L'OCCITANE
EN PROVENCE

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2013

HIGHLIGHTS

- Net Sales up 14.2% to €1,043.4 million. Local currency growth was 11.3%
- Operating Profit for the year increased by 3.9% to €158.3 million
- Net cash inflow from operations increased by 6.6% to €144.4 million
- Retail network grew by 13.5% to 2,364 locations and own retail network increased by 13.8% to 1,198 stores
- Same Store Sales Growth was 2.3%
- China grew by 24.2% in local currency with Same Store Sales Growth of 9.1%
- Proposed dividend per share grew by 18.2% to €0.0292, payout ratio of 35.0%

ANNUAL RESULTS

The board of directors (the "Board") of L'Occitane International S.A. (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2013 ("FY2013") together with comparative figures for the year ended 31 March 2012 ("FY2012"). The following financial information, including the comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS").

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 March	*Notes*	2013 *€ '000*	2012 *€ '000*	% Change
Net Sales	2	1,043,363	913,448	14.2
Cost of sales		(187,902)	(157,960)	19.0
Gross profit		855,461	755,488	13.2
% of net sales		82.0%	82.7%	n/a
Distribution expenses		(478,744)	(410,325)	16.7
Marketing expenses		(107,350)	(92,443)	16.1
Research & development expenses		(8,918)	(6,334)	40.8
General and administrative expenses		(101,541)	(93,109)	9.1
Other (losses) / gains, net	3	(624)	(1,004)	-37.8
Operating profit	4	158,284	152,273	3.9
Finance income	5	2,970	3,962	-25.0
Finance costs	5	(4,272)	(3,778)	-13.1
Foreign currency gains / (losses)		(1,901)	4,128	n/a
Profit before income tax		155,081	156,585	-1.0
Income tax expense	6	(29,473)	(32,394)	-9.0
Profit for the year		125,608	124,191	1.1
Attributable to:				
Equity owners of the Company		122,702	121,159	1.3
Non-controlling interests		2,906	3,032	-4.2
Total		125,608	124,191	1.1
Earnings per share for profit attributable to the equity owners of the Company during the period *(expressed in Euros per share)*				
Basic	7	0.083	0.082	1.6
Diluted	7	0.083	0.082	1.6
Number of shares used in earnings per share calculation				
Basic		1,470,309,391	1,474,789,625	-0.3
Diluted		1,470,483,186	1,474,789,625	-0.3

CONSOLIDATED BALANCE SHEET

As at 31 March	*Notes*	**2013** *€ '000*	**2012** *€ '000*
ASSETS			
Property, plant and equipment, net		164,608	120,787
Goodwill		120,701	106,747
Intangible assets, net		62,531	54,923
Deferred income tax assets		52,550	41,972
Available-for-sale financial assets		47	49
Other non-current receivables		27,282	25,582
Non-current assets		427,719	350,060
Inventories, net	9	137,177	126,410
Trade receivables, net	10	86,696	76,747
Other current assets		61,160	48,471
Derivative financial instruments		406	1,006
Cash and cash equivalents		319,874	308,303
Current assets		605,313	560,937
TOTAL ASSETS		1,033,032	910,997
EQUITY AND LIABILITIES			
Share capital		44,309	44,309
Additional paid-in capital		342,851	342,851
Other reserves		(12,705)	(5,463)
Retained earnings		354,880	268,495
Capital and reserves attributable to the equity owners		729,335	650,192
Non-controlling interests		4,974	5,075
Total equity		734,309	655,267
Borrowings		76,771	64,816
Deferred income tax liabilities		3,207	1,948
Derivative financial instruments		—	360
Other financial liabilities		23,795	8,404
Other non-current liabilities		17,259	14,418
Non-current liabilities		121,032	89,946
Trade payables	11	94,990	84,528
Salaries, wages, related social items and other tax liabilities		50,195	47,328
Current income tax liabilities		10,294	17,945
Borrowings		5,944	4,425
Other current liabilities		9,504	8,156
Derivative financial instruments		558	164
Provisions for other liabilities and charges		6,206	3,238
Current liabilities		177,691	165,784
TOTAL EQUITY AND LIABILITIES		1,033,032	910,997
NET CURRENT ASSETS		427,622	395,153
TOTAL ASSETS LESS CURRENT LIABILITIES		855,341	745,213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

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

The amended standards and interpretations that are effective for the first time for the Group for the financial year ended 31 March 2013 do not have any material impact on the consolidated financial statements.

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

2. Net sales and segment information

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

- Sell-out comprises the sales of products directly to the final customers. These sales are mainly done in the Group's stores and/or through the Group's websites;
- Sell-in comprises the sales of products to an intermediate. These intermediates are mainly distributors, wholesalers, TV show channels and travel retailers. This segment also comprises sales of products to corporate customers, airline companies and hotels.

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

2.1. Operating segments

31 March		**2013**		
	Sell-out	**Sell-in**	**Other reconciling items**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Net sales	784,859	258,504	—	1,043,363
In %	75.2%	24.8%		100.0%
Gross profit	681,327	174,134	—	855,461
% of sales	86.8%	67.4%	—	82.0%
Distribution expenses	(386,366)	(42,196)	(50,182)	(478,744)
Marketing expenses	(43,057)	(6,762)	(57,531)	(107,350)
Research & development expenses	—	—	(8,918)	(8,918)
General and administrative expenses	—	—	(101,541)	(101,541)
Other (losses) / gains-net	(332)	30	(322)	(624)
Operating profit	251,572	125,206	(218,494)	158,284
% of sales	32.1%	48.4%	—	15.2%

31 March		**2012**		
	Sell-out	**Sell-in**	**Other reconciling items**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Net sales	683,942	229,507	—	913,448
In %	74.9%	25.1%	—	100.0%
Gross profit	601,328	154,161	—	755,489
% of sales	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
% of sales	34.2%	49.2%	—	16.7%

