L'OCCITANE
EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

(Incorporated under the laws of Luxembourg with limited liability)

Stock code : 973

2013
Interim Report

Contents

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 Luigi Trizio
(Chief Operating Officer)
Thomas Levilion
(Group Deputy General Manager,
Finance and Administration)
Karl Guénard
(Joint Company Secretary)

Non-Executive Director

Martial Thierry Lopez

Independent Non-Executive Directors

Charles Mark Broadley
Jackson Chik Sum Ng
Valérie Irène Amélie Monique Bernis
Pierre Maurice Georges Milet

Joint Company Secretaries

Kenny Yee Hing Choy
(resigned 25 April 2013)
Karl Guénard
(appointed 1 September 2013)
Sylvie Duvieusart-Marquant
(resigned 31 August 2013)
Mei Yee Yung
(appointed 25 April 2013)

Authorised Representatives

André Joseph Hoffmann
Kenny Yee Hing Choy
(resigned 25 April 2013)
Jackson Chik Sum Ng
(appointed 25 April 2013)

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

49, Boulevard Prince Henri
L-1724 Luxembourg

Headquarter Offices

49, Boulevard Prince Henri
L-1724 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

Pierre Maurice Georges Milet (Chairman)
Charles Mark Broadley
Domenico Luigi Trizio

Nomination Committee

Jackson Chik Sum Ng (Chairman)
Valérie Irène Amélie Monique Bernis
André Joseph Hoffmann

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

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

FINANCIAL HIGHLIGHTS

Highlights of results for the six months ended 30 September	2013	2012
Net sales *(€ million)*	446.4	449.2
Operating profit *(€ million)*	21.4	41.9
Profit for the period *(€ million)*	14.5	34.5
Gross profit margin	81.2%	82.1%
Operating profit margin	4.8%	9.3%
Net profit margin	3.3%	7.7%
Net operating profit after tax *(€ million)* (NOPAT)(1)	15.4	35.7
Capital employed *(€ million)*(2)	494.4	452.9
Return on capital employed (ROCE)(3)	3.1%	7.9%
Return on equity (ROE)(4)	2.0%	5.2%
Current ratio *(times)*(5)	2.74	2.68
Gearing ratio(6)	8.8%	9.4%
Average inventory turnover days(7)	324	312
Turnover days of trade receivables(8)	33	33
Turnover days of trade payables(9)	201	208
Total number of own stores(10)	1,280	1,120
Profit attributable to equity owners *(€ million)*	14.0	33.7
Basic earnings per share *(€)*	0.009	0.023

Notes:
(1) (Operating profit + foreign currency net gains or losses) x (1 - effective tax rate)
(2) Non-current assets - (deferred tax liabilities + other financial liabilities + other non-current liabilities) + working capital
(3) NOPAT/Capital employed
(4) Net profit attributable to equity owners of the Company/shareholders' equity excluding minority interest
(5) Current assets/current liabilities
(6) Total debt/total assets
(7) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 182.5. Average inventory equals the average of net inventory at the beginning and end of a given period.
(8) Turnover days of trade receivable equals average trade receivables divided by net sales and multiplied by 182.5. Average trade receivables equals the average of net trade receivables at the beginning and end of a given period.
(9) Turnover days of trade payables equals average trade payables divided by cost of sales and multiplied by 182.5. Average trade payables equals the average of trade payables at the beginning and end of a given period.
(10) L'Occitane and Melvita branded boutiques and department stores corners directly managed and operated by us.

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.

Chairman's Statement

Message from

REINOLD GEIGER

Photo by Ranjan Basu, Planman Media

During the period under review, in a weak global environment, we experienced a decline in profits due to higher operating expenses from our investments, media spending, softer sales growth and foreign exchange rate fluctuations. However, we believe that we should benefit from higher operational leverage during the second half of our financial year and will continue our commitment to invest for the future.

Our global retail expansion strategy and investments have enabled us to strengthen our leading position amid the rising competition in the cosmetics business. We continue to expand with new openings and important renovations in various markets globally. For the six months ended 30 September 2013, the Group increased the total number of its own retail stores to 1,280 and net own stores openings were 76 over the six months ended 30 September 2013, excluding acquisitions.

- *During the period under review, we have striven to balance revenue growth from the respective brands, and increased investments and infrastructure efficiencies to drive sustainable long term profit growth across the Group.*
- *Keeping focus on the long term, we will move forward with confidence and will invest for the future whilst maintaining sustainable business performance.*
- *We will continue to execute our corporate strategy to expand our own retail network through opening more stores globally and upgrading existing stores in all our key markets, investing to strengthen our brands in the Group's portfolio, directing efforts to enhance our presence in the digital channel, and further improving our operational processes.*
- *We remain committed to our vision and will continue to invest and take advantage of potential business opportunities to create lasting value for our shareholders.*

We remain focused on the long term and will continue to invest with increased capital expenditure for new store openings such as the new Shinjuku flagship boutique in Japan, which was opened in October 2013, and important store renovations such as the Aoyama flagship boutique in Japan, which was re-opened in June 2013. Meanwhile, we continue to further develop our own retail footprint as reflected from the recent acquisition of our distributor in South Africa.

With the support of our management team, we will maintain our efforts in direct marketing, digital, advertising, research and development and international management. The digital online channel remains a key area of focus and a growth driver for us and we expect to increase spending in this channel to enhance our internet presence. In terms of our global infrastructure platform, we continue to enhance our efficiency with improved productivity and logistics flows, combined with the optimization of our operating cost structure and investments.

Our investments in digital media continue to generate strong results and the e-commerce channel maintains its position as the fastest growing channel for us during these last six months. For certain key markets, we will implement our state-of-the-art customer relationship management (CRM) capabilities to help us extract the value from this digital channel which will also complement our own retail operations.

At the same time, we continue our investment program to improve our operating infrastructure business platform particularly by allocating resources to improve our supply chain and information technology (IT) systems.

We are in the process of finalizing the upgrade and expansion of our main factory in Provence, France and the additional capacity will focus on the production of premium product ranges and support the Group's future revenue growth.

The implementation of SAP has been completed in most key retail markets and we will next implement it in China and Brazil. In addition, we continue to roll-out CBR, our new Group Point of Sales system, which is vital to our business operations in our retail markets around the world.

As we execute our business plan, efforts are taken to drive the performance of all the brands in our Group's portfolio. In terms of brand updates, we have increased investments in our research and development efforts and are expecting to have an exciting product pipeline for all brands.

With the core L'Occitane brand, we will maintain our strategic focus to increase the product offerings to complement our fast growing skincare and fragrance category. We are very pleased with the recent successful launch of the new formula for our best-selling anti-ageing Immortelle Divine range and this move is in line with our investment and strategy to become a leading player in the natural cosmetics space for skincare.

Our foray to grow our premium fragrance category with the new Grasse collection has produced positive results. However, in Japan, we believe that this strategic approach will take a bit longer. Overall, we remain committed to our strategy and expect to use the learning experience from Japan to create a new line of Asia focused skincare and body care products for Asian markets.

• *Flagship, Shinjuku Tokyo, Japan*

As part of our ongoing efforts to increase our market share in the fast growing emerging markets, we launched in Brazil in May 2013 the new L'Occitane au Brésil brand. The feedback continues to be promising and we have unveiled the first L'Occitane au Brésil standalone retail concept store in Brazil. The team is currently working to extend product offerings and grow market share in Brazil.

We continue to see good progress with Melvita after its successful integration into the Group. The new management team is focused and fully committed on the total "makeover" for the brand. With the support of the revamped communication and retail store concept, the team believes that our investment in the research and development front will help us achieve our goal to deliver successful product launches for the brand. Overall, we are positive that these actions combined with the on-going rationalization of our distribution will help us to turn around the brand.

After the successful integration of the Erborian brand to our family, we are pleased with its performance through its existing wholesale channel. In terms of brand recognition, Erborian's new CC Cream HD Centella Asiatica product has received great feedback from the beauty media. We are now working to expand Erborian's existing product line and look forward to introducing its retail concept soon.

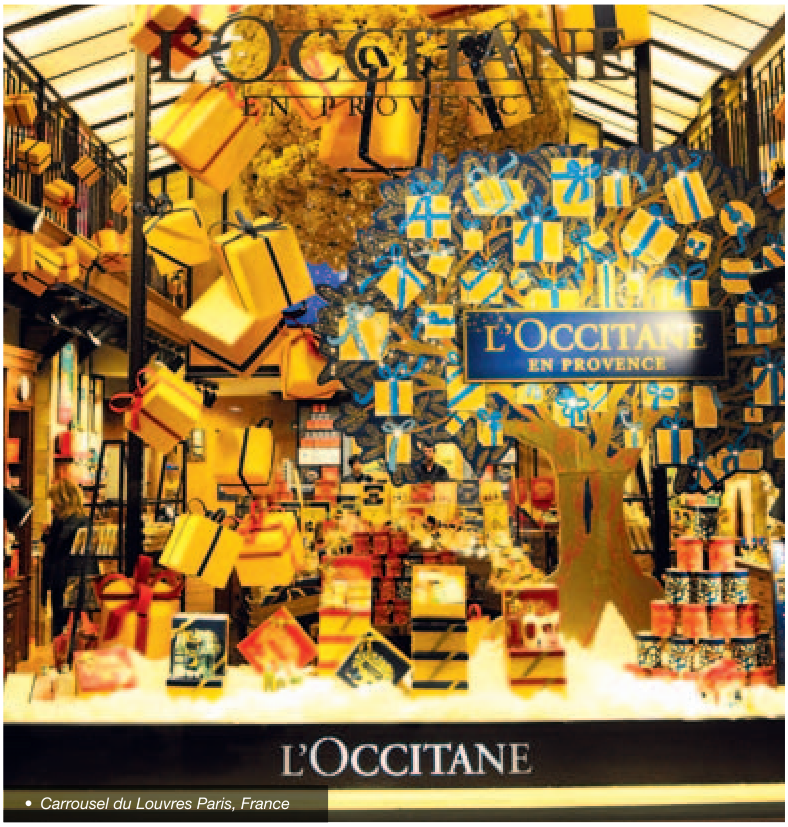
For the Le Couvent des Minimes brand, we continue to seek out business opportunities and to expand its business and increase sales.

