment of the total obligation is guaranteed by the bank Calyon.

The payments to the foundation benefit from a tax incentive as the payments are deductible at a rate of 60% as opposed to the normal enacted income tax rate of 36.10% in France.

18.5. Deferred revenue

Deferred revenue is related to:

- Sales for which the transfer of ownership and related risks has not occurred at year-end;
- The fair value of the consideration received allocated to the award credits granted in case of loyalty program.

19. TRADE PAYABLES

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

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

31 March <i>In thousands of Euros</i>	2012	2011
Current and past due within 3 months	84,175	71,825
Past due from 3 to 6 months	335	380
Past due from 6 to 12 months	18	270
Past due over 12 months	—	8
Trade payables	84,528	72,483

20. 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.

20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES *(continued)*

As at 31 March 2012 provisions for other liabilities and charges can be analyzed as follows:

<i>In thousands of Euros</i>	31 March 2011	Additional provisions	Unused amounts reversed	Used during the year	Exchange differences	31 March 2012
Social litigations	1,095	726	(693)	(36)	(14)	1,078
Commercial claims	250	135	(199)	(41)	—	145
Onerous contracts	1,091	519	(272)	(516)	39	861
Tax risks	528	—	—	—	(28)	500
Total	2,964	1,380	(1,164)	(593)	(3)	2,584

The provision for onerous contracts is related to operating lease contracts of stores (note 2.18).

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

21. EXPENSES BY NATURE

Expenses by nature include the following amounts:

31 March <i>In thousands of Euros</i>	2012	2011
Employee benefit expenses (a)	251,904	207,619
Rent and occupancy (b)	159,958	132,345
Raw materials and consumables used	101,009	103,774
Change in inventories of finished goods and work in progress	(18,224)	(33,112)
Advertising costs (c)	82,165	75,665
Professional fees (d)	49,626	38,884
Depreciation, amortization and impairment (note 27.3) (e)	36,217	30,452
Transportation expenses	31,813	28,403
Listing costs	—	412
Auditor's remuneration (f)	1,086	1,159
Other expenses, net	64,617	57,009
Total cost of sales, distribution expenses, marketing expenses, research and development expenses and general and administrative expenses	760,171	642,609

(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.

21. EXPENSES BY NATURE *(continued)*

- (e) Depreciation, amortization and impairment do not include the amortization of the trademarks for €624,000 which is recognized in the line "Other (losses) / gains, net".
- (f) Auditor's remuneration relates to audit services for €950,000 (€1,015,000 for the fiscal year ended 31 March 2011) and audited related services for €136,000 (€144,000 for the fiscal year ended 31 March 2011).

Employee benefits include the following amounts:

31 March <i>In thousands of Euros</i>	2012	2011
Wages, salaries and bonus	205,809	170,028
Share-based payments	2,983	2,017
Social security	42,201	34,636
Post employment benefit (note 18)	608	492
Others	303	446
Total employee benefits	251,904	207,619
Workforce (full time equivalent)	6,459	5,470

Wages, salaries and bonus include the cost of temporary staff.

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

22. OTHER (LOSSES) / GAINS, NET

Other (losses) / gains, net are detailed as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Profit / (loss) on sale of assets (note 27.2)	(193)	1,471
Adjustment on prior years results in l'Occitane Thailand Ltd	(683)	—
Amortization on trademarks	(624)	—
Government grants	496	928
Other (losses) / gains, net	(1,004)	2,399

The government grants correspond to grants on research and development costs and on employee profit sharing scheme.

23. FINANCE COSTS, NET

Finance costs, net consist of the following:

31 March <i>In thousands of Euros</i>	2012	2011
Interest on cash and cash equivalents	2,974	1,876
Gains from investment securities	963	—
Fair value gains on derivatives (note 14)	25	165
Finance income	3,962	2,041
Interest expense on:		
– FY2010 Syndicated facility	(1,929)	(1,466)
– Interest on other borrowings	(1,005)	(1,463)
– Finance lease	(317)	(204)
– Unwinding of discount on financial liabilities (note 6.3)	(527)	(369)
Finance costs	(3,778)	(3,502)
Finance costs, net	184	(1,461)

There is no financial assets at fair value through profit or loss as at 31 March 2012.

The interest expense on other borrowings is related to other bank borrowings, current account with non-controlling interests and related parties (excluding financing from parent) and bank overdrafts.

On 31 March 2012, the interests net paid amount to €277,000 (€1,224,000 on 31 March 2011).