2.2. **Geographic areas**

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

31 March In thousands of Euros	2013 Total	 In %	2012 Total	 In %
Japan	219,455	21.0%	215,583	23.6%
United States	124,916	12.0%	104,759	11.5%
Hong Kong(1)	111,007	10.6%	92,227	10.1%
France	82,532	7.9%	77,908	8.5%
China	67,724	6.5%	50,917	5.6%
Luxembourg(2)	49,608	4.8%	44,729	4.9%
United Kingdom	56,086	5.4%	46,466	5.1%
Brazil	44,217	4.2%	45,713	5.0%
Russia	56,309	5.4%	42,648	4.7%
Taiwan	36,196	3.5%	32,540	3.6%
Other countries	195,313	18.7%	159,959	17.5%
Sales	1,043,363	100%	913,448	100%

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

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

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

31 March	2013 *€ '000*	2012 *€ '000*
Net profit / (losses) on sale of assets	(546)	(193)

4. Operating profit

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

31 March	2013 *€ '000*	2012 *€ '000*
Employee benefit expenses	286,482	251,904
Rent and occupancy	183,913	159,859
Raw materials and consumables used	122,459	101,009
Change in inventories of finished goods and work in progress	(12,711)	(18,224)
Advertising costs	91,142	82,165
Professional fees	60,239	49,626
Depreciation, amortization and impairment	42,183	36,217
Transportation expenses	43,908	31,813
Auditor's remuneration	991	1,086
Other expenses	65,849	64,617
Total cost of sales, distribution expenses, marketing expenses, general and administrative expenses	884,455	760,171

5. Finance costs, net

31 March	2013 *€ '000*	2012 *€ '000*
Interest on cash and cash equivalents	2,830	2,974
Gains from investment securities	—	963
Fair value gains on derivatives	140	25
Finance income	2,970	3,962
Interest expense	(3,146)	(3,251)
Unwinding of discount on financial liabilities	(1,126)	(527)
Fair value losses on derivatives	—	—
Finance costs	(4,272)	(3,778)
Finance costs, net	(1,302)	184

6. Taxation

The components of income tax expense are as follows:

31 March	2013 *€ '000*	2012 *€ '000*
Current income tax	(39,376)	(32,664)
Deferred income tax	9,903	270
Total tax expense	(29,473)	(32,394)

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

31 March	2013 *€ '000*	2012 *€ '000*
Profit before tax	155,081	156,585
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 29.22% as at 31 March 2013 and of 28.59% as at 31 March 2012)*	(45,315)	(44,768)
Effect of different tax rates in foreign countries	19,983	17,003
Effect of unrecognized tax assets	(1,807)	(2,093)
Expenses not deductible for taxation purposes	(2,112)	(1,200)
Effect of unremitted tax earnings	(1,290)	(1,283)
Recognition of previously unrecognised tax assets	1,235	7
Minimum tax payments	(167)	(60)
Income tax expense	(29,473)	(32,394)

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity owners of the Company of €122.7 million for FY 2013 (as compared to €121.2 million in FY 2012) and the weighted average number of shares in issue of 1,470,309,391 (basic) and 1,470,483,386 (diluted) in the year ended 31 March 2013 and 1,474,789,625 (basic and diluted) in the year ended 31 March 2012.

8. **Dividends**

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

9. **Inventories, net**

Inventories, net consist of the following items:

31 March	**2013**	**2012**
	€ '000	*€ '000*
Raw materials and supplies	23,619	24,248
Finished goods and work in progress	125,819	111,658
Inventories, gross	149,438	135,906
Less, allowance	(12,261)	(9,496)
Inventories, net	137,177	126,410

10. **Trade receivables, net**

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

31 March	**2013**	**2012**
	€ '000	*€ '000*
Current and past due within 3 months	85,397	75,064
Past due from 3 to 6 months	909	959
Past due from 6 to 12 months	262	329
Past due over 12 months	128	395
Trade receivables, net	86,696	76,747

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

11. **Trade payables**

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

31 March	**2013**	**2012**
	€ '000	*€ '000*
Current and past due within 3 months	94,507	84,175
Past due from 3 to 6 months	480	335
Past due from 6 to 12 months	3	18
Past due over 12 months	—	—
Trade payables	94,990	84,528

MANAGEMENT DISCUSSION & ANALYSIS

Summary:

For the year ended 31 March	**2013** *€ million or %*	**2012** *€ million or %*
Net sales	1,043.4	913.4
Operating profit	158.3	152.3
Profit for the year	125.6	124.2
Gross profit margin	82.0%	82.7%
Operating profit margin	15.2%	16.7%
Net profit margin	12.0%	13.6%
Net cash inflow from operations	144.4	135.4

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

The Group achieved a key milestone with net sales surpassing the billion euro mark. Net sales were €1,043.4 million in FY2013, a 14.2% or €129.9 million increase as compared to FY2012, reflecting net sales growth in all the Company's business segments and geographic areas. In FY2013, net sales in Sell-out segment and Sell-in segment (representing 75.2% and 24.8% of total net sales, respectively) increased by 11.8% and 9.7%, respectively, excluding foreign currency translation effects. At constant exchange rates, the local currency growth was 11.3%.

The Company increased the total number of retail locations where the products are sold from 2,082 as at 31 March 2012 to 2,364 as at 31 March 2013, an increase of 13.5%. The Company remained on track with its global retail expansion strategy and increased the number of its own retail stores by 13.8% from 1,053 at 31 March 2012 to 1,198 at 31 March 2013, representing a net increase of 145 stores, including 50 additional stores in Asia, 67 in Europe and 28 in the Americas. At constant exchange rates, Comparable Store Sales represented 12.2% of the Overall Growth in FY2013 while Non-comparable Store Sales during the period represented 64.8% of the Overall Growth, and Sell-in segment contributed 21.7% to the Overall Growth.

The Company's sales in Hong Kong, China, the United States, Russia and Other countries were the driving factors of net sales growth in FY2013.