Overall, the performance achieved by the Company in the first half of financial year 2014 has been affected by our strategy to invest and grow the business for the long term, and the prevailing weak macro environment, combined with adverse exchange rate fluctuations.

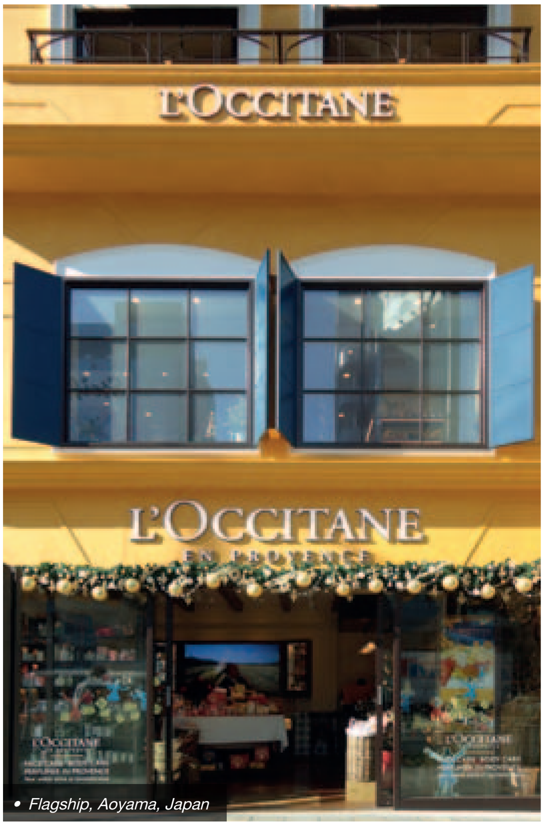
It has been a challenge for my team to find a balance in managing the business with focus on the long term while navigating the sea of change caused by the uncertainty in the markets. However, I am an optimist and I believe that this will pass and we see the opportunity in every challenge. Our strategy to invest and build a stronger company will help us in our transformation to become a truly leading player in the natural beauty and personal care space.

Moving ahead, we remain committed to our vision and will continue to invest and take advantage of potential business opportunities to create lasting value for our shareholders.

STRONG GLOBAL PRESENCE



• Carrousel du Louvres Paris, France



• Flagship, Aoyama, Japan

• Flagship, 170 5th Avenue New York, United States

• IFC, Hong Kong

• Metropolis Shopping Centre Moscow, Russia

• Iguatemi Mall, São Paulo, Brazil

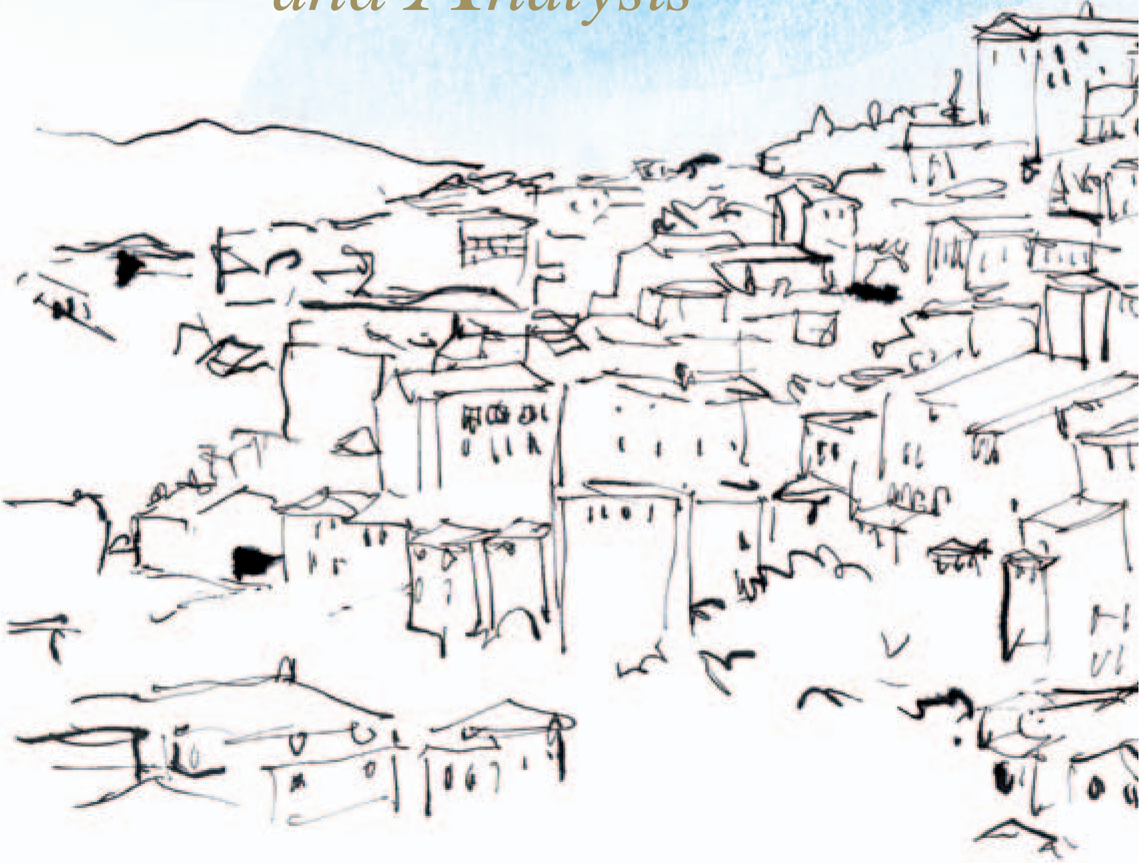
• Flagship, Hangzhou Intime Chengxi - Hangzhou, China

• Flagship, Yorkdale Mall Toronto, Canada

• 9 The Market, Covent Garden, London, United Kingdom

• 46 Buchanan Street, Glasgow, Lanarkshire, Scotland, United Kingdom

Management Discussion and Analysis



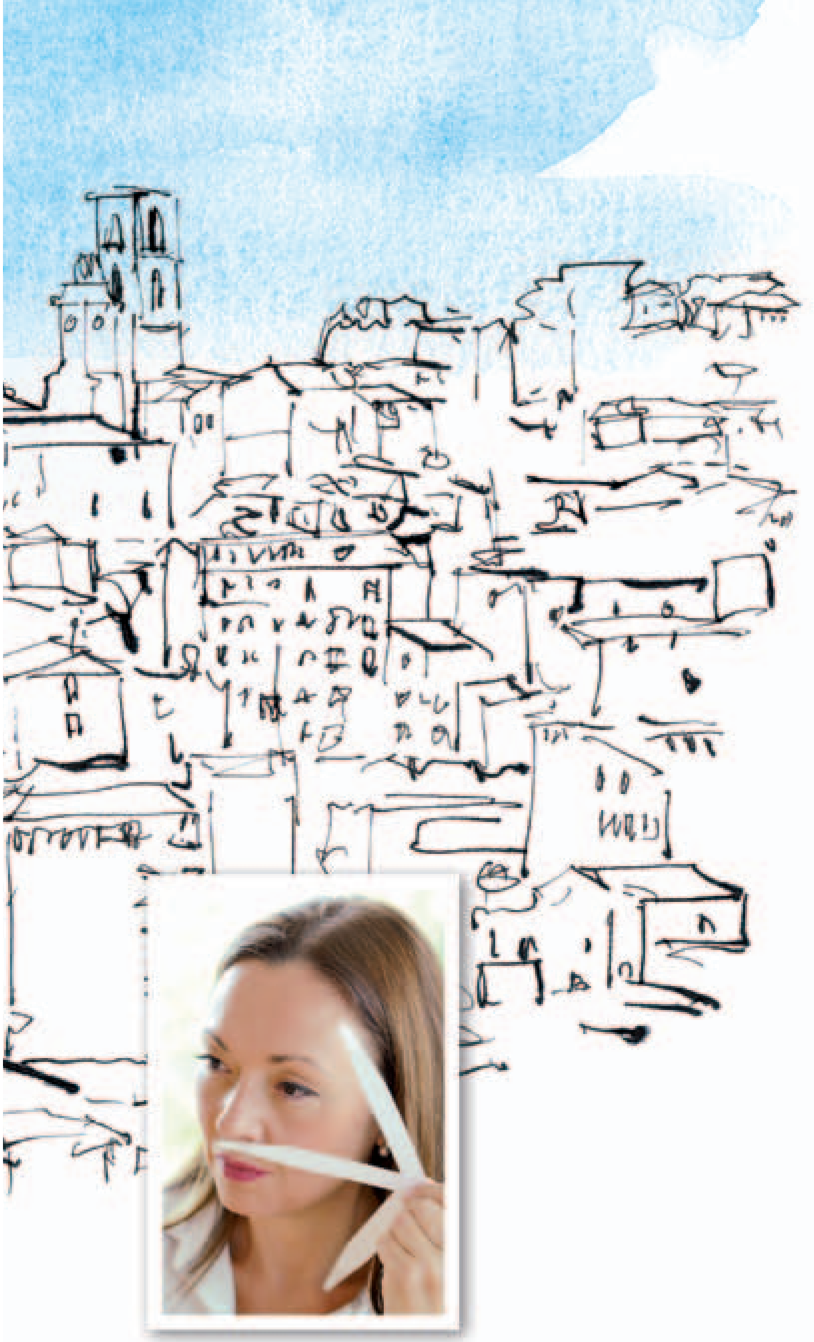
Summary:

For the six months ended 30 September	**2013** ***€ million or %***	2012 *€ million or %*
Net Sales	**446.4**	449.2
Operating profit	**21.4**	41.9
Profit for the period	**14.6**	34.5
Gross profit margin	**81.2%**	82.1%
Operating profit margin	**4.8%**	9.3%
Net profit margin	**3.3%**	7.7%

Definitions:

Comparable Stores means existing retail stores which have been open for at least 24 months before the end of the financial year under discussion, including e-commerce and excluding renovated stores.