24. FOREIGN CURRENCY GAINS / (LOSSES)

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

31 March <i>In thousands of Euros</i>	2012	2011
Foreign exchange differences (note 27.2)	2 875	(3,357)
Fair value gains on derivatives (note 14)	1,253	337
Foreign currency gains / (losses)	4,128	(3,020)

25. INCOME TAX EXPENSE**25.1. Income tax expense**

The components of income tax expense are as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Current income tax	(32,664)	(40,234)
Deferred income tax	270	15,331
Total tax expense	(32,394)	(24,903)

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

31 March <i>In thousands of Euros</i>	2012	2011
Profit before tax	156,585	127,603
Income tax calculated at corporate tax rate <i>(Luxembourg tax rate of 28.59% as at 31 March 2012 and 28.80% as at 31 March 2011)</i>	(44,768)	(36,749)
Effect of different tax rates in foreign countries	17,003	17,317
Effect of unrecognized tax assets	(2,093)	(2,016)
Expenses not deductible for taxation purposes	(1,200)	(1,701)
Effect of unremitted tax earnings	(1,283)	(1,841)
Recognition of previously unrecognised tax assets	7	91
Minimum tax payments	(60)	(4)
Income tax expense	(32,394)	(24,903)

25. INCOME TAX EXPENSE *(continued)*

25.2. Components of deferred income tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset a current tax asset against a current tax liability and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The components of the net deferred income tax assets recorded on 31 March 2012 and 2011 are:

31 March <i>In thousands of Euros</i>	2012	2011
ASSETS		
Tax loss carried forward	4,529	2,174
Intercompany margin in inventory	21,799	22,342
Excess tax basis over carrying amount of non-current assets	10,504	10,212
Promotional goods expensed	1,785	3,983
Inventory valuation	2,872	2,186
Rent on operating leases recognized on a straight-line basis	1,225	956
Employee benefits	2,252	1,520
Loyalty programs	846	616
Provision for charges and other liabilities (onerous contracts, litigations)	390	588
Derivatives financial instruments	71	165
New tax regulation	285	—
Deferred tax related to grants to a foundation	120	156
Other temporary differences	2,603	2,953
Total	49,281	47,851
<i>To be recovered after more than 12 months</i>	<i>17,971</i>	<i>14,280</i>
<i>To be recovered within 12 months</i>	<i>31,310</i>	<i>33,571</i>
LIABILITIES		
Identified intangible assets in business combinations	(5,119)	(5,272)
Income tax on unremitted earnings	(3,791)	(2,978)
New tax regulation	—	(57)
Derivatives financial instruments	(251)	—
Other temporary differences	(96)	(96)
Total	(9,257)	(8,403)
<i>To be recovered after more than 12 months</i>	<i>(5,215)</i>	<i>(5,425)</i>
<i>To be recovered within 12 months</i>	<i>(4,042)</i>	<i>(2,978)</i>
Deferred income tax, net	40,024	39,448
<i>Deferred income tax assets</i>	<i>41,972</i>	<i>40,701</i>
<i>Deferred income tax liabilities</i>	<i>(1,948)</i>	<i>(1,253)</i>

25. INCOME TAX EXPENSE (continued)**25.2. Components of deferred income tax assets and liabilities** (continued)

Deferred income tax assets are recognized to the extent that the realization of the related benefit through the future taxable profits is probable.

On 31 March 2012, the Group had tax losses of €22,735,000 to be carried over, generating a potential deferred tax asset of €7,452,000. These figures were €12,926,000 and €4,367,000 respectively, on 31 March 2011. The tax losses not recognized as deferred tax assets amount to €9,946,000 (€7,000,000 as at March 31, 2011).

The use of the deferred tax assets will mainly depend upon the Group's results from operations, which are difficult to accurately predict in certain tax jurisdictions. The deferred income tax assets that were not recognized on 31 March 2012, amount to €2,888,000 and €2,192,000 on 31 March 2011.

25.3. Movements in deferred tax assets and liabilities, net

The movement in deferred tax assets and liabilities, net during the year is as follows:

31 March <i>In thousands of Euros</i>	2012	2011
At the beginning of the year	39,448	25,028
(Charged) / credited to income (note 25.1)	270	15,331
(Charged) / credited to equity	(140)	(873)
Acquisition of subsidiary (note 6)	—	—
Exchange differences	446	(38)
At the end of the year	40,024	39,448

As at 31 March 2012, the deferred income tax charged to equity related to:

- the effective portion of change in the fair value of derivatives designated as hedging instruments that were recognized in other comprehensive income (note 14): €(140,000).

As at 31 March 2011, the deferred income tax charged to equity related to:

- The effective portion of change in the fair value of derivatives designated as hedging instruments that were recognized in other comprehensive income (note 14): €(367,000);
- The costs directly attributable to the issue of new shares (note 21): €(506,000). The tax impact relating to these costs has been reversed during the fiscal year ended 31 March 2011 as these costs are now considered as non deductible.