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 FY2013:

	FY2013 compared to FY2012			
	€ '000	*% Growth*	*% Growth*[3]	*% Contribution to Overall Growth*[3]
Sell-out	**100,917**	**14.8**	**11.8**	**78.3**
Comparable Stores	27,729	5.0	2.3	12.2
Non-comparable Stores	71,667	61.9	57.7	64.8
Other[2]	1,520	12.2	10.6	1.3
Sell-in[1]	**28,998**	**12.6**	**9.7**	**21.7**
Overall Growth	**129,914**	**14.2**	**11.3**	**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

The sell-out business segment accounted for 75.2% of the Group's total sales and amounted to €784.9 million, an increase of 14.8% as compared to FY2012 and an 11.8% increase at constant exchange rates. Non-comparable Stores contributed mainly towards this growth as well as existing Comparable Stores, with Same Store Sales Growth at constant exchange rates of 2.3%.

There was a net addition of 145 own stores during FY2013, including net additions of 26 stores in China, 23 stores in Russia, 16 stores in USA, 10 stores in Japan, 8 stores each in Korea and Spain, 7 stores each in Brazil and Germany, 5 stores in the United Kingdom and 4 stores each in France and Italy. Furthermore, the Company added 10 stores following the acquisition of the distributor in Ireland in July 2012.

Sell-out segment represented 78.3% of the Overall Growth in FY2013, as compared to FY2012, with Non-comparable Stores providing 64.8% and Comparable Stores, internet and other Sell-out providing 13.5% of the Overall Growth. The Group's online retail sales remained dynamic with a 30.7% year-on-year growth during FY2013 and sales from this online channel now account for more than 6% of its overall global retail sales.

Sell-in

The sell-in business segment maintained double-digit growth of 12.6% despite recent acquisitions of distributors in Malaysia and Ireland, with a strong performance in the travel retail business which posted an 18.5% year-on-year growth during the financial year. At constant exchange rates, the Sell-in segment grew by 9.7% in FY2013, as compared to FY2012, contributing to Overall Growth by 21.7%.

Geographic Areas

The following table presents the net sales growth for FY2013 and contribution to net overall growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth FY2013 compared to FY2012			
	(€ '000)	*% Growth*	*% Growth[1]*	*% Contribution to Overall Growth[1]*
Japan	3,871	1.8	0.6	1.3
Hong Kong[2]	18,780	20.4	13.6	12.2
China	16,807	33.0	24.2	11.9
Taiwan	3,656	11.2	4.5	1.4
France	4,624	5.9	5.9	4.5
United Kingdom	9,620	20.7	14.1	6.3
United States	20,157	19.2	12.8	13.0
Brazil	(1,496)	(3.3)	7.5	3.3
Russia	13,662	32.0	30.4	12.6
Other countries[3]	40,233	19.7	16.8	33.4
All countries	**129,914**	**14.2**	**11.3**	**100.0**

[1] Excludes the impact of foreign currency translation effects and reflects growth from all business segments, including growth from the own retail store sales.
[2] Includes sales in Macau and to distributors and travel retail customers in Asia.
[3] Includes sales from Luxembourg.

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

	FY2013 compared to FY2012							
	Retail Stores				**% contribution to Overall Growth[1][2]**			
	31 Mar 2013	*Net openings FY2013*	*31 Mar 2012*	*Net openings FY2012*	*Non-comparable Stores*	*Comparable stores*	*Total Stores*	*Same Store Sales Growth [2]*
Japan[3]	100	10	90	7	6.9	(6.9)	(0.0)	(4.9)
Hong Kong[4]	31	2	29	7	6.6	1.2	7.8	5.1
China	119	26	93	22	7.9	3.1	11.0	9.1
Taiwan[5]	61	(1)	62	10	1.8	(1.1)	0.7	(4.8)
France[6]	70	4	66	—	1.3	2.2	3.5	6.1
United Kingdom[7]	62	5	57	9	2.6	2.3	5.0	7.7
United States[8]	186	16	170	3	5.3	6.5	11.9	8.4
Brazil	70	7	63	17	3.7	(2.3)	1.4	(7.0)
Russia[9]	99	23	76	19	7.3	2.9	10.2	9.4
Other countries[10]	400	53	347	64	21.5	4.2	25.7	3.8
All countries	**1,198**	**145**	**1,053**	**158**	**64.8**	**12.2**	**77.0**	**2.3**

[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 6 and 12 Melvita stores as at 31 March 2012 and 31 March 2013, respectively.
[4] Includes 1 L'Occitane store in Macau, and 7 and 9 Melvita stores in Hong Kong as at 31 March 2012 and 31 March 2013, respectively.
[5] Includes 8 and 9 Melvita stores as at 31 March 2012 and 31 March 2013, respectively.
[6] Includes 4 Melvita stores as at 31 March 2012 and 31 March 2013.
[7] Includes 2 Melvita stores as at 31 March 2012 and 31 March 2013.
[8] Includes 3 and 2 Melvita stores as at 31 March 2012 and 31 March 2013, respectively.
[9] Includes 6 and 8 Melvita stores as at 31 March 2012 and 31 March 2013, respectively.
[10] Includes 9 and 7 Melvita stores as at 31 March 2012 and 31 March 2013, respectively.
The net openings include 16 stores from the acquisition of the distributor in Malaysia and 10 stores from the acquisition of the distributor in Ireland as at 31 March 2012 and 31 March 2013, respectively.

Japan

Japan's net sales for FY2013 were €219.5 million, an increase of 1.8% as compared to FY2012. At constant exchange rates, the local currency growth was 0.6%, contributing 1.3% to Overall Growth. As the Japan economy remained soft, Sell-out sales growth was 0.1%, contributing 0.3% to Overall Growth. During the year, Japan had a net addition of 10 stores including 6 Melvita stores, and Non-comparable Store Sales contributed 6.9% to the Overall Growth. Total number of stores in Japan reached 100 at the end of the year. Same Store Sales Growth was -4.9%, with Comparable Stores making a contribution of -6.9% to Overall Growth.