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



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

Non-comparable Store Sales means net sales from Non-comparable Store Sales 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.

HIGHLIGHTS :

- *Group's net sales were €446.4 million. At constant exchange rates, sales growth was 7.2% as compared to the six months ended 30 September 2012*
- *Sales growth was primarily driven by the United States, China, France and Russia. China and Russia were among the fastest growing countries (18.7% and 17.0% respectively)*
- *The net own-store openings were 76 in the six months ended 30 September 2013 (compared to 57 over the same period last year), excluding the acquisition of distributors*
- *Profit for the period was €14.5 million, posting a decline of 57.9% compared to the same period last year, driven notably by exchange rates conditions, softer sales growth and investments for future development*

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

Seasonality of operations

We are subject to seasonal variances in sales, which are significantly higher in our financial third quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. For the six months ended 30 September 2012, the level of sales represented 43.1% of the annual level of sales in the year ended 31 March 2013 and the level of operating profit represented 26.4% of the annual operating profit in the year ended 31 March 2013. This ratio is not representative of FY2014 annual result.

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

REVENUE ANALYSIS

Net sales were €446.4 million for the six months ended 30 September 2013, a 0.6% or €2.9 million decrease as compared to the six months ended 30 September

• *Morumbi Mall, São Paulo, Brazil*

2012. The decrease was mainly due to foreign currency translation effects. At constant exchange rates, net sales increased by 7.2%. Net sales in Sell-out and Sell-in business segments (representing 73.4% and 26.6% respectively of total net sales) increased by 8.0% and 4.8% respectively, at constant exchange rates.

The Group increased the total number of retail locations where the products are sold from 2,364 as at 31 March 2013 to 2,506 as at 30 September 2013, an increase of 6.0%. The Company remained on track with its global retail expansion strategy and increased the number of its own retail stores by 6.8% from 1,198 as at 31 March 2013 to 1,280 as at 30 September 2013, representing a net increase of 82 stores, including 40 additional stores in Asia, 20 in Europe and 16 in the Americas and 6 in Africa. At constant exchange rates, Comparable Store Sales represented 7.0% of Overall Growth for the period ended 30 September 2013 while Non-comparable Store Sales during the period represented 74.0% of Overall Growth, and Sell-in segment contributed 17.6% to Overall Growth.

The Group's sales in the United States, China, France and Russia were the driving factors of net sales growth for the six months ended 30 September 2013.

Business Segments

The following table provides a breakdown of the net sales year-on-year growth (including and excluding foreign currency translation effects as indicated) by business segment for the six months ended 30 September 2013:

	€'000	*% Growth*	*% Growth(2)*	*% Contribution to Overall Growth(2)*
Sell-out	**(3,944)**	**(1.2)**	**8.0**	**82.4**
Comparable Stores	(19,967)	(7.8)	0.9	7.0
Non-comparable Stores	16,688	24.3	34.7	74.0
Other (1)	(665)	(10.1)	6.7	1.4
Sell-in	**1,078**	**0.9**	**4.8**	**17.6**
Overall Growth	**(2,866)**	**(0.6)**	**7.2**	**100.0**

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

Sell-out

For the six months ended 30 September 2013, the Sell-out business segment accounted for 73.4% of the Group's total sales and amounted to €327.4 million, a decrease of 1.2% as compared to same period last year and an 8.0% increase at constant exchange rates. Non-comparable Store Sales was the main contributor towards this local currency growth as well as existing Comparable Store Sales with Same Store Sales Growth at constant exchange rates of 0.9%.

Sell-out segment contributed 82.4% to Overall Growth for the six months ended 30 September 2013, as compared to the same period last year, with Non-comparable Stores providing 74.0% and Comparable Stores, internet and other Sell-out providing 8.3% of Overall Growth. The Group's online retail channel maintained its momentum with a 23.9% growth at constant exchange rates during the six months ended 30 September 2013 as compared to the same period last year.

There was a net addition of 76 own stores (excluding acquisition from distributor) for the six months ended 30 September 2013, including net additions of 22 stores in China, 10 stores in the United States, 6 stores in Russia, 5 stores in Brazil, 4 stores in the United Kingdom, 3 stores each in Hong Kong and France, 2 stores in Japan and 21 stores in other countries. Furthermore, the Company added 6 stores after the acquisition of the distributor in South Africa in June 2013. The Group continued its retail network upgrade with 68 stores renovated or relocated for the six months ended 30 September 2013 as compared to 42 stores during the same period last year.

Sell-in

For the six months ended 30 September 2013, the sell-in business segment accounted for 26.6% of the Group's total sales and amounted to €118.9 million, an increase of 0.9% as compared to same period last year and a 4.8% increase at constant exchange rates. The growth was primarily due to an increase in wholesale business. Sell-in segment represented 17.6% of the Overall Growth for the six months ended 30 September 2013 as compared to same period last year.

Geographic Areas

The following table presents our net sales growth for the period ended 30 September 2013 and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth six months ended 30 September 2013 compared to six months ended 30 September 2012			
	€'000	*% Growth*	*% Growth*(1)	*% Contribution to Overall Growth* (1)
Japan	(27,614)	(26.5)	(4.9)	(16.0)
Hong Kong (2)	(643)	(1.4)	2.3	3.4
China	4,782	17.9	18.7	15.6
Taiwan	275	1.9	5.3	2.4
France	3,895	10.7	10.7	12.1
United Kingdom	593	2.5	9.2	6.7
United States	3,429	6.7	10.8	17.1
Brazil	(440)	(2.2)	10.2	6.4
Russia	1,998	10.0	17.0	10.5
Other countries (3)	10,860	10.3	12.7	41.9
All countries	**(2,866)**	**(0.6)**	**7.2**	**100.0**

(1) Excludes the impact of foreign currency translation effects and reflects growth from all business segments, including growth from our own retail store sales.
(2) Includes sales in Macau.
(3) Includes sales from Luxembourg.

• *Centre commercial Régional Parly 2, Le Chesnay, France*

• *Morumbi Mall, São Paulo, Brazil*

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:

	Own retail stores				% contribution to Overall Growth[(1)(2)]			
	30 Sep 2013	Net openings YTD Sep 2013	30 Sep 2012	Net openings YTD Sep 2012	Non-comparable Stores	Comparable stores	Total Stores	Same Store Sales Growth[(2)]
Japan[(3)]	102	2	95	5	0.8	(15.8)	(15.0)	(7.2)
Hong Kong[(4)]	34	3	30	1	2.5	2.8	5.4	11.6
China	141	22	102	9	15.2	2.9	18.1	5.2
Taiwan[(5)]	61	–	63	1	1.4	0.3	1.7	1.2
France[(6)]	73	3	66	–	3.9	1.4	5.4	3.1
United Kingdom[(7)]	66	4	60	3	4.4	2.6	7.0	5.5
United States[(8)]	196	10	173	3	10.3	5.9	16.2	5.0
Brazil	75	5	67	4	3.3	1.5	4.8	3.4
Russia[(9)]	105	6	85	9	5.6	0.2	5.8	0.7
Other Countries[(10)]	427	27	379	32	26.6	5.1	31.7	2.9
All countries	**1,280**	**82**	**1,120**	**67**	**74.0**	**7.0**	**81.0**	**0.9**

(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 10 and 12 Melvita stores as at 30 September 2012 and 30 September 2013 respectively.
(4) Includes 1 L'Occitane store in Macau and 9 Melvita stores in Hong Kong as at 30 September 2012 and 2 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 30 September 2013.
(5) Includes 9 and 7 Melvita stores as at 30 September 2012 and 30 September 2013 respectively.
(6) Includes 4 Melvita stores as at 30 September 2012 and 30 September 2013.
(7) Includes 2 Melvita stores as at 30 September 2012.
(8) Includes 2 and 1 Melvita stores as at 30 September 2012 and 30 September 2013 respectively.
(9) Includes 8 and 7 Melvita stores as at 30 September 2012 and 30 September 2013 respectively.
(10) Includes 10 and 7 Melvita stores as at 30 September 2012 and 30 September 2013 respectively. The net openings include 10 stores from the acquisition of distributor in Ireland as at 30 September 2012 and 6 stores from the acquisition of distributor in South Africa as at 30 September 2013.

Japan

Japan's net sales for the six months ended 30 September 2013 were €76.6 million, a decrease of 26.5% as compared to same period last year. The decrease was largely due to foreign currency exchange impacts from a weak Japanese Yen and strong Euro. At constant exchange rates, Japan's sales posted a decline of 4.9%, contributing a negative 16.0% to Overall Growth, and sales from the Sell-out sales segment declined by 5.0%. Non-comparable Store Sales contributed 0.8% to Overall Growth. During the period, Japan had a net addition of 2 stores and Same Store Sales Growth was negative 7.2%. At constant exchange rates, the Sell-in Sales recorded a decline of 3.8% as compared to the same period last year, mainly due to weaker sell-through via the television home shopping channel.

Hong Kong

Hong Kong's net sales for the six months ended 30 September 2013 were €46.6 million, a decrease of 1.4% as compared to same period last year. At constant exchange rates, the local currency growth was 2.3%, contributing 3.4% to Overall Growth. Sell-out segment contributed 5.2% to Overall Growth, 2.8% from Comparable Stores and 2.5% from Non-comparable Stores. During the period, Hong Kong had a net addition of 3 stores and Same Store Sales Growth was 11.6%, with Comparable Stores making a contribution of 2.8% to Overall Growth. At constant exchange rates, the Sell-in Sales recorded a decline of 2.1% as compared to the same period last year, due to softer sell-through in the travel retail channel.

China

China's net sales for the six months ended 30 September 2013 were €31.5 million, an increase of 17.9% as compared to same period last year. At constant exchange rates, the local currency growth was 18.7%, contributing 15.6% to Overall Growth. China remains one of the fastest growing countries of the Company. Comparable Store Sales and Non-comparable Store Sales contributed 2.9% and 15.2% respectively to Overall Growth. During the period, China had a net addition of 22 stores and Same Store Sales growth was 5.2%. At constant exchange rates, the Sell-in Sales recorded a decline of 15.4% as compared to the same period last year, due to slower sales in the B2B channel.