25. INCOME TAX EXPENSE *(continued)*

25.4. Income tax on unremitted earnings

Deferred income taxes on the unremitted earnings of the Group's foreign subsidiaries and associates are provided for unless the Group intends to indefinitely reinvest the earnings in the subsidiaries. The Group does intend to indefinitely reinvest unremitted earnings of its foreign subsidiaries in most jurisdictions.

For certain subsidiaries that the Group does not intend to indefinitely reinvest unremitted earnings of these foreign jurisdictions, the corresponding distribution of earnings may trigger taxes. Therefore, the Group provides for deferred income taxes on these earnings where distribution would trigger taxes. The corresponding deferred tax liability amounts to €3,791,000 on 31 March 2012 and €2,978,000 on 31 March 2011.

25.5. Income tax on components of other comprehensive income

The tax (charge) / credit relating to components of other comprehensive income is as follows:

	31 March 2012			31 March 2011		
	Before tax	Tax (charge) / credit	After tax	Before tax	Tax (charge) / credit	After tax
Cash flow hedges fair value gains / (losses) (note 14)	440	(140)	300	1,182	(367)	815
Actuarial losses on defined benefit obligation (note 18.1)	(495)	—	(495)	—	—	—
Currency translation differences	4,562	—	4,562	942	—	942
Other comprehensive income	4,507	(140)	4,367	2,124	(367)	1,757

26. EARNINGS PER SHARE

The Group applies the rules governing earnings per share as described in note 2.30 above.

26.1. Basic

Basic earnings per share are 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.

	31 March 2012	2011
Profit for the year attributable to equity holders of the Company (in thousands of Euros)	121,159	99,501
Weighted average number of ordinary shares in issue	1,474,789,625	1,455,250,609
Weighted average number of ordinary shares in issue	1,474,789,625	1,455,250,609
Basic earnings per share (in € per share)	0.082	0.068

26.2. 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. Share options are the sole category of dilutive potential ordinary shares for the Group. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2012	2011
Profit for the year attributable to equity holders of the Company (in thousands of Euros)	121,159	99,501
Weighted average number of ordinary shares in issue	1,474,789,625	1,455,250,609
Adjustments for:		
– Share options (a)	–	–
Weighted average number of ordinary shares for diluted earnings per share in issue	1,474,789,625	1,455,250,609
Diluted earnings per share (in € per share)	0.082	0.068

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

27. SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION

27.1. Cash paid for interest and income taxes

Cash paid for interest and income taxes are as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Cash paid for:		
– Interest net	779	1,494
– Income taxes	43,466	26,119

27.2. Proceeds from sale of assets

In the cash flow statement, proceeds from sale of assets comprise the following:

31 March <i>In thousands of Euros</i>	2012			2011		
	Intangible assets	Property, plant and equipment	Total	Intangible assets	Property, plant and equipment	Total
Disposals - Cost	997	15,584	16,581	1,366	8,159	9,525
Disposals - Accumulated depreciation and amortization	(274)	(11,482)	(11,756)	(698)	(5,966)	(6,664)
Net book value (7), (9)	723	4,102	4,825	668	2,193	2,861
Profit / (loss) on sale of assets (22)	763	(956)	(193)	1,692	(221)	1,471
Proceeds from sale of assets	1,486	3,146	4,632	2,360	1,972	4,332

In the fiscal year ended 31 March 2010, Oliviers and Co. LLC, L'Occitane Inc (the sellers, two fully owned subsidiaries of the Group) and Oliviers & Co S.A. (the buyer) have signed a transition and an asset purchase agreement under which the assets of four stores have been transferred from the Group to Oliviers & Co S.A.. During the fiscal year ended 31 March 2011, following the renewal of a lease, the Company received an additional consideration of €755,946.

The profit / (loss) on sale of assets is presented in the line "Other (losses) / gains, net" in the consolidated statement of income.

27. SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION *(continued)***27.3. Depreciation, amortization and impairment**

Depreciation, amortization and impairment include the following:

31 March <i>In thousands of Euros</i>	Notes	2012	2011
Depreciation of property, plant and equipment	(7.3)	28,936	24,953
Impairment charge on property, plant and equipment, net	(7.4)	329	10
Amortization of intangible assets	(9.3)	7,576	5,489
Impairment charge on intangible assets, net	(9.4)	—	—
Depreciation, amortization and impairment, net		36,841	30,452

27.4. Net movement in provisions

In the statement of cash flows, net movement in provisions recorded in the statement of income comprises the following:

31 March <i>In thousands of Euros</i>	Notes	2012	2011
Social litigations	(20)	(3)	(714)
Commercial claims	(20)	(105)	(137)
Onerous contracts	(20)	(269)	(485)
Tax risks	(20)	—	—
Dismantling and restoring	(18)	135	50
Retirement indemnities	(18)	596	482
Net movement in provisions		354	(804)

27.5. Acquisition of fixed assets under finance lease

On 31 March 2012, the Company drawn an amount of €3,909,000 in connection with the acquisition of a land and buildings (see note 7.1 and 17.4) (€5,154,000 was drawn as at 31 March 2011).