Hong Kong

Hong Kong's net sales for FY2013 were €111.0 million, an increase of 20.4% as compared to FY2012. At constant exchange rates, the local currency growth was 13.6%, contributing 12.2% to Overall Growth. Sell-out segment contributed 7.8% to Overall Growth, notably 6.6% from Non-comparable Stores and 1.2% from Comparable Stores. The contribution of Non-comparable stores came from the 2 net openings in FY2013 and 7 net openings in FY2012. The increase in Sell-in sales was mainly related to the strong performance in the travel retail business.

China

China's net sales for FY2013 were €67.7 million, an increase of 33.0% as compared to FY2012. At constant exchange rates, the local currency growth was 24.2%, contributing 11.9% to Overall Growth. China remains one of the fastest growing countries of the Company. Comparable Store Sales and Non-comparable Store Sales contributed 3.1% and 7.9% respectively to Overall Growth. Same Store Sales Growth was 9.1%. The growth in Non-comparable Store Sales was driven by the net opening of 26 stores in FY2013. The Sell-in segment grew by 10.8%, contributing 1.0% to the Overall Growth. In FY2013, China for the first time was able to promote the Christmas window and special limited edition products at the same time as other international markets. It generated positive sales performance and brought novelty to the market during the festive season.

Taiwan

Taiwan's net sales for FY2013 were €36.2 million, an increase of 11.2% as compared to FY2012. At constant exchange rates, the local currency growth was 4.5%, contributing 1.4% to Overall Growth. The growth rates for Sell-out and Sell-in in Taiwan were 3.3% and 17.2% respectively. As the economy remained weak, the Same Store Sales Growth was -4.8%. The growth of Sell-out sales was mainly driven by Non-comparable stores, which had a 29.1% growth and contributed to 1.8% of the Overall Growth. The net opening has declined from 10 net stores in FY2012 to -1 net store in FY2013. The slow down in store opening is part of an on-going program to consolidate and renovate the existing retail network in Taiwan so as to enhance brand awareness. The growth of Sell-in sales was mainly supported by development in B-to-B and Distributor channels.

France

France's net sales for FY2013 were €82.5 million, an increase of 5.9% as compared to FY2012. At constant exchange rates, the local currency growth was 5.9%, contributing 4.5% to Overall Growth. Sell-out sales growth was 9.2%, with Same Store Growth of 6.1%, which was supported by very strong growth from the E-commerce channel. The success was partly contributed by the launch of the television advertisement campaign on the L'Occitane brand's premium facial care range "Divine". In FY2013, the number of retail stores grew by 4, from 66 to 70. Sell-in sales recorded a growth of 2.6%, as a result of a planned decrease in third parties' brands production from the Lagorce factory.

United Kingdom

United Kingdom's net sales for FY2013 were €56.1 million, an increase of 20.7% as compared to FY2012. At constant exchange rates, the local currency growth was 14.1%, contributing 6.3% to Overall Growth. The Sell-out segment contributed 5.0% to Overall Growth, driven by both Comparable Stores and Non-comparable stores. Comparable stores sales grew by 7.7% in local currency, contributing 2.3% to the Overall Growth. The growth was partly benefited by increase in E-commerce business. Non-comparable Stores also contributed 2.6% to Overall Growth with an addition of 5 stores during the year. Sell-in segment grew by 12.7%, contributing 1.3% to Overall Growth. Solid growth was noted in wholesale, television, and distribution channels.

United States

United States's net sales for FY2013 were €124.9 million, an increase of 19.2% as compared to FY2012. At constant exchange rates, the local currency growth was 12.8%, contributing 13.0% to Overall Growth. The positive results were from improvements in both Sell-out and Sell-in segments. Comparable Stores Sales Growth was 8.4% which contributed 6.5% to Overall Growth. The Company's investment on the store renovation program during the past few years is starting to yield benefits. As a result of corporate initiatives to improve electronic marketing and enhance customer relationship management, the E-commerce channel recorded strong growth. Non-comparable Store Sales contributed 5.3% to Overall Growth mainly benefited by the acceleration of 16 net store openings in FY2013. Sell-in segment grew by 9.7%, contributing 1.3% to Overall Growth, with strong development in wholesale, department stores, and television channels.

Brazil

Brazil's net sales for FY2013 were €44.2 million, a decrease of 3.3% as compared to FY2012. At constant exchange rates, the local currency growth was 7.5%, contributing 3.3% to Overall Growth. The growth was driven by Non-comparable stores and Sell-in segment and was affected by negative Comparable stores. As the Brazil economy remained weak, Same Store Sales Growth was -7.0% with a contribution of -2.3% to Overall Growth. Non-comparable stores sales growth was fuelled by stores opened in both FY2012 (net 17 stores) and FY2013 (net 7 stores), contributing 3.7% to Overall Growth. Sell-in sales increased by 26.9%, contributing 1.6% to Overall Growth.

Russia

Russia's net sales for FY2013 were €56.3 million, an increase of 32.0% as compared to FY2012. At constant exchange rates, the local currency growth was 30.4%, contributing 12.6% to Overall Growth. Russia was and remains one of the fastest growing countries of the Company. The growth was mainly driven by Sell-out segment, which contributed 10.7% to Overall Growth. Same Store Sales Growth was 9.4% in FY2013 as compared to a high base of 15.3% in FY2012. Non-comparable Store Sales contributed 7.3% to Overall Growth. Russia continued its store opening plan and had a net addition of 23 stores during the year. The Sell-in segment grew by 28.1%, mainly driven by distribution business, and contributed 1.8% to Overall Growth.