Taiwan

Taiwan's net sales for the six months ended 30 September 2013 were €14.9 million, an increase of 1.9% as compared to same period last year. At constant exchange rates, the local currency growth was 5.3%, contributing 2.4% to Overall Growth. The growth rates for Sell-out and Sell-in in Taiwan were 2.7% and -0.3% respectively. During the period, Same Store Sales Growth was 1.2%. The growth of Sell-out sales was mainly driven by Non-comparable stores, which had a local currency growth of 12.1% and contributed 1.4% to Overall Growth. At constant exchange rates, the Sell-in sales recorded a decline of 5.5% as compared to the same period last year.

France

France's net sales for the six months ended 30 September 2013 were €40.2 million, an increase of 10.7% as compared to same period last year. At constant exchange rates, the local currency growth was 10.7%, contributing 12.1% to Overall Growth. E-commerce sales had an encouraging growth as a result of the strategic penetration in this market segment. Sell-out sales growth was 5.2%, with Same Store Growth of 3.1%. During the period, France had a net addition of 3 stores. Sell-in segment recorded a growth of 12.8%, contributing 6.9% to Overall Growth, mainly due to increase in wholesale and distribution channels.

United Kingdom

United Kingdom's net sales for the six months ended 30 September 2013 were €24.1 million, an increase of 2.5% as compared to same period last year. At constant exchange rates, the local currency growth was 9.2%, contributing 6.7% to Overall Growth. The Sell-out segment contributed 7.0% to Overall Growth, driven by both Comparable Stores and Non-comparable Stores. Comparable Store Sales grew by 5.5% in local currency, contributing 2.6% to Overall Growth. Non-comparable Stores also contributed 4.4% to Overall Growth with an addition of 4 stores during the period. The Sell-out segment benefited from strong growth in the e-commerce business, successful re-launch of the Immortelle Divine skincare range and the launch of its first television advertising campaign during the period. Sell-in segment was impacted by softer sell-through via the television home shopping channel.

United States

The United States net sales for the six months ended 30 September 2013 were €54.3 million, an increase of 6.7% as compared to same period last year. At constant exchange rates, the local currency growth was 10.8%, contributing 17.1% to Overall Growth. The positive results were mainly from improvements in Sell-out segment. Comparable Stores Sales Growth was 5.0% which contributed 5.9% to Overall Growth. The Company's investment on the store renovation program during the past few years has started to yield benefits. In addition, as a result of corporate initiatives to improve digital marketing and enhance customer relationship management, the e-commerce channel continued to record strong growth. Non-comparable Store Sales contributed 10.3% to Overall Growth mainly benefited by 16 stores opened in FY2013 and the 10 net store openings in the six months ended 30 September 2013. Sell-in segment grew by 5.3% at constant exchange rates, contributing 1.0% to Overall Growth.

Brazil

Brazil's net sales for the six months ended 30 September 2013 were €19.7 million, a decrease of 2.2% as compared to same period last year. The decrease was due to weak Brazilian Real and strong Euro. At constant exchange rates, the local currency growth was 10.2%, contributing 6.4% to Overall Growth. The growth was driven mainly by Sell-out segment. Same Store Sales Growth was 3.4% (vs. -1.2% same period last year) with a contribution of 1.5% to Overall Growth. Non-comparable Stores Sales growth was fuelled by stores opened in FY2013 (net 7 stores) and in the six months ended 30 September 2013 (net 5 stores), contributing 3.3% to Overall Growth. The successful launch of the new brand, L'Occitane au Brésil, helped improve both Same Store Sales and Non-comparable Stores growth. Sell-in sales increased by 16.5% at constant exchange rates, contributing 1.4% to Overall Growth.

Russia

Russia's net sales for the six months ended 30 September 2013 were €21.9 million, an increase of 10.0% as compared to same period last year. At constant exchange rates, the local currency growth was 17.0%, contributing 10.5% to Overall Growth. Russia remains one of the fastest growing countries of the Company. The growth was mainly driven by both Sell-out and Sell-in segments, which contributed to Overall Growth by 6.4% and 4.1% respectively. Same Store Sales Growth was 0.7% in the six months ended 30 September 2013 as compared to a high base of 14.6% in same period last year. Non-comparable Store Sales contributed 5.6% to Overall Growth. Russia continued its store opening plan and had a net addition of 6 stores

• *V City, Hong Kong*

during the period. The Sell-in segment grew by 42.2% at constant exchange rates, mainly driven by distribution business, and contributed 4.1% to Overall Growth.

Other countries

Other countries' net sales for the six months ended 30 September 2013 were €116.7 million, an increase of 10.3% as compared to same period last year. At constant exchange rates, the local currency growth was 12.7%, contributing 41.9% to Overall Growth. Sell-out segment contributed 31.7% to Overall Growth. Comparable Store Sales accounted for 5.1% of Overall Growth with Same Store Sales Growth of 2.9%. Non-comparable Store Sales contributed 26.6% to the Overall Growth as a result of stores network expansion. During the six months ended 30 September 2013, the number of stores in other countries increased from 400 to 427, a net increase of 27. In terms of geographical area, 13 of the new stores were opened in Asia, 7 in Europe, 1 in Americas and 6 in Africa. The 6 new stores in Africa were through acquisition of the distributor in South Africa in June 2013. Net Sales in Canada, Malaysia, Germany, Korea, and Australia grew by 25.1%, 18.7%, 15.2%, 13.3% and 11.8% respectively, at constant exchange rates. Sell-in sales increased by 8.4% at constant exchange rates and contributed 10.1% to Overall Growth, mainly driven by increased sales to travel retail and wholesale customers.

• *Garosu Seoul, Korea*

• *Lumine Yokohama, Japan*

PROFITABILITY ANALYSIS

Cost of sales and gross profit

Cost of sales increased by 4.2%, or €3.3 million, to €83.8 million in the period ended 30 September 2013 compared to the period ended 30 September 2012. Our gross profit margin decreased by 0.9 points to 81.2% in the period ended 30 September 2013. The decline in gross profit margin was essentially due to the exchange rates for 1.0 points of net sales, the phasing of our deliveries due to the seasonality, negatively impacting freight and duties for 0.4 points, and reclassifications and other effects for 0.7 points. The reclassifications were related to labeling, packing, quality check costs and gift boxes previously accounted for in the distribution costs. In addition, the softer sales affected our country and channel mix unfavourably for 0.1 point. This was mitigated by:

- favourable prices and mix effects in both our Sell-out and Sell-in segments for 0.7 points; and
- gains in production costs for 0.6 points.

Distribution expenses

Distribution expenses increased by 2.2%, or €5.0 million, to €230.5 million in the period ended 30 September 2013. As a percentage of net sales, our distribution expenses increased by 1.4 points to 51.6% of net sales in the period ended 30 September 2013. This increase is attributable to a combination of:

- the consequences of the softer sales growth on personnel expenses, rent and occupation costs relative to sales, for 1.7 points;
- unfavourable channel mix effects for 0.3 points; and
- investments in our Sell-in and Sell-out segments, related to store openings, store renovations and relocations, and to the strengthening of our sales organizations, impacting for 1.5 points.

This was partly offset by lower central logistic costs for 0.4 points, reclassification to the cost of sales as mentioned above for 0.8 points, a lower impact of the cost of gift boxes for 0.6 points due to their recognition as sellable articles, and other effects for 0.3 points.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Fleur d'Or & Acacia,
the new floral-musk fragrance
of La Collection de Grasse.
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Marketing expenses

Marketing expenses increased by 13.7%, or €6.9 million, to €57.1 million in the period ended 30 September 2013. Our marketing expenses, as a percentage of net sales, increased by 1.6 points to 12.8% of net sales in the period ended 30 September 2013. This increase was attributable to:

- a brand mix effect, with the development of our new brands, accounting for 0.3 points;
- investments in digital and traditional media for 0.9 points, notably in Japan, the USA and the UK;
- investments in mailings and customer relationship management ("CRM") particularly in France, the USA and the UK, for 0.3 points; and
- investments in samples, windows, other communication tools, and other effects for 0.1 points.

Research & development expenses

Research and development ("R&D") expenses increased by 31.3%, or €1.1 million, to €4.7 million in the period ended 30 September 2013. Our R&D expenses increased by 0.3 points, as a percentage of net sales with the increase being equally explained by the development of product offers for our new brands and by the unfavourable exchange rates.

General and administrative expenses

General and administrative expenses increased by 2.3%, or €1.2 million, to €48.8 million in the period ended 30 September 2013 and increased by 0.3 points of net sales, which was essentially attributable to the unfavourable exchange rates effects.

Operating profit

Operating profit decreased by 48.8%, or €20.4 million, to €21.4 million in the period ended 30 September 2013, and our operating profit margin declined by 4.5 points of net sales to 4.8%. The decrease in our operating profit margin is explained by:

- unfavourable exchange rates effects for 1.3 points;
- investments in our future sales growth, for 2.1 points;
- increased efforts in digital and traditional media, and other marketing tools for a total 1.0 points; and
- the effect of the softer sales growth, essentially impacting our distribution expenses, for 2.1 points.

This was partly offset by:

- efficiency gains in production and central logistics for 1.0 points;
- positive prices and product mix effects for 0.7 points, and other effects for 0.3 points.

Finance costs, net

Net finance costs decreased by €0.5 million, to €0.8 million in the period ended 30 September 2013. This decrease was mainly related to lower interest expenses due to the combination of lower interest rates and our sound net cash situation.

Foreign currency gains/losses

Net foreign currency losses amounted to €7.4 million for the period ended 30 September 2013 and were explained by € 8.3 million unrealized losses primarily due to the financing of our subsidiaries and to the revaluation of unsettled trading operations, as a consequence of the strong euro. Such unrealized losses were partly compensated by realized gain on trading operations essentially in Japanese Yen.