27.6. Other non cash items

The Group has granted share-based payments that are described in the note 16.3.

27. SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION *(continued)*

27.7. Effects of the exchange rate changes on the net (decrease) / increase in cash and cash equivalents

The effects of exchange rate changes as stated in the consolidated statement of cash flows include the following:

- The translation at the closing exchange rate of foreign currency cash and cash equivalents;
- The exchange rate effect of the movement in foreign currency cash and cash equivalents from the average exchange rate to the closing exchange rate;
- The exchange movements on intra-group transactions not settled at year-end.

27.8. Cash flows reported on a net basis

In accordance with IAS 7.23, proceeds from and repayments of borrowings in which the turnover is quick, the amounts are large, and the maturities are short are reported on a net basis in the consolidated statement of cash flows.

28. CONTINGENCIES

28.1. Legal proceedings

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

28.2. 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 29.

29. COMMITMENTS

29.1. Capital and other expenditure commitments

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

31 March <i>In thousands of Euros</i>	2012	2011
Property, plant and equipment	31,115	6,816
Intangible assets	—	2,097
Investment	—	—
Raw materials	1,274	1,735
Total	32,389	10,648

The amounts as of 31 March 2012 and 2011 are mainly related to the factories.

29.2. 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 lease expenditure charged to the statement of income is disclosed in note 21.

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

31 March <i>In thousands of Euros</i>	2012	2011
Within one year	71,024	61,850
One to two years	55,678	49,413
Two to three years	41,943	37,556
Three to four years	31,081	29,095
Four to five years	24,426	22,451
Subsequent years	64,517	62,124
Total	288,669	262,489

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

29. COMMITMENTS *(continued)*

29.3. Other commitments

<i>In thousands of Euros</i>	31 March 2012	31 March 2011
Pledge of key money (note 17)	—	730
Pledge of land and building (note 17.2)	6,829	—
Pledge of investments (note 17)	42,087	39,669
Total	48,916	40,399

As at 31 March 2012 and 31 March 2011, the pledge of investments corresponds to the FY2011 Revolving facility.

30. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties:

30.1. Key management compensation

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

Director's emoluments

Directors are the Board members. Directors' emoluments expensed during the periods are analyzed as follows:

31 March 2012 <i>In thousands of Euros</i>	Salaries and other benefits kind	Bonus	Directors fees	Share- based payments	Services	Total
Executive directors						
Reinold Geiger (a)	—	150	100	19	672	941
Emmanuel Osti	261	225	10	50	—	546
André Hoffmann	456	152	—	50	—	658
Domenico Trizio (c)	167	163	—	54	—	384
Thomas Levilion	277	175	—	78	—	530
Non executive directors						
Martial Lopez (b)	—	—	—	—	—	—
Karl Guénard	—	—	20	—	—	20
Mark Broadley	—	—	19	4	—	23
Pierre Milet	—	—	20	4	—	24
Susan Kilsby	—	—	18	4	—	22
Jackson Ng	—	—	19	4	—	23
Total	1,161	865	206	267	672	3,171

30. TRANSACTIONS WITH RELATED PARTIES (continued)**30.1. Key management compensation** (continued)**Director's emoluments** (continued)

31 March 2011 <i>In thousands of Euros</i>	Salaries and other benefits kind	Bonus	Directors fees	Share- based payments	Services	Total
Executive directors						
Reinold Geiger	—	100	100	—	672	872
Emmanuel Osti	255	75	5	26	—	361
André Hoffmann	447	154	—	26	—	627
Thomas Levilion	207	82	—	43	—	332
Non executive directors						
Martial Lopez	—	—	—	—	—	—
Karl Guénard	—	—	20	—	—	20
Mark Broadley	—	—	19	—	—	19
Pierre Milet	—	—	20	—	—	20
Susan Kilsby	—	—	19	—	—	19
Jackson Ng	—	—	19	—	—	19
Total	909	411	202	95	672	2,289

Other than the types of emoluments described above, none of the Directors received any other form of compensation during the relevant periods. There was no arrangement under which a director has waived or agreed to waive any emolument.

On 1 November 2011, a manager has been granted a payment of welcome bonus amounting to €250,000 after a 24-month vesting period. This bonus is recognized on a straight-line basis over the vesting period. This manager has since been appointed as director. There is no other payment during the above financial years or periods to directors as an inducement to join the Group or as compensation for loss of office.

- (a) Reinold Geiger is the Chairman and Chief Executive Officer.
- (b) Esprit-fi Eurl, a company owned by Mr. Martial Lopez, was engaged as financial consultant to the Group in return for financial consulting service fee. These fees were not paid to Mr. Martial Lopez as a Director and were not in the nature of Director's emoluments (note 30.3).
- (c) Since 30 September 2011.