Other countries

Other countries' net sales for FY2013 were €244.9 million, an increase of 19.7% as compared to FY2012. At constant exchange rates, the local currency growth was 16.8%, contributing 33.4% to Overall Growth. Sell-out segment contributed 25.7% to Overall Growth. Comparable Store Sales accounted for 4.2% of Overall Growth with Same Store Sales Growth of 3.8%. Non-comparable Store Sales contributed 21.5% to the Overall Growth as a result of stores network expansion. During FY2013, the number of stores in Other countries increased from 347 to 400, a net increase of 53. In terms of geographical area, 13 of the new stores were opened in Asia, 5 in Americas and 35 in Europe. Among the 35 new store additions in Europe, 10 stores were acquired from the distributor in Ireland in FY2013. Net Sales in Korea, Germany, Spain, Canada and Italy grew by 15.6%, 22.7%, 8.4%, 20.2% and 16.8% respectively, excluding foreign currency translation effects. Sell-in sales increased by 11.2% excluding currency effect and contributed 7.8% to Overall Growth. This was mainly due to increased sales to travel retail customers and distributors.

PROFITABILITY ANALYSIS

COST OF SALES AND GROSS PROFIT

Cost of sales increased by 19.0%, or €29.9 million, to €187.9 million in FY2013 compared to FY2012. The gross profit margin decreased by 0.7 points to 82.0% in FY2013. The decrease in gross profit margin reflected essentially:

- the effect of the recognition as sellable items of promotional articles previously booked as distribution and marketing expenses for an unfavourable 1.0 points of net sales; and
- the timing of deliveries with increased freight and duties in relation to the inventories built in view of the Group's future sales increases, for 0.6 points;

partly offset by:

- a favourable foreign exchange effect of 0.5 points;
- the effect of increases in sales prices and improved product mix for a favourable 0.5 points, more than offsetting an increase in production costs, brand and country mix effects, which impacted for 0.4 points; and
- a favourable channel mix effect as related to the increase of Sell-out sales and other effects, for 0.3 points.

DISTRIBUTION EXPENSES

Distribution expenses increased by 16.7%, or €68.4 million, to €478.7 million in FY2013, as compared to FY2012. As a percentage of net sales, distribution expenses increased by 1.0 points to 45.9% of net sales in FY2013, as compared to FY2012. This increase is attributable to a combination of:

- an unfavourable channel mix effect for 0.3 points;
- the impacts from the Group's investments for 0.7 points. In FY2013, The Group increased its investment in the new brands L'Occitane au Brésil and Erborian as well as in human resources to further develop its e-commerce and sell-in activities. Furthermore, the Group remained focused on its global retail expansion network strategy and invested in its store network and operations with new stores, increased renovation and relocation efforts, and increased warehouse capacity in Hong Kong; and
- Increased stores expenses in percentage of net sales for 0.3 points;

partly offset by:

- favourable exchange rate effects for 0.1 points; and
- reclassification of the cost of sellable items to the cost of sales and other effects for 0.2 points.

MARKETING EXPENSES

Marketing expenses increased by 16.1%, or €14.9 million, to €107.4 million in FY2013, as compared to FY2012. Marketing expenses, as a percentage of net sales, increased by 0.2 points to 10.3% of net sales in FY2013, as compared to FY2012, attributable to:

- investments in the Group's new brands, advertising and digital marketing, creation and public relations, for 0.6 points;
- partly balanced by leverage on the cost of existing structures for 0.2 points;
- a lower cost of the usage of communication tools in percentage of net sales for 0.2 points;
- favourable exchange rates effects for 0.1 point; and
- reclassifications and other elements impacting unfavourably for 0.1 point.

RESEARCH & DEVELOPMENT EXPENSES

Research and development ("R&D") expenses increased by 40.8%, or €2.6 million, to €8.9 million in FY2013, as compared to FY2012, mainly explained by higher resources dedicated to new brands, strategic developments and regulatory issues.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by 9.1%, or €8.4 million, to €101.5 million in FY2013, as compared to FY2012 and decreased by 0.5 points of net sales. This decrease as a percentage of net sales was attributable to:

- a favourable leverage effect on the cost of the existing structures, synergies and savings resulting from restructuring and the merger of the production entities for a total 0.5 points;
- favourable exchange rates effects for 0.2 points; and
- partly balanced by investments in controlling and IT, office space, HR development and re-engineering of processes for a total 0.2 points.

OTHER GAINS AND LOSSES

Other losses were €0.6 million in FY2013, as compared to a €1.0 million loss in FY2012. The loss in FY2013 was due to:

- adjustments on prior years' results in Thailand, Malaysia and Brazil for a net €0.9 million;
- net losses of disposal of assets for €0.5 million; and
- research tax credit in France for a gain of €0.8 million, as compared to €0.5 million in FY2012.

OPERATING PROFIT

Operating profit increased by 3.9%, or €6.0 million, to €158.3 million in FY2013, as compared to FY2012. Operating profit margin decreased by 1.5 points of net sales to 15.2%. The reasons for this decrease are summarized as follows:

- investments in the Group's future sales growth and structures for 1.7 points;
- timing of deliveries impacting freight and duties, for 0.6 points;
- unfavourable channel, brand and country mix effects for 0.6 points;
- increased store expenses as a percentage of net sales for 0.3 points;
- favourable effect of prices increases and product mix for 0.5 points;
- leverage and synergies on existing structures for 0.6 points; and
- favourable exchange rate effects and the combination of other effects for 0.6 points.

FINANCE INCOME AND COSTS, NET

Net finance costs were €1.3 million in FY2013, as compared to net finance income of €0.2 million in FY2012. Interest expenses, related to the use of the Company's revolving facility, to finance leases in place for the premises in France and to other short term credit lines and overdraft, were mostly offset by interest income received on the Group's cash balances. Net finance costs are due to non-cash elements, essentially related to the valuation of put options granted to non-controlling interests in certain subsidiaries.

FOREIGN CURRENCY GAINS/LOSSES

Net foreign currency losses amounted to €1.9 million in FY2013, compared to gains of €4.1 million in FY2012, mainly related to inter-company financing, inter-company and external trading. The loss is attributable to:

- losses on trading activities for €1.6 million, principally related to hedges of Japanese yen; and
- losses on inter-company financing for €0.3 million. Out of this amount, the financing of the subsidiary in Brazil resulted in unrealized losses of €1.2 million, largely offset by realized and unrealized gains on financial operations with other subsidiaries.