Income tax expense

The effective income tax resulted in a gain of €1.3 million for the period ended 30 September 2013, as compared to an expense of €3.2 million, representing an effective income tax rate of 8.4% for the period ended 30 September 2012. The gain in income tax during the period ended 30 September 2013 is essentially related to losses incurred in the first half of this financial year in some countries with higher effective tax rates than in the combined French and Swiss entities, where taxable profits were achieved.

Profit for the period

For the aforementioned reasons, profit for the period decreased by 57.9% or €19.9 million to €14.6 million in the period ended 30 September 2013, as compared to the period ended 30 September 2012. Basic and diluted earnings per share decreased for the period ended 30 September 2013 by 58.5%.

BALANCE SHEET REVIEW

Liquidity and capital resources

As at 30 September 2013, the Group had cash and cash equivalents of €289.7 million, as compared to €319.9 million as at 31 March 2013 and €292.0 million as at 30 September 2012.

As at 30 September 2013, the aggregate amount of undrawn borrowing facilities was €290 million. As at 30 September 2013, our total borrowings, including finance lease liabilities, current accounts with minority shareholders and bank overdrafts, amounted to €91 million, as compared to €83 million as at 31 March 2013, with the increase being explained by increased borrowings in foreign currencies to offset increased foreign currencies exposures in our balance sheet.

Investing activities

Net cash used in investing activities was €47.1 million for the six months ended 30 September 2013, as compared to €48.7 million same period last year, representing a decrease of €1.6 million. This reflected capital expenditures primarily related to:

- additions of leasehold improvements, other tangible assets, key moneys and changes in deposits related to stores for €24.3 million;
- additions in IT software and equipment for €9.1 million, including €4.7 million for the implementation of SAP as the Group's enterprise resources planning system and €2.0 million for POS and CRM systems; and
- additions of machinery, equipment, construction, fittings and others to factories and R&D for €11.4 million. Out of this amount, €5.9 million were in-progress in the Manosque facility.

Financing activities

Net cash generated in financing activities was €7.9 million for the six months ended 30 September 2013. During the same period last year, net cash of €19.7 million was generated from financing activities. Net cash generated during the period under review mainly reflected a net increase in bank borrowings to meet seasonal cash needs of the subsidiaries.

Inventories

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

For the period ended 30 September	2013	2012
Average Inventory turnover days(1)	324	312

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

Inventory, net value was €160.5 million as at 30 September 2013, increased by €23.3 million compared to €137.2 million as at 30 September 2012. The increase in inventory turnover days by 12 days was due to:

- increase in finished goods and raw materials buffer in the factory for 12 days in order to ensure continuous supply during SAP implementation in the factory; and
- the recognition of gift boxes as sellable articles, with no cash effect for 6 days.

This was partly offset by favourable exchange rates and other effects for a total of 6 days.

Trade receivables

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

For the period ended 30 September	2013	2012
Turnover days of trade receivables(1)	33	33

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

Turnover days of trade receivables remained at 33 days for the period ended 30 September 2013.

la nature au coeur - nature at heart
Melvita
Huile d'
Argan
Argan oil
ORGANIC
BIO
COSMETIC
1.7 fl.oz.
50 ml


Give the gift of nature's wisdom
"Nature is filled with wonderful gifts, you just need to know where to look."
Melvita

Trade payables

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

For the period ended 30 September	2013	2012
Turnover days of trade payables[1]	201	208

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

The decrease in turnover days of trade payables for the period ended 30 September 2013 was mainly due to decrease in trade payables at factory level together with foreign currency impact on trade payables conversion, in particular for Japan.

BALANCE SHEET RATIOS

The Group's profitability ratios for the six months ended 30 September 2013 decreased as compared to same period last year. Return on capital employed for the six months ended 30 September 2013 declined to 3.1% as compared to 7.9% same period last year. The drop was mainly explained by a decrease of 56.8% in net operating profit after tax, together with an increase of 9.2% in capital employed. Return on equity was 2.0% for the six months ended 30 September 2013 compared to 5.2% same period last year. The drop was mainly explained by a decrease of 58.6% in net profit attributable to equity owners, together with an increase of 6.2% in shareholders' equity. The Group's liquidity and capital adequacy ratios remained favourable as a result of high net cash position.

For the period ended	30 September 2013 *€'000*	31 March 2013 *€'000*	30 September 2012 *€'000*
Profitability			
Net operating profit after tax (NOPAT)[1]	15,423	126,663	35,677
Capital employed[2]	494,388	497,150	452,877
Return on capital employed (ROCE)[3]	3.1%	25.5%	7.9%
Return on equity (ROE)[4]	2.0%	16.8%	5.2%
Liquidity			
Current ratio (times)[5]	2.74	3.41	2.68
Quick ratio (times)[6]	1.99	2.63	2.01
Capital adequacy			
Gearing ratio[7]	8.8%	8.0%	9.4%
Debt to equity ratio[8]	net cash position	net cash position	net cash position

(1) *(Operating profit + foreign currency net gains or losses) x (1 - effective tax rate)*
(2) *Non-current assets - (deferred tax liabilities + other financial 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 Group enters into forward exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in our presentation currency, the Euro, for periods consistent with our identified exposures. As at 30 September 2013, the Group had foreign exchange derivatives net liabilities of € 0.6 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 30 September 2013 were primarily Japanese yen for an equivalent of €13.8 million, British pounds for € 12.9 million and Singaporean dollars for €8.2 million.

INTEREST RATE RISK MANAGEMENT

The Group had no interest rate derivatives as at 30 September 2013.

DIVIDENDS

At the Board meeting held on 17 June 2013, the Board recommended a distribution of 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. The shareholders approved this dividend at a meeting held on 25 September 2013. The dividend was paid on 23 October 2013.

POST BALANCE SHEET EVENTS

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

STRATEGIC REVIEW AND PROSPECTS

Summary of the activities during the period:

For the six months ended 30 September 2013, the Group pursued its overall corporate strategy by accelerating retail investment in new stores and upgrading the retail network through store renovations and relocations in a challenged macro environment. Most markets were able to deliver growth in local currency. China and Russia maintained their positions as the best-performing markets growing at 18.7% and 17.0%, respectively at constant exchange rates. Developed markets like France, the United Kingdom and the United States continued to contribute and maintain solid sales growth at 10.7%, 9.2% and 10.8%, respectively at constant exchange rates.

With the integral support of a committed management team, the Group stepped up its marketing efforts in direct marketing, digital, advertising, research and development and international management. These investments are necessary to help the Group strengthen its leading position in the beauty and personal care business amid rising global competition.

The Group continued to expand with new openings and important renovations in various markets globally. For the six months ended 30 September 2013, the Group increased the total number of own retail stores to 1,280. The Group's net own stores openings were 76 over the


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Management Discussion and Analysis

• *L'Occitance café Macau*

• *L'Occitance café Macau*

six months ended 30 September 2013, excluding the addition of 6 stores from the acquisition of the Group's distributor in South Africa. During the same period, the Group renovated and relocated 68 stores as compared to 42 stores for the same period last year.

The first half of the Group's financial year marked as well the successful launch of Japan's renovated Aoyama flagship and reflected the Group's focus and on-going efforts to improve the business in Japan. Part of the restructuring program for Japan includes an aggressive renovation program which will take place over the following two years with a significant part of the retail network to be upgraded.

As the Group invested in its business platform for future growth, it is mindful of the need to innovate and create new textures and sensoriality. The progress in our R&D efforts was achieved and mainly led by the team who worked actively to uncover new ingredients and processes with the ultimate goal of creating more exciting new natural ingredients-based products which continue to be a fast-growing segment in the overall beauty and personal care space. These efforts will allow the Group's portfolio of brands to maintain its appeal to the growing global customer base and help steer the Group to the next level.

The digital online channel remained one of the key areas of focus and growth for the Group. The increased spending devoted to enhance the Group's internet presence through increased investments in digital media has shown lasting results. For the period under review, the Group's e-commerce business posted strong sales growth of 23.9% at constant exchange rates as compared to the same period last year. For certain key markets, the Group continued to launch state-of-the-art customer relationship management (CRM) capabilities to enable the respective markets to extract value from this digital channel which will complement their own retail operations.

The Group continued to improve its operating infrastructure business platform by allocating resources to improve the supply chain and information technology (IT) systems.

With the restructured and expanded main Manosque factory, the Group has enhanced its logistic network with the third stage and final phase of expanding the international warehouse in Manosque. Leveraging on the benefits from the new re-modeled Manosque factory, the Group was able to deliver the production batches and filling operations which started in April 2013. The implementation of SAP remained on track as demonstrated by its introduction and smooth integration in Japan, Canada and the United States of America. The roll-out of CBR, the new Group Point of Sales system, which is vital to the Group's operations, is on target in the same countries and all the Western European subsidiaries. It is important to note that these on-going one-off investments are required to allow the Group to reap the benefits of increased production capacity, productivity and efficiency gains in the coming years.

The Group reported that the profit for the period under review is materially less than that of the same period last year due to several factors, which include slower sales growth from Japan, one of the Group's key markets, foreign currency exchange impacts from a weak Japanese yen and strong Euro combined with the pressure on profitability driven by the increased spending and investments in distribution, marketing and the new brands that led to a lower business performance.

• *Senado Square, Macau*

Overall, the weaker than expected performance achieved by the Company for the six months ended 30 September 2013 demonstrated the risks that the Group faces as result of its international operations. These risks included the current challenged economic conditions which have impacted upon customer demand and exchange rate fluctuations which have affected the Group's revenues, costs, margins and profits.

Management continued to balance revenue growth from the respective brands and increased investments and infrastructure efficiencies to drive sustainable long term profit growth across the Group, especially with the focus on executing its retail, digital and marketing strategies amid an uncertain macro environment to promote and further enhance the brand momentum for the Group's portfolio of brands.

At the same time, the Group continued its global assessment project to optimize all indirect structures, back-office investments and productivity with the goal to unlock resources for marketing, R&D and strategic IT tools (CRM), especially with the significant long-term potential to create clear savings targets. Management has made good progress and will continue to set clear objectives and performance metrics for each saving/improvement project that has been identified.