30. TRANSACTIONS WITH RELATED PARTIES *(continued)*

30.1. Key management compensation *(continued)*

Five highest paid individuals

The five highest paid individuals are as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Salaries and other benefits in kind	1,360	1,252
Bonus	1,103	499
Directors fees	110	105
Share-based payments	337	164
Services	672	725
Total	3,582	2,745

Four Directors are included in the 31 March 2012 amounts.

Three Directors are included in the 31 March 2011 amounts.

The emoluments of the five highest paid individuals are analysed by the following banding:

Number of individuals	2012	2011
Nil to €300,000	—	—
€300,000 to €400,000	—	—
€400,000 to €500,000	—	1
€500,000 to €600,000	1	2
over €600,000	4	2
Total	5	5

Senior management's emoluments expensed during the period

The emoluments of the senior management are as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Salaries and other benefits in kind	1,533	1,493
Bonus	793	532
Directors fees	—	—
Share-based payments	446	222
Total	2,772	2,247

30. TRANSACTIONS WITH RELATED PARTIES (continued)**30.1. Key management compensation** (continued)**Senior management's emoluments expensed during the period** (continued)

The emoluments of the senior management are analysed by the following banding:

Number of individuals	31 March	
	2012	2011
Nil to €100,000	—	—
€100,000 to €200,000	—	1
€200,000 to €300,000	3	2
€300,000 to €400,000	1	2
over €400,000	3	2
Total	7	7

30.2. Sales of products and services

31 March In thousands of Euros	2012	2011
Sales of goods and services		
– Sales of L'Occitane products to Clarins and its subsidiaries (a)	—	1,030
– Sales of L'Occitane promotional goods to Clarins and its subsidiaries (b)	—	11
– Sales of L'Occitane and Le Couvent des Minimes products to Les Minimes (c)	68	91
– Recharge of IPO costs and management fees to parent (d)	156	969
Total Sales of products	224	2,101
Receivable to related parties in connection with the above sales of products		
– Receivables from Les Minimes (c)	17	16
– Receivables from parent (d)	—	197
Total receivables	17	213

- a) In the normal course of business the Group had sold L'Occitane products, L'Occitane promotional goods and private label products to Clarins and its subsidiaries, which was one of the equity owners of the parent company up to 25 June 2010. On 25 June 2010, the LOG shares owned by Clarins have been acquired by LOG. Therefore at 31 March 2011 Clarins was no more a related party.
- b) The sales of L'Occitane promotional goods were recorded as a decrease of marketing expenses.
- c) In the normal course of business the Group has sold L'Occitane and Le Couvent des minimes products to Les Minimes S.A., which is owned by the parent company as to 25%, by Mr. Reinold Geiger as to 25% and by independent third parties as to 50%.

30. TRANSACTIONS WITH RELATED PARTIES *(continued)*

30.2. Sales of products and services *(continued)*

- d) During the fiscal year ended 31 March 2011, the costs allocated to the listing of existing shares amounted to €857,000 and were recharged to L'Occitane Groupe S.A. (€1,771,000 were recharged during the fiscal year ended 31 March 2010). In addition to that, management fees invoiced by the Company to the parent company amounted to €156,000 for the fiscal year ended 31 March 2012 (€112,000 for the fiscal year ended 31 March 2011).

30.3. Purchases of goods and services

31 March <i>In thousands of Euros</i>	2012	2011
Purchases of services		
– Services from Clarins and its subsidiaries (a)	–	306
– Services from Directors (b)	91	112
– Services from Les Minimes SAS (c)	224	206
– Services from CIME S.A. (d)	–	2
Total purchases of services	315	626
Payables to related parties in connection with the above services		
– Services from Directors (b)	65	44
– Services from Les Minimes SAS (c)	46	44
– Services from CIME S.A. (d)	–	–
Total payables	111	88

- a) Some of the subsidiaries of the Group have contracts for administrative services and cost sharing with Clarins and its subsidiaries, which was one of the equity owners of the parent company. On 25 June 2010, the LOG shares owned by Clarins have been acquired by LOG. Therefore at 31 March 2011 Clarins is no more a related party.
- b) L'Occitane International has a contract for financial consulting services with the company Esprit-fi Eurl, wholly owned by Mr. Martial Lopez.
- c) L'Occitane SA, a French subsidiary, has a contract for communication and marketing services with the company Les Minimes SAS, which is indirectly owned by the parent company as to 25%, by Mr. Reinold Geiger as to 25% and by independent third parties as to 50%.
- d) In 2007, a shareholding fund (FCPE L'Occitane actionnariat) was established. The company CIME, which is controlled by Mr. Reinold Geiger, a Director of the Company, had agreed to act as liquidity guarantor. L'Occitane SA, a French wholly owned subsidiary, had agreed to pay CIME an annual fee representing 0.125% of the net asset value of the fund for so acting as liquidity guarantor. During the fiscal year ended 31 March 2011, the liquidity agreement was modified and CIME is no more the liquidity guarantor.