INCOME TAX EXPENSE

The effective income tax rate was 19.0% in FY2013, as compared to 20.7% for FY2012. This decrease in effective income tax rate is explained by a lower share of taxable profits achieved in subsidiaries where the tax rates are the highest, as a consequence primarily of the changes in geographical sales mix. This was partly compensated by other effects including the adverse effects of changes in tax regulations in France and the impact of non-deductible losses in Brazil, offset by the recognition of previously unrecognized tax assets.

PROFIT FOR THE PERIOD

For the aforementioned reasons, profit for the period increased by 1.1% or €1.4 million to €125.6 million in FY2013, as compared to FY2012. Basic and diluted earnings per share increased in FY2013, as compared to FY2012, by 1.6% from €0.082 to €0.083 with the number of shares used in the calculations decreasing by 0.3% and 0.29% to 1,470,309,391 (basic) and 1,470,483,186 (diluted) respectively.

BALANCE SHEET AND CASH-FLOW REVIEW

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2013, the Group had cash and cash equivalents of €319.9 million, as compared to €308.3 million as at 31 March 2012.

As at 31 March 2013, the aggregate amount of undrawn borrowing facilities was €299.6 million.

As at 31 March 2013, total borrowings, including finance lease liabilities, current accounts with non-controlling interests and related parties and bank overdrafts, amounted to €82.7 million, as compared to €69.2 million as at 31 March 2012, with the increase being explained by increased borrowings in foreign currencies to offset increased foreign currencies exposures in the balance sheet and the final step of the financing of the new warehouse.

SUMMARIZED CASH-FLOW STATEMENT

For the year ended 31 March	**2013**	**2012**
	€ '000	*€ '000*
Profit before tax, adjusted for non-cash items	205,578	196,205
Changes in working capital	(19,191)	(17,297)
Income tax paid	(41,988)	(43,466)
Net cash inflow from operating activities	144,399	135,442
Net cash (outflow) from investing activities	(100,884)	(83,391)
Net cash (outflow) from financing activities	(28,713)	(37,799)
Effect of exchange rate changes	(3,277)	(5,821)
Net increase in cash, cash equivalents and bank overdrafts	11,525	8,431

Net cash inflow from operating activities increased by €9.0 million or 6.6%, in FY2013 compared to FY2012 as a result principally of top-line and operating profit growth as commented above and the lower impact of the increase in working capital and income tax paid. The cash inflow generated from operating activities was adequate to cover both investing and financing activities.

INVESTING ACTIVITIES

Net cash used in investing activities was €100.9 million in FY2013, as compared to €83.4 million in FY2012, representing an increase of €17.5 million. This reflected capital expenditures primarily related to:

- the acquisition of Erborian and the distributor in Ireland for €4.6 million;
- the additions of leasehold improvements, other tangible assets, key moneys and changes in deposits related to stores for €39.8 million;
- the additions in information technology software and equipment for €13.8 million, including €8.2 million for the implementation of SAP as the Group's enterprise resources planning system; and
- the addition of machinery, equipment, construction, fittings and others to the Group's factories, R&D and warehousing facilities for €40.3 million, net of the disposal of the former Melvita warehouse.

FINANCING ACTIVITIES

Net cash used in financing activities was €28.7 million in FY2013, as compared to €37.8 million in FY2012. Net cash used during the year mainly reflected the following:

- a net increase in bank borrowings and finance leases, for €12.5 million; and
- the payment of €41.4 million dividends to the Company's shareholders and non-controlling interests in its subsidiaries.

INVENTORIES

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

	FY2013	FY2012
Average Inventory turnover days[1]	256	263

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

Inventory value increased by €10.8 million to €137.2 million as at 31 March 2013, growing by 8.5% over FY2012. Inventory turnover on the other hand reduced by 7 days as a result of:

- reduced turnover days of raw materials, components and work-in-progress for 8 days;
- lower inventory coverage at some major subsidiaries including Japan and the USA, for 10 days; and
- partly balanced by higher turnover days of promotional goods, and the remaining effect of the change in the recognition of the mini products and pouches in FY2012, for a total 11 days.

TRADE RECEIVABLES

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

	FY2013	FY2012
Turnover days of trade receivables[1]	29	27

[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 1.3 days during FY2013 primarily due to development of Sell-out channel, which accounts for 1.2 days of the total increase. One of the major reasons was a temporary delay of payments by department stores in China due to timing of Chinese New Year in 2013. Another reason for the increase was due to development of Sell-out sales in Brazil, Korea and other countries. There were no changes in turnover days of Sell-in segment as the improvement in B2B channel was offset by the increase in turnover days in Travel Retail and Wholesale channels. The allowance slightly increased and affected the turnover days by 0.1 day.

TRADE PAYABLES

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

	FY2013	FY2012
Turnover days of trade payables[1]	174	181

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

From FY2012 to FY2013, average trade payables increased by €11.3 million and the turnover days of trade payables decreased by 7 days mainly due to change of cut-off day in Japan and merger of the factories.

BALANCE SHEET RATIOS

Return on capital employed decreased in FY2013 compared to FY2012 primarily because of capital expenditures and higher working capital. The capital and reserves attributable to the equity owners increased by €79.1 million from 31 March 2012 to 31 March 2013 primarily as a combination of the Group's profit during this period partly offset by the payment of the 2012 dividend. Combined with the lower profitability, this resulted in the decrease of the return on equity ratio to 16.8%. As a consequence of the Group's high net cash position, its liquidity and capital adequacy ratio remained favourable.