As the Group executed its strategy to drive infrastructure efficiency, it also launched an "Operations Roadmap" with a similar approach and the key target to generate productivity gains and savings in production and logistics beyond the cost of its recent investments in the infrastructure platform which includes the factories, warehouses and related IT systems.

Prospects for the second half of the year:

The Group maintains its overall corporate strategy to expand its own retail network by opening more stores globally, by investing to strengthen our brands in our Group's portfolio, directing efforts to enhance our presence in the digital channel, by investing to strengthen our supply chain and further improve our operational processes. As part of the global retail expansion strategy, we will continue to invest in new stores in both developing and developed countries and to upgrade our retail network in all our key markets.


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In terms of brand development, 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.

- Extending the L'Occitane brand

  The Group continues to focus on executing its retail, digital and marketing strategy to drive brand momentum supported by the increased investments in digital.

- L'Occitane au Brésil

  The Group will continue to launch new product ranges for L'Occitane au Brésil and expand its distribution channels through kiosks, self-owned retail stores and wholesale in the form of franchised stores in Brazil.

- Melvita

  The new management team for the brand will continue its restructuring program and pursue growth for Melvita with the implementation of key actions that include successful new products, retail store and communication concepts.

- Le Couvent des Minimes

  The Group has shown progress with the development of the Le Couvent des Minimes wholesale business and will continue in its strategy to expand the commercial business base for the brand.

- Erborian

  The Group will pursue its objective to further expand Erborian's product ranges with increased R&D effort to create innovative products which will be synonymous with the Korean/French spirit of the brand.

In terms of IT systems upgrade, the Group will continue to implement and roll-out our SAP core model in other countries. Presently, the Group has launched SAP and Flexnet (a workshop management IT solution) and they went live on 1 November 2013. The Group is now working to introduce SAP in both Brazil and China. The CBR (POS system) which has been successfully implemented in China will be implemented next in Brazil. In addition, the Group will continue the further expansion of the CRM tools and e-commerce facilities and capabilities.

The Group has a global retail network and is exposed to exchange rate risk which can affect both the top and bottom line.

In order to hedge the exchange rate risk, the Group will maintain its global hedging policy and enter into derivative hedging contracts to hedge the value in euro (or in other operating currencies) of the identified expected cash flows. However, the Group would like to highlight that the translation impact from the exchange rate conversion cannot be avoided.

Overall, we will continue the efforts to develop our systems, processes, organization and capacities as initiated in the first half of this financial year. Against the backdrop of the global market uncertainty, the Group and the management will strive to bring the Group back to growth with a combination of improving Same Store Sales Growth and higher sales in Non-comparable Stores. Looking forward, we remain committed to our vision and will continue to invest and take advantage of potential business opportunities which will create lasting value to our shareholders.

Interim Consolidated Financial Statements


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Independent Review Report

Report on Review of the Consolidated Condensed Interim Financial Information

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

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim balance sheet of L'Occitane International S.A. and its subsidiaries (the "Group") as of 30 September 2013 and the related condensed consolidated interim statement of income, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim financial reporting" as adopted by the International Accounting Standards Board. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim financial reporting" as adopted by the International Accounting Standards Board.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 25 November 2013

Philippe Duren

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Interim Consolidated Statements Of Income

In thousands of Euros, except per share data	Notes	Period ended 30 September 2013	2012
Net Sales		**446,361**	**449,227**
Cost of sales		(83,835)	(80,437)
Gross profit		**362,526**	**368,790**
% of net sales		*81.2%*	*82.1%*
Distribution expenses		(230,515)	(225,490)
Marketing expenses		(57,078)	(50,203)
Research and development expenses		(4,653)	(3,545)
General and administrative expenses		(48,775)	(47,669)
Other (losses)/gains, net	(20)	(59)	(27)
Operating profit		**21,446**	**41,856**
Finance income	(21)	1,517	1,255
Finance costs	(21)	(2,317)	(2,527)
Foreign currency gains/(losses)	(22)	(7,388)	(2,915)
Profit before income tax		**13,258**	**37,669**
Income tax expense	(23)	1,287	(3,157)
Profit for the period		**14,545**	**34,512**
Attributable to:			
Equity owners of the Company		13,952	33,668
Non-controlling interests		593	844
Total		**14,545**	**34,512**
Earnings per share for profit attributable to the equity owners of the Company during the period *(expressed in Euros per share)*	(24)		
Basic		0.009	0.023
Diluted		0.009	0.023
Number of shares used in earnings per share calculation	(24)		
Basic		1,470,309,391	1,470,309,391
Diluted		1,470,960,118	1,470,309,391

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

Interim Consolidated Statements Of Comprehensive Income

In thousands of Euros	Notes	Period ended 30 September 2013	2012
Profit for the period		**14,545**	**34,512**
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Cash flow hedges fair value gains/(losses), net of tax	(13)	—	201
Currency translation differences		(11,956)	5,060
Total tems that may be reclassified subsequently to profit and loss		**(11,956)**	**5,261**
Other comprehensive income/(loss) for the period, net of tax		**(11,956)**	**5,261**
Total comprehensive income for the period		**2,589**	**39,773**
Attributable to:			
– Equity owners of the Company		2,136	38,988
– Non-controlling interests		453	785
Total comprehensive income for the period		**2,589**	**39,773**

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

Interim Consolidated Balance Sheets

ASSETS *In thousands of Euros*	**Notes**	**30 September 2013**	**31 March 2013**
Property, plant and equipment, net	(7)	175,021	164,608
Goodwill	(8)	115,919	120,701
Intangible assets, net	(9)	69,490	62,531
Deferred income tax assets	(23)	65,762	52,550
Available-for-sale financial assets		47	47
Investments in associate		20	—
Other non-current receivables		26,166	27,282
Non-current assets		**452,425**	**427,719**
Inventories, net	(10)	160,491	137,177
Trade receivables, net	(11)	74,616	86,696
Other current assets	(12)	58,678	61,160
Derivative financial instruments	(13)	767	406
Cash and cash equivalents		289,698	319,874
Current assets		**584,250**	**605,313**
TOTAL ASSETS		**1,036,675**	**1,033,032**

Interim Consolidated Balance Sheets

EQUITY AND LIABILITIES *In thousands of Euros*	Notes	30 September 2013	31 March 2013
Share capital	(14)	44,309	44,309
Additional paid-in capital	(14)	342,851	342,851
Other reserves		(23,221)	(12,705)
Retained earnings		325,899	354,880
Capital and reserves attributable to the equity owners of the Company		**689,838**	**729,335**
Non-controlling interests		2,786	4,974
Total equity		**692,624**	**734,309**
Borrowings	(15)	85,633	76,771
Deferred income tax liabilities	(23)	2,908	3,207
Derivative financial instruments	(13)	—	—
Other financial liabilities	(6)	24,757	23,795
Other non-current liabilities	(16)	17,645	17,259
Non-current liabilities		**130,943**	**121,032**
Trade payables	(17)	89,905	94,990
Salaries, wages, related social items and other tax liabilities		50,675	50,195
Current income tax liabilities		6,424	10,294
Borrowings	(15)	5,829	5,944
Other current liabilities	(16)	54,778	9,504
Derivative financial instruments	(13)	177	558
Provisions for other liabilities and charges	(18)	5,320	6,206
Current liabilities		**213,108**	**177,691**
TOTAL EQUITY AND LIABILITIES		**1,036,675**	**1,033,032**
NET CURRENT ASSETS		**371,142**	**427,622**
TOTAL ASSETS LESS CURRENT LIABILITIES		**823,567**	**855,341**

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

In thousands of Euros (except "Numberof Shares")	Notes	Number of shares	Share capital	Additional paid-in capital	Attributable to equity owners of the Company – Other reserves: Share based payments	Hedging reserve	Cumul. Currency Transl. Diff.	Treasury shares	Other items	Excess of consideration paid in transactions with non-controlling interests	Retained earnings: Prior years	Profit for the period	Non-controlling interests	TOTAL EQUITY
Balance at 31 March 2012		1,476,964,891	44,309	342,851	8,105	(258)	6,164	(9,247)	(495)	(9,732)	147,336	121,159	5,075	655,267
Comprehensive income														
Profit for the six-month period		–	–	–	–	–	–	–	–	–	–	33,668	844	34,512
Other comprehensive income														
Currency translation differences		–	–	–	–	–	5,119	–	–	–	–	–	(59)	5,060
Cash flow hedges fair value (losses), net of tax	(13)	–	–	–	–	201	–	–	–	–	–	–	–	201
Total comprehensive income		*–*	*–*	*–*	*–*	*201*	*5,119*	*–*	*–*	*–*	*–*	*33,668*	*785*	*39,773*
Transactions with owners														
Allocation of prior year earnings		–	–	–	–	–	–	–	–	–	121,159	(121,159)	–	–
Dividends declared		–	–	–	–	–	–	–	–	–	(36,317)	–	(3,129)	(39,446)
Contribution from the parent	(14.3)	–	–	–	625	–	–	–	–	–	–	–	–	625
Employee share option: value of employee services	(14.3)	–	–	–	354	–	–	–	–	–	–	–	–	354
Non-controlling interests in capital increase		–	–	–	–	–	–	–	–	–	–	–	72	72
Transactions with non-controlling interests	(5)	–	–	–	–	–	–	–	–	(4,676)	–	–	–	(4,676)
Total transaction with owners		*–*	*–*	*–*	*979*	*–*	*–*	*–*	*–*	*(4,676)*	*84,842*	*(121,159)*	*(3,057)*	*(43,071)*
Balance at 30 September 2012		1,476,964,891	44,309	342,851	9,084	(57)	11,283	(9,247)	(495)	(14,408)	232,178	33,668	2,803	651,969