30. TRANSACTIONS WITH RELATED PARTIES *(continued)***30.4. Borrowings from related parties (note 17.3)**

An advance was granted to L'Occitane Suisse S.A. by the company Clarins B.V., a subsidiary of the Clarins group, which has a common Director with the Group, for an amount in euro equivalent of €1,190,000 on 31 March 2010, with a 1.64333% fixed interest rate on Swiss Francs and with a 2.242% interest rate on euro. An interest expense of €6,000 was recorded by the Group until 25 June 2010.

An advance was granted to L'Occitane Korea Ltd by the company Clarins B.V., a subsidiary of the Clarins group, which has a common Director with the Group, for an amount of €1,502,000 on 31 March 2010 and with a 2.4967% fixed interest rate. An interest expense of €8,000 was recorded by the Group until 25 June 2010.

An advance was granted to L'Occitane Mexico S.A. de C.V. by the company Clarins B.V., a subsidiary of the Clarins group, which has a common Director with the Group, for an amount of €2,419,000 on 31 March 2010 and with a 2.21292% fixed interest rate. An interest expense of €13,000 was recorded by the Group until 25 June 2010.

30.5. Transactions with other related parties

The close members of the family of key management are also related parties. Some individual that are close members of the key management are also employees in the Group or provide services to the Group.

The transactions with these other related parties are as follows:

31 March <i>In thousands of Euros</i>	2012	2011
Cost of services		
– Employees benefits	155	154
– Other services	32	42
Total purchases of services	187	196
Payables to related parties in connection with the above services		
– Employees benefits	–	–
– Other services	–	–
Total payables	–	–

Other services mainly include legal services.

30. TRANSACTIONS WITH RELATED PARTIES *(continued)*

30.6. Formation of joint ventures / acquisition of additional interests in a subsidiary

No transaction occurred with related parties linked to formation of joint-ventures or acquisitions of additional interests in subsidiary other than those listed in note 6 during the years ended 31 March 2012 and 31 March 2011.

30.7. Commitments and contingencies

The Group has not guaranteed any loan to any key management personnel.

31. POST BALANCE SHEET EVENTS

None

32. LIST OF SUBSIDIARIES AND ASSOCIATES

The list of subsidiaries and associates was as follows:

Subsidiaries	City-Country	% of interest		Method of consolidation	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
L'Occitane International S.A.	Luxembourg	Parent	Parent	Global	Global
Laboratoires M&L S.A.	* Manosque - France	100.0	100.0	Global	Global
Relais L'Occitane S.a.r.l.	** Manosque - France	100.0	100.0	Global	Global
L'Occitane Inc.	* New York - USA	100.0	100.0	Global	Global
Verdon LLC (formerly Olivier & Co., LLC)	**** New York - USA	100.0	100.0	Global	Global
L'Occitane LLC	** Delaware - USA	100.0	100.0	Global	Global
L'Occitane (Far East) Limited	* Hong Kong	100.0	100.0	Global	Global
L'Occitane Singapore Pte. Limited	** Singapore	100.0	100.0	Global	Global
L'Occitane Japon K.K.	*** Tokyo - Japan	100.0	100.0	Global	Global
Melvita Japon K.K.	** Tokyo - Japan	100.0	100.0	Global	Global
L'Occitane Holding Brasil	* Sao Paulo - Brazil	100.0	100.0	Global	Global
L'Occitane Do Brasil	** Sao Paulo - Brazil	100.0	100.0	Global	Global
Espaço Do Banho	** Sao Paulo - Brazil	100.0	100.0	Global	Global
L'Occitane Ltd.	* London - UK	100.0	100.0	Global	Global
L'Occitane GmbH	* Villach - Austria	56.6	56.6	Global	Global
L'Occitane GmbH	* Dusseldorf - Germany	100.0	100.0	Global	Global
L'Occitane Italia S.r.l.	* Milan - Italy	100.0	100.0	Global	Global
L'Occitane Australia	** Sydney - Australia	100.0	100.0	Global	Global
L'Occitane (Suisse) S.A.	* Geneva - Switzerland	100.0	50.1	Global	Global
L'Occitane Espana S.L.	* Madrid - Spain	100.0	100.0	Global	Global
L'Occitane Central Europe s.r.o.	* Prague - Czech Rep.	94.6	94.6	Global	Global
L'Occitane (Taiwan) Limited	** Taipei - Taiwan	50.1	50.1	Global	Global
AHP S.a.r.l.	** Mane - France	100.0	100.0	Global	Global
L'Occitane Belgium Sprl	* Brussels - Belgium	100.0	100.0	Global	Global
L'Occitane Trading (Shanghai) Co. Limited	** Shanghai - China	100.0	100.0	Global	Global