		FY2013	FY2012
Profitability			
Net operating profit after tax (NOPAT)(1)	*€ '000*	126,663	124,045
Capital employed(2)	*€ '000*	497,150	416,070
Return on capital employed (ROCE)(3)		25.5%	29.8%
Return on equity (ROE)(4)		16.8%	18.6%
Liquidity			
Current ratio (times)(5)		3.41	3.38
Quick ratio (times)(6)		2.63	2.62
Capital adequacy			
Gearing ratio(7)		8.0%	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

The Company enters into forward exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in its presentation currency, the Euro, for periods consistent with its identified exposures. As at 31 March 2013, the Company had foreign exchange derivatives net liabilities of €0.2 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 31 March 2013 were primarily Singapore dollars for an equivalent of €8.6 million, US dollars for €7.8 million, British pounds for €6.8 million and Russian rubles for €2.0 million.

CONTINGENCIES

The Group has a number of possible litigations. After consultation with the Group's external legal advisers, the Group's position is as follows:

- In France, Laboratoires M&L received a tax reassessment for an amount of €10.0 million plus the late payment penalties relating to the year ended March 2009. The Group considers that the reassessment is unfounded and has challenged this reassessment. No provision has been recorded;

- In the US, the Federal Trade Commission is pursuing legal settlement versus L'Occitane Inc. as a result of an investigation of advertising claims made by the Group in respect of products sold in the US. The Group recorded a provision and accrued charges amounting to €0.8 million in connection with the punitive penalty and lawyer's fees; and

- In the US, a class action lawsuit is pending in the State of California versus L'Occitane Inc. as a result of the collection of customer personal information. As at 31 March 2013, the Group recorded an accrual of €0.7 million for the lawyer's fees and the estimated consideration to customers.

DIVIDENDS

On 18 June 2012, the Board recommended the payment of a dividend of €0.0247 per share on the common stock, representing a total dividend of €36.3 million, or 30% of the profit attributable to the equity owners of the Company, out of distributable reserves of €246.5 million as of 31 March 2012. The Shareholders approved this dividend at a meeting held on 26 September 2012. The dividend was paid on 24 October 2012.

Considering the performance delivered during FY2013, the Board is pleased to recommend a gross dividend of €0.0292 per share, an increase of 18.2% over FY2012. The total amount of dividend is €42.9 million, representing 35% of the net profit attributable to the equity owners of the Company. The same ratio was 30% in FY2012. The dividend is based on 1,470,309,391 shares in issue as at 17 June 2013 excluding the treasury shares.

POST BALANCE SHEET EVENTS

On 3 June 2013, the Company created a new subsidiary, L'Occitane South Africa Ltd, in South Africa. This new subsidiary acquired 6 stores from the former distributor for a consideration of approximately €500,000.

On 17 May 2013, the Company acquired the remaining 5.45% in the subsidiary L'Occitane Central Europe s.r.o. for a total consideration of €330,000.

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 2013, the Company had utilised €196.9 million of the Net Proceeds as follows:

- new store openings and store renovations for €99.5 million;
- extension and improvement of manufacturing plants and R&D equipment for €62.0 million;
- increase in R&D operating expenses for €4.9million;
- development of internet and e-commerce channel for €10.1 million; and
- general corporate purposes for €20.4 million dedicated to the implementation of SAP as enterprise resources planning system.

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

STRATEGIC REVIEW AND PROSPECTS

FY2013 marks a key milestone for the Group with net sales surpassing the billion euro mark. The Group pursues its growth plan as highlighted at the time of its Initial Public Offering and the management focuses on improving and executing its corporate strategies despite the difficult economic environment in many countries.

During FY2013, taking advantage of its consistent financial performance, the Group continued investing for its future growth whilst maintaining sustainable business performance:

- maintained strong double-digit top-line growth;
- with 14% growth in retail network development, global retail network expansion strategy remains on track in both emerging and developed markets;
- growth primarily driven by several key countries including United States, Russia, Hong Kong and China;
- Russia and China remained the fastest growing countries and the core L'Occitane en Provence brand is actively building a leading presence in these important emerging markets; and
- with 31% growth from online retail sales, E-commerce remains a key growth driver.

Strong brand portfolio

The team remains committed to building a brand portfolio consisting of high quality brands that are rich in natural and organic ingredients of traceable origins and respect for the environment.

Over time it has expanded its portfolio and the Group now has five brands (**L'Occitane en Provence, L'Occitane au Brésil, Melvita, Le Couvent des Minimes and Erborian**) in its portfolio. Each brand stands for clearly defined attributes which are positioned to provide a consistent consumer experience across the Group's target consumer segments.

The corporate strategies are aimed at building the core L'Occitane en Provence brand's premium positioning and broadening the depth and accessibility of each brand in the Group's portfolio in keeping with the evolving consumer expectations.

- **Extending the L'Occitane brand**

  The Group continued to promote the core L'Occitane en Provence brand by investing in store renovations, digital marketing and its businesses and the team is focused on expanding its global presence.

- **L'Occitane au Brésil**

  L'Occitane au Brésil is a new range of products based entirely on Brazilian ingredients with its own personality and distinctive packaging. Since 15 May 2013, the current products developed are being sold in the existing "L'Occitane en Provence" stores exclusively in Brazil. The customer feedback so far has been very encouraging. The team looks to launch the brand's first independent store in Brazil once it has developed its full range of products. The retail concept and design for the L'Occitane au Brésil brand store will possess its own distinctive personality.

- **Melvita**

  The new management for the brand has created a strong team. Continued commitment and well executed strategies tailored to develop the brand have enhanced consumer acceptance and the new products being launched have been well received. The Group will increase product development efforts for the brand and they would be in categories with higher margins, especially skin care, body oils and floral waters.

- **Le Couvent des Minimes**

  The Group has started developing the wholesale activity internationally starting with the United States and Japan.

- **Acquiring Erborian**

  The Group continued to build its brand portfolio with new brand addition Erborian. This brand has been developed with a French marketing approach based on Korean herbal ingredients. The products are developed and manufactured in Korea and the Group will intensify the brand's research and development efforts there. The Group's objective is to expand Erborian's current network channels and diversify its product categories

The L'Occitane en Provence brand will continue its growth for the years to come and at the same time the management believes that the investments in the small and new brands will yield potential returns that will help drive consistent performance for the Group.