Interim Consolidated Statements Of Changes In Equity

In thousands of Euros (except "Numberof Shares")	Notes	Number of shares	Share capital	Additional paid-in capital	Share based payments	Hedging reserve	Cumul. Currency Transl. Diff.	Treasury shares	Other items	Excess of consideration paid in transactions with non-controlling interests	Prior years	Profit for the period	Non-controlling interests	TOTAL EQUITY
						Attributable to equity owners of the Company								
						Other reserves					Retained earnings			
Balance at 31 March 2013		1,476,964,891	44,309	342,851	10,475	–	1,520	(9,247)	(1,008)	(14,445)	232,178	122,702	4,974	734,309
Comprehensive income														
Profit for the six-month period		–	–	–	–	–	–	–	–	–	–	13,952	593	14,545
Other comprehensive income														
Currency translation differences		–	–	–	–	–	(11,816)	–	–	–	–	–	(140)	(11,956)
Cash flow hedges fair value (losses), net of tax	(13)	–	–	–	–	–	–	–	–	–	–	–	–	–
Actuarial losses on defined benefit obligation		–	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	*(11,816)*	–	–	–	–	*13,952*	*453*	*2,589*
Transactions with owners														–
Allocation of prior year earnings		–	–	–	–	–	–	–	–	–	122,702	(122,702)	–	–
Dividends declared		–	–	–	–	–	–	–	–	–	(42,933)	–	(2,942)	(45,875)
Contribution from the parent	(14.3)	–	–	–	888	–	–	–	–	–	–	–	–	888
Employee share option: value of employee services	(14.3)	–	–	–	862	–	–	–	–	–	–	–	–	862
Non-controlling interests in capital increase		–	–	–	–	–	–	–	–	–	–	–	181	181
Transactions with non-controlling interests	(5)	–	–	–	–	–	–	–	–	(450)	–	–	120	(330)
Total transaction with owners		–	–	–	*1,750*	–	–	–	–	*(450)*	*79,769*	*(122,702)*	*(2,641)*	*(44,274)*
Balance at 30 September 2013		1,476,964,891	44,309	342,851	12,225	–	(10,296)	(9,247)	(1,008)	(14,895)	311,947	13,952	2,786	692,624

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

Interim Consolidated Statements Of Cash Flows

In thousands of Euros	Notes	Period ended 30 September 2013	2012
Cash flows from operating activities			
Profit for the half-year		14,545	34,512
Adjustments to reconcile profit for the half-year to net cash from operating activities			
Depreciation, amortization and impairment	(19.3)	22,856	19,724
Deferred income taxes		(16,106)	(14,299)
Unwinding of discount on other financial liabilities		962	623
Share based payment	(14.3)	1,750	978
Change in the fair value of derivatives	(13)	(742)	2,391
Other (gains)/losses - net	(20)	433	163
Net movements in provisions	(18)	(47)	1,090
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation)			
Inventories		(27,388)	(19,344)
Trade receivables		8,205	(7,353)
Trade payables		(1,094)	12,331
Salaries, wages, related social items and other tax liabilities		1,987	(289)
Current income tax assets and liabilities		(1,547)	1,337
Other assets and liabilities, net		(2,408)	(16,625)
Net cash inflow from operating activities		**1,406**	**15,239**
Cash flows from investing activities			
Acquisition of business combinations, net of cash acquired	(5.1)	—	(4,632)
Purchases of property, plant and equipment	(7)	(33,924)	(37,901)
Purchases of intangible assets	(9)	(12,489)	(6,211)
Proceeds from sale of fixed assets		355	1,025
Change in deposits and key moneys paid to the landlords		(839)	(909)
Change in non-current receivables and liabilities		(213)	(57)
Investments in associates		(20)	—
Net cash (outflow) from investing activities		**(47,130)**	**(48,685)**

Interim Consolidated Statements Of Cash Flows

In thousands of Euros	Notes	Period ended 30 September 2013	2012
Cash flows from financing activities			
Proceeds from non-controlling interests		181	44
Transaction with non-controlling interests	(5.1)	(330)	—
Dividends paid to non-controlling interests		(903)	(3,129)
Change in dividends payables		—	(39)
Proceeds from borrowings	(15)	25,453	24,188
Repayments of borrowings	(15)	(15,638)	(812)
Repayments on obligations under finance leases	(15)	(882)	(556)
Net cash inflow from financing activities		**7,881**	**19,696**
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		7,730	(2,590)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(30,113)**	**(16,340)**
Cash, cash equivalents and bank overdrafts at the beginning of the half-year		**319,809**	**308,284**
Cash and cash equivalents		319,874	308,303
Bank overdrafts		(65)	(19)
Cash, cash equivalents and bank overdrafts at end of the half-year		**289,697**	**291,945**
Cash and cash equivalents		289,698	292,029
Bank overdrafts		(1)	(84)

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

1. THE GROUP

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

The Group also designs and markets another range of fragrant products for the home, cosmetic products, perfumes, soaps and natural products, under the trademark 'Couvent des Minimes' and 'Erborian'. 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: 49, Boulevard Prince Henri, L-1724 Luxembourg.

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

This consolidated interim financial information was approved for issue by the Board of Directors on 25 November 2013.

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

2. BASIS OF PREPARATION

2.1. Basis of preparation

This condensed consolidated interim financial information ("consolidated interim financial information") for the six-month period ended 30 September 2013 ("period ended 30 September 2013") has been prepared in accordance with IAS 34, 'Interim financial reporting' issued by the International Accounting Standards Board. The consolidated interim financial information should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2013, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. BASIS OF PREPARATION *(continued)*

2.2. Accounting policies

The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2013, except as described below:

- The Group has applied the following amended standards and standards that are effective for the first time for the Group for the financial period beginning 1 April 2013:

Standard	Topic	Key requirements
IAS 1 (amendment)	Financial statements presentation regarding other comprehensive income	To group items presented in 'other comprehensive income' on the basis of whether they could subsequently be reclassifiable to profit or loss.
IAS 19 (amendment)	Employee benefits	To immediately recognize all past service costs and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).
IFRS 9	Financial instruments	The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.
IFRS 10	Consolidated Financial Statements	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
IFRS 11	Joint arrangements	To classify the joint arrangements either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.
IFRS 12	Disclosure of Interests in Other Entities	To disclose information for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
IFRS 13	Fair Value Measurement	To improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement.

The above amended standards and standards do not have any material impact on the consolidated financial statements.

2. BASIS OF PREPARATION *(continued)*

2.2. Accounting policies *(continued)*

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

2.3. Estimates

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

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimations uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 March 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

2.4. Seasonality of operations

The Group is subject to significant seasonal variances in sales, which are significantly higher in its financial third quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. For the period ended 30 September 2012, the level of sales represented 43.6 % of the annual level of sales in the year ended 31 March 2013 and the level of operating profit represented 26.4 % of the annual operating profit in the year ended 31 March 2013. These ratios are not representative of sales and operating profit expected for the year ended 31 March 2014.

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

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

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

(a) Market risk

Foreign exchange risk

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

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

Cash flow and fair value interest rate risk

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

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

In accordance with debt covenants described in note 15.2, the interest rate of certain bank borrowings can be re-priced.

Price risk

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

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 30 September 2013, the Group has no investment in equity securities.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

(b) Credit risk

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

The Group has no significant concentrations of credit risk for 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 30 September 2013, 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'.

(c) Liquidity risk

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

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. The liquidity reserves as at 30 September 2013 are as follows:

In thousands of Euros	**30 September 2013**
Cash and cash equivalents and bank overdrafts	289,697
Undrawn borrowing facilities	289,751
Liquidity reserves	**579,448**

3.2. Capital risk management

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

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

The company has also treasury shares (note 14.2).

4. SEGMENT INFORMATION

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

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

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

- 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 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 and 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.

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

4.1. Operating segments

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

	Period ended 30 September 2013			
In thousands of Euros	Sell-Out	Sell-In and B-to-B	Other reconciling items	Total
Net sales	327,444	118,917	—	446,361
In %	*73.4%*	*26.6%*	—	*100%*
Gross profit	280,944	81,582	—	362,526
% of sales	*85.8%*	*68.6%*	—	*81.2%*
Distribution expenses	(187,135)	(21,036)	(22,344)	(230,515)
Marketing expenses	(22,122)	(3,481)	(31,475)	(57,078)
Research and development expenses	—	—	(4,653)	(4,653)
General and administrative expenses	—	—	(48,775)	(48,775)
Other gains/(losses), net	(229)	(36)	206	(59)
Operating profit	**71,457**	**57,030**	**(107,041)**	**21,446**
% of sales	*21.8%*	*48.0%*	—	*4.8%*

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

4. SEGMENT INFORMATION *(continued)*

4.1. Operating segments *(continued)*

There are no significant inter-segment transfers or transactions.

	Period ended 30 September 2012			
In thousands of Euros	Sell-Out	Sell-In and B-to-B	Other reconciling items	Total
Net sales	331,389	117,838	—	449,227
In %	*73.8%*	*26.2%*	—	*100.0%*
Gross profit	289,943	78,847	—	368,790
% of sales	*87.5%*	*66.9%*	—	*82.1%*
Distribution expenses	(178,096)	(20,107)	(27,287)	(225,490)
Marketing expenses	(20,759)	(3,293)	(26,151)	(50,203)
Research and development expenses	—	—	(3,545)	(3,545)
General and administrative expenses	—	—	(47,669)	(47,669)
Other gains/(losses), net	172	(40)	(159)	(27)
Operating profit	**91,260**	**55,407**	**(104,811)**	**41,856**
% of sales	*27.5%*	*47.0%*	—	*9.3%*

4.2. Geographic areas

Sales consist only of product sales. Sales are allocated based on the country of the invoicing subsidiary.