32. LIST OF SUBSIDIARIES AND ASSOCIATES (continued)

Subsidiaries	City-Country	% of interest 31 March		Method of consolidation 31 March	
		2012	2011	2012	2011
L'Occitane (Korea) Limited	** Seoul - Korea	100.0	50.1	Global	Global
L'Occitane Airport Venture LLC	** Dallas - USA	65.0	65.0	Global	Global
L'Occitane Mexico S.A. de C.V.	* Mexico City - Mexico	99.9	99.9	Global	Global
L'Occitane (China) Limited	** Hong Kong	100.0	100.0	Global	Global
L'Occitane Macau Limited	** Macau	100.0	100.0	Global	Global
L'Occitane Russia OOO	* Moscow - Russia	100.0	100.0	Global	Global
Verveina SAS	** Manosque - France	100.0	100.0	Global	Global
L'Occitane Americas Export & Travel Retail Inc	* Miami - USA	100.0	100.0	Global	Global
M&A Développement SAS	** Lagorce - France	100.0	100.0	Global	Global
M&A Santé Beauté SAS	** Lagorce - France	100.0	100.0	Global	Global
Melvita Distribution SAS	** Lagorce - France	100.0	100.0	Global	Global
Melvita Production SAS	** Lagorce - France	100.0	100.0	Global	Global
L'Occitane Thailand Ltd.	** Bangkok - Thailand	100.0	100.0	Global	Global
Urban Design Sp.z.o.o	* Warsaw - Poland	100.0	100.0	Global	Global
Aromas y Perfumes de Provence S.A de C.V.	** Mexico City - Mexico	50.1	50.1	Global	Global
L'Occitane Canada Corp	* Toronto - Canada	100.0	100.0	Global	Global
L'Occitane India Private Limited	** New Delhi - India	51.0	51.0	Global	Global
L'Occitane Nederland B.V.	* Amsterdam - The Netherlands	100.0	100.0	Global	Global
L'Occitane Malaysia Sdn. Bhd.	** Kuala Lumpur - Malaysia	100.0	—	Global	—
Far east cosmetics B.V.	** Apeldoorn - The Netherlands	100.0	—	Global	—

* directly held by the Company

** indirectly held by the Company

*** both directly and indirectly held by the Company

**** no more directly or indirectly held by the Company

The percentages of interest are representative of voting rights as no shares have multiple voting rights. These percentages are unchanged at the approval date of the financial statements.

The main changes in the list of subsidiaries and associates are disclosed in note 6.

32. LIST OF SUBSIDIARIES AND ASSOCIATES *(continued)*

The date of incorporation, the share capital and the principal activities of the subsidiaries are as follows:

Subsidiaries		City - Country	Date of incorporation	Share capital	Principal activities
L'Occitane International S.A.		Luxembourg	2000	EUR 38,231,891.72	Holding & Distribution
Laboratoires M&L S.A.	*	Manosque - France	1976	EUR 8,126,409.35	Production
Relais L'Occitane S.a.r.l.	**	Manosque - France	1994	EUR 3,097,000	Distribution
L'Occitane Inc.	*	New York - USA	1995	USD 1	Distribution
Olivier & Co., LLC	**	New York - USA	1999	USD 1	Distribution
L'Occitane LLC	**	Delaware - USA	1999	USD 1	Dormant
L'Occitane (Far East) Limited	*	Hong Kong	1992	HKD 8,000,000	Holding & Distribution
L'Occitane Singapore Pte. Limited	**	Singapore	1997	SGD 100,000	Distribution
L'Occitane Japon K.K.	***	Tokyo - Japan	1998	JPY 100,000,000	Distribution
Melvita Japon K.K.	**	Tokyo - Japan	2010	JPY 50,000,000	Distribution
L'Occitane Holding Brasil	*	Sao Paulo - Brazil	1999	BRL 26,091,197	Holding
L'Occitane Do Brasil	**	Sao Paulo - Brazil	1999	BRL 8,700,000	Distribution
Espaço Do Banho	**	Sao Paulo - Brazil	1996	BRL 3,800,000	Distribution
L'Occitane Ltd.	*	London - UK	1996	GBP 1,398,510.75	Distribution
L'Occitane GmbH	*	Villach - Austria	2000	EUR 70,000	Distribution
L'Occitane GmbH	*	Dusseldorf - Germany	2004	EUR 25,000	Distribution
L'Occitane Italia S.r.l.	*	Milan - Italy	2001	EUR 80,000	Distribution
L'Occitane Australia	**	Sydney - Australia	2000	AUD 5,000,000	Distribution
L'Occitane (Suisse) S.A.	*	Geneva - Switzerland	2002	CHF 100,000	Distribution
L'Occitane Espana S.L.	*	Madrid - Spain	2003	EUR 6,459,650.10	Distribution
L'Occitane Central Europe s.r.o.	*	Prague - Czech Rep.	2004	CZK 9,361,000	Distribution
L'Occitane (Taiwan) Limited	**	Taipei - Taiwan	2005	TWD 28,500,000	Distribution
AHP S.a.r.l.	**	Mane - France	2004	EUR 10,000	Marketing support
L'Occitane Belgium Sprl	*	Brussels - Belgium	2005	EUR 20,000	Distribution
L'Occitane Trading (Shanghai) Co. Limited	**	Shanghai - China	2005	USD 1,400,000	Distribution
L'Occitane (Korea) Limited	**	Seoul - Korea	2005	KRW 2,505,000,000	Distribution
L'Occitane Airport Venture LLC	**	Dallas - USA	2006	USD 10,000	Distribution
L'Occitane Mexico S.A. de C.V.	*	Mexico City - Mexico	2006	MXP 28,250,000	Distribution