Operational excellence

The management executed the corporate strategies with the goal to deliver sustainable profitable growth over the long term.

- **Accelerating retail investment**

  The Group remained on track with its global retail network expansion strategy with a net 135 new stores, excluding acquisitions. The store renovation program accelerated with 74 renovations and relocations during the year.

- **Expanding the manufacturing, logistics, research and development capacity**

  The Group restructured and expanded its warehousing and logistics capacity with the addition of the new 18,000 sqm international warehouse in Manosque and increased its capacity in Europe and Hong Kong. The new factory in Lagorce has improved the Group's manufacturing capacity with the highest quality and environmental standards. The re-building of the main Manosque's factory is well on track and the first production batches in the new building were issued in April 2013.

- **Leveraging the information investment**

  The team continues to refine and expand its core information systems. During the year, SAP was successfully implemented in Hong Kong and several European countries. The Group's new point of sales system was implemented and expanded to further countries in Asia, Europe and America.

- **Building customer centricity**

  In an increasingly digital world, the team takes the opportunity to develop traffic, recruitment and purchase frequency, thanks to accelerated investments in a new web platform and CRM system.

In FY2014 and beyond, the Group will remain committed to its overall corporate strategy along the following lines:

- Accelerate retail investment with new stores and upgrade of retail network

- Strengthen innovation

- Engage the customer through digital initiatives

- Achieve operational efficiency

- Combine organic and external growth

- **Extending the Group's top-line growth platform:**

  The Group will further expand its retail stores network notably in the emerging markets such as Russia and China and in developed countries. In Japan, the Group intends to expand its presence with two new large format stores which bring the opportunity for more business and an enhanced shopping experience for its customers.

  The team will accelerate its strong store renovation program on a global basis. Further digital initiatives will be implemented to drive brand awareness and image to encourage sales on the web and across the channels.

  Building on the Group's investments to increase its research and development resources, the innovation focus will be to create new textures, sensoriality, new active ingredients and new processes. This will enable the Group to create more natural ingredients-based products to its fans and consumers. At the same time, the team will maintain its investments to strengthen the respective brand product portfolio.

- **Striving at operational and financial excellence:**

  The new expanded Manosque facility will be fully operational in November, bringing major benefits in terms of both capacity and quality. The Group's new production environment will benefit from the implementation of SAP, currently under intensive testing. Two key countries, the USA and Japan, will go live with SAP, and the team will prepare for further roll-out in more countries in FY2015.

  In view of optimizing the return on the Group's investments in its systems and key human resources in the recent years, the management will launch a global assessment of the Group's back-office and indirect structures.

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

AUDIT COMMITTEE

The Audit Committee was established on 21 June 2007 and details of the committee's duties and responsibilities are set out in its terms of reference.

In compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), the Audit Committee comprises three Non-executive Directors of the Company, two of whom are Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the consolidated results of the Group for FY2013.

CORPORATE GOVERNANCE

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

As set out in Appendix 14 of the Listing Rules, "The 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 FY2013, the Company has been in compliance with the mandatory code provisions of the Code, save as disclosed below:

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

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

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

Ms. Sylvie Duvieusart-Marquant, the joint company secretary of the Company, reports to Thomas Levilion, the Group's Deputy General Manager whose primary responsibility is to oversee the Group's finance functions worldwide. The Company believes this is appropriate because both Ms. Duvieusart-Marquant and Mr. Levilion work closely together on a day to day basis including dealing with matters relating to corporate governance and other Board-related matters. Mr. Kenny Yee Hing Choy, the Company's ex-joint company secretary (resigned on 25 April 2013) was previously based in Hong Kong and reported to Aidan Goddard who is the Company's chief financial officer for Asia Pacific. The Company believes this was appropriate as Mr. Goddard, who is also based in Hong Kong, works closely with Mr. Levilion. Mr. Choy also coordinated with Ms. Duvieusart-Marquant in the discharge of their duties as joint company secretaries during his tenure of service.

Pursuant to Rule 3.10A of the Listing Rules, the Company was required to appoint independent non-executive directors representing at least one-third of the Board by 31 December 2012. In the Company's announcement dated 4 January 2013, the Board advised that it was in the process of finalising the appointment of an additional Independent Non-executive Director so as to comply with Rule 3.10A, and such appointment was finalised and announced on 29 January 2013.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code during FY2013.

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

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

GENERAL INFORMATION

The consolidated financial statements of the Group for the year ended 31 March 2013 have been reviewed by the Audit Committee of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 19 September 2013 to Wednesday, 25 September 2013, both days inclusive, during which period no share transfers can be registered. The record date to determine which shareholders will be eligible to attend and vote at the forthcoming AGM of the Company will be Wednesday, 25 September 2013 (the "AGM Record Date"). All transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 18 September 2013.

Subject to the shareholders approving the recommended final dividend at the AGM of the Company, such dividend will be payable on or about Wednesday, 23 October 2013 to shareholders whose names appear on the register of members on Friday, 11 October 2013 (the "Dividend Record Date"). To determine eligibility for the final dividend, the register of members will be closed from Tuesday, 8 October 2013 to Friday, 11 October 2013, both days inclusive, during which period no shares can be registered. In order to be entitled to receive the final dividend, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 7 October 2013.

PUBLICATION OF FINAL RESULTS AND 2013 ANNUAL REPORT

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

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 25 September 2013. A notice convening the AGM will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com) and will be dispatched to the shareholders of the Company.

BOARD OF DIRECTORS

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

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

Non-executive Directors
Karl Guénard
Martial Thierry Lopez

Independent Non-executive Directors
Valérie Irène Amélie Monique Bernis
Charles Mark Broadley
Pierre Maurice Georges Milet
Jackson Chik Sum Ng

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

Hong Kong, 17 June 2013

Disclaimer

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