32. LIST OF SUBSIDIARIES AND ASSOCIATES (continued)

Subsidiaries		City - Country	Date of incorporation	Share capital	Principal activities
L'Occitane (China) Limited	**	Hong Kong	2006	HKD 10,000	Distribution
L'Occitane Macau Limited	**	Macau	2007	MOP 25,000	Distribution
L'Occitane Russia OOO	*	Moscow - Russia	2006	RUB 10,000	Distribution
Verveina SAS	**	Manosque - France	2008	EUR 37,000	Dormant
L'Occitane Americas Export & Travel Retail Inc	*	Miami - USA	2008	USD 1,000	Distribution
M&A Développement SAS	**	Lagorce - France	2005	EUR 4,600,000	Holding
M&A Santé Beauté SAS	**	Lagorce - France	1998	EUR 500,000	Holding
Melvita Distribution SAS	**	Lagorce - France	1982	EUR 555,105	Distribution
Melvita Production SAS	**	Lagorce - France	1987	EUR 150,000	Production
L'Occitane Thailand Ltd.	**	Bangkok - Thailand	2008	THB 20,000,000	Distribution
Verdon.LLC (formerly O.& Co. Table LLC)	****	New-York - USA	2007	—	Dormant
Urban Design Sp.z.o.o	*	Warsaw - Poland	2009	PLN 3,754,000	Distribution
Aromas y Perfumes de Provence S.A de C.V.	**	Mexico City - Mexico	2009	MXN 50,000	Dormant
L'Occitane Canada Corp	*	Toronto - Canada	2009	CAD 6,000,000	Distribution
L'Occitane India Private Limited	**	New Delhi - India	2009	INR 17,500,000	Distribution
L'Occitane Nederland B.V.	*	Amsterdam - the Netherlands	2010	EUR 200,000	Distribution
L'Occitane Malaysia Sdn. Bhd.	**	Kuala Lumpur - Malaysia	2011	MYR 2	Distribution
Far East cosmetics B.V.	**	Apeldoorn - the Netherlands	2011	EUR 18,000	Dormant

* directly held by the Company

** indirectly held by the Company

*** both directly and indirectly held by the Company

**** no more directly or indirectly held by the Company

The main changes in the list of subsidiaries and associates are disclosed in note 6.

Financial Summary

A summary of the consolidated results and assets, liabilities, equity and minority interests of the Group for the last five financial years is set out below.

Year ended 31 March	2012 €'000	2011 €'000	2010 €'000	2009 €'000	2008 €'000
Net sales	913,448	772,294	612,245	537,335	414,965
Gross profit	755,488	636,962	497,263	431,785	336,364
<i>Gross profit margin</i>	<i>82.7%</i>	<i>82.5%</i>	<i>81.2%</i>	<i>80.4%</i>	<i>81.1%</i>
Operating profit	152,273	132,084	110,193	80,490	73,136
<i>Operating profit margin</i>	<i>16.7%</i>	<i>17.1%</i>	<i>18.0%</i>	<i>15.0%</i>	<i>17.6%</i>
Profit for the year	124,191	102,700	84,559	59,384	49,524
attributable to:					
equity owners of the Company	121,159	99,501	81,626	58,383	47,898
minority interests	3,032	3,199	2,933	1,001	1,626
Total assets	910,478	785,860	436,590	407,163	294,396
Total liabilities	255,211	220,596	275,312	219,904	139,156
Equity attributable to the equity					
owners of the Company	650,192	560,266	157,290	185,255	152,251
Minority interests in equity	5,075	4,998	3,988	2,004	2,989

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standard (IFRS).

The above summary does not form a part of the consolidated financial statements.



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