	Period ended 30 September			
	2013		2012	
In thousands of Euros	Total	*In %*	Total	*In %*
Japan	76,579	*17.2%*	104,193	*23.2%*
United States	54,316	*12.2%*	50,887	*11.3%*
Hong-Kong	46,562	*10.4%*	47,205	*10.5%*
France	40,166	*9.0%*	36,271	*8.1%*
China	31,485	*7.1%*	26,703	*5.9%*
Luxembourg - Swiss branch	27,193	*6.1%*	25,932	*5.8%*
United Kingdom	24,106	*5.4%*	23,514	*5.2%*
Russia	21,936	*4.9%*	19,938	*4.4%*
Brazil	19,678	*4.4%*	20,118	*4.5%*
Taiwan	14,857	*3.3%*	14,582	*3.3%*
Other countries	89,484	*20.0%*	79,884	*17.8%*
Net sales	**446,361**	***100%***	**449,227**	***100%***

5. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE

5.1. For the period ended 30 September 2013

(a) Joint operations

On 2 July 2013, LOI and SMCM (a third company held by Daniel Margot) entered into the shareholder's agreement of a new created entity 'Savonnerie nature en Provence' ('SNP') with the objective of combining the expertise of SMCM in soap manufacturing and LOI's decision to outsource its soap production. LOI owns 20% of Savonnerie nature en Provence. Under the shareholders' agreement, a joint control is established between LOI and SMCM. Therefore this investment is recorded using the equity method with a percentage of 20%.

(b) Business combination in South Africa

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

(c) Creation of subsidiaries

On 4 July 2013, a new subsidiary, L'Occitane Portugal Unipessoal LDA was created to distribute the products in Portugal.

(d) Transaction with non-controlling interests

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. L'Occitane Central Europe is located in Czech Republic and is specialized in the distribution of L'Occitane products in Central Europe countries. After this transaction, L'Occitane Central Europe is now 100% held by the Group.

The effect of changes in the ownership interest of L'Occitane Central Europe on the equity attributable to owners of the Company during the period ended 30 September 2013 is summarised as follows:

In thousands of Euros	L'Occitane Central Europe
Carrying amount of non-controlling interests acquired	(120)
Consideration paid to non-controlling interest	330
Excess of consideration paid recognised in the transaction with non-controlling interests within 'other reserves' in equity	**450**

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

5.2. For the period ended 30 September 2012

(a) Business combinations in France

On 6 July 2012, the Group acquired 50.14% of the issued shares in Symbiose Cosmetic France SAS that distributes cosmetic products under the trademark Erborian mainly in France and in Korea, for a total amount of €2,757,000:

- €2,507,000 were paid in July 2012; and
- €250,000 are to be paid before January 2014 (this amount bears interests at 6% and is not to be discounted).

At that date, the Group also agreed to subscribe a capital increase to acquire a 12.46% additional interest in Symbiose for an amount of €1,831,000. Consequently, the total purchase consideration amounted to €4,588,000 for a percentage of interest of 62.6%.

The following table summarizes the consideration paid for Symbiose Cosmetic France SAS, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

In thousands of Euros	Fair value
Cash paid	4,338
Equity instruments	—
Deferred payment	250
Total purchase consideration	**4,588**
Recognised amounts of identifiable assets acquired and (liabilities assumed)	
Property, plant and equipment	13
Intangible assets:	
– Erborian brand	1,419
– Other intangible assets	3
Other non-current assets	—
Inventories	158
Trade receivables	1,124
Other current assets	93
Cash and cash equivalents	2,132
Borrowings	(696)
Net deferred tax liabilities	(300)
Trade payables	(353)
Salaries, wages, related social items and other tax liabilities	—
Other current liabilities	(71)
Total identifiable net assets	**3,522**
Non-controlling interests	**(1,318)**
Goodwill	2,384
	4,588

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

5.2. For the period ended 30 September 2012 *(continued)*

(a) Business combinations in France (continued)

The outflow of cash to acquired business, net of cash acquired amounted to €2,206,000.

There was no contingent consideration.

The acquisition-related costs were non-significant and expensed in the statement of income, within 'general and administrative expenses'.

The goodwill determined under the partial goodwill approach amounted to €2,384,000 and arised from number of factors. Most significant amongst these was the premium attributable to a pre-existing, well positioned business operating in a competitive market. Other important elements included expected synergies through combining a highly skilled workforce and obtaining economies of scale. The goodwill was not deductible for tax purposes.

The main fair value adjustment was related to the Erborian brand. A deferred tax liability of €473,000 had been provided in relation to the fair value adjustments.

For the half year period ended 30 September 2012, the acquired business contributed net sales of €449,000 and net loss for the period of €77,000.

The Group had also granted a put option to the minority shareholders Katalin Berenyi and Hojung Lee whereby they can require L'Occitane to purchase up to 30% of their shares after July 2015. After July 2017, the non-controlling interests can also require the conversion of the Symbiose shares in a variable number of LOI shares. The purchase price of the Symbiose shares will be defined by a formula deemed to approximate the fair market value.

At the acquisition date a financial liability relating to the acquisition of the 37.4% remaining interests was recorded for an amount of €6,031,000. The difference between the initial accounting of the financial liability of €6,031,000 and the historical value of non-controlling interest amounting to €1,318,000 was recorded within 'other reserves' in 'equity attributable to the equity owners of the Company' for an amount of €4,713,000. In the statement of income, the profit for the period of the acquired business was shared between the part attributable to the equity owners of the Company and to the non-controlling interests. In the statement of changes in equity, the part of the profit attributable to non-controlling interests was then reclassified within 'other reserves' 'equity attributable to the equity owners of the Company'.

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

5.2. For the period ended 30 September 2012 *(continued)*

(b) ***Business combinations in Ireland***

On 14 June 2012, a new subsidiary, L'Occitane Ireland Ltd was created. On 9 July 2012 L'Occitane Ireland Ltd acquired 100% of the issued share capital and voting rights of Orange Tree ltd and Olive tree lifestyle products ltd for a total consideration of €3,082,000. L'Occitane Ireland Ltd is located in Dublin, Ireland and is specialized in the distribution of L'Occitane products in that country.

The following table summarizes the consideration paid for L'Occitane Ireland Ltd, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

In thousands of Euros	Fair value
Cash paid	2,796
Equity instruments	—
Deferred payment	286
Total purchase consideration	**3,082**
Recognised amounts of identifiable assets acquired and (liabilities assumed)	
Property, plant and equipment	65
Intangible assets	—
Other non-current assets	—
Inventories	407
Trade receivables	90
Other current assets	43
Cash and cash equivalents	370
Borrowings	(88)
Net deferred tax liabilities	—
Trade payables	(393)
Salaries, wages, related social items and other tax liabilities	(116)
Other current liabilities	(11)
Total identifiable net assets	**367**
Non-controlling interests	—
Goodwill	2,715
	3,082

The outflow of cash to acquired business, net of cash acquired amounted to €2,426,000.

There was no contingent consideration.

The acquisition-related costs were non-significant and expensed in the statement of income, within 'general and administrative expenses'.

The goodwill of €2,715,000 arose from a number of factors. Most significant amongst these was the premium 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 was no contractual customer relationship as the acquired business is mainly related to the Sell-out operating segment).

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

5.2. For the period ended 30 September 2012 *(continued)*

(b) ***Business combinations in Ireland*** *(continued)*

For the half year period ended 30 September 2012, the acquired business contributed net sales of €765,000 and net loss for the period of €186,000.

(c) ***Creation of subsidiaries***

On 1 September 2012, a new subsidiary, L'Occitane Nordic AB was created to distribute the products in Sweden.

6. OTHER FINANCIAL LIABILITIES

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

In thousands of Euros	31 March 2013	Dividend paid to the non-controlling interests	Acquisition of subsidiaries	Change in estimates in the valuation of the exercice price	Unwinding of discount (note 22)	Exercise of the option/ purchase of non-controlling interests	30 September 2013
Anton Luybimov (L'Occitane Russia)	17,406	–	–	–	706	–	18,112
Katalin Berenyi and Hojung Lee (Symbiose)	6,389	–	–	–	256	–	6,645
Total other financial liabilities	**23,795**	**–**	**–**	**–**	**962**	**–**	**24,757**

7. PROPERTY, PLANT AND EQUIPMENT, NET

As of 30 September 2013, changes in property, plant and equipment, can be analyzed as follows:

In thousands of Euros	
Net book value as of 1 April 2013	**164,608**
Additions	33,924
Disposals	(763)
Acquisition of subsidiaries	—
Depreciation (note 19.3)	(18,627)
Impairment loss (note 19.3)	—
Reversal of impairment loss (note 19.3)	289
Other movements	89
Exchange differences	(4,499)
Net book value as of 30 September 2013	**175,021**

As at 30 September 2013, the net book value under finance leases amounts to €16,144,000 and mainly relates to the land and building of the plants in Lagorce and Manosque, France. During the period ended 30 September 2013, no finance lease was drawn.

Main additions during the period related to:

- Leasehold improvements for the opening of 117 stores; and
- Extension of the plant in Manosque, France.

8. GOODWILL

Change in goodwill is as follows:

In thousands of Euros	
Cost as of 1 April 2013	**120,701**
Acquisition of subsidiaries	—
Change in the estimated fair value of other financial liabilities relating to put options	—
Exchange differences	(4,782)
Cost as of 30 September 2013	**115,919**
Accumulated impairment as of 1 April 2013	**—**
Impairment loss	—
Exchange differences	—
Accumulated impairment as of 30 September 2013	**—**
Net book value as of 30 September 2013	**115,919**

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 (Melvita, Erborian);
- Internally used software including enterprise resources planning system, point-of-sales system and others.

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

As of 30 September 2013, changes in intangible assets, net can be analysed as follows:

In thousands of Euros	
Net book value as of 1 April 2013	**62,531**
Additions	12,489
Disposals	(61)
Acquisition of subsidiaries	—
Amortization (note 19.3)	(4,517)
Impairment loss (note 19.3)	—
Other movements	213
Exchange differences	(1,165)
Net book value as of 30 September 2013	**69,490**

Additions mainly concern:

- Key moneys for an amount of €3,894,000. Such key moneys were mainly acquired in Brazil;
- Intangible assets in progress for an amount of €6,302,000 related to the implementation of SAP in some subsidiaries and in factory, and to CRM tool.

10. INVENTORIES, NET

Inventories, net consist of the following items:

In thousands of Euros	30 September 2013	31 March 2013
Raw materials and supplies	24,860	23,619
Finished goods and work in progress	149,212	125,819
Inventories, gross	**174,072**	**149,438**
Less, allowance	(13,581)	(12,261)
Inventories, net	**160,491**	**137,177**

Mini products, pouches and boxes are essentially bundled with regular products and are part of the cost of sales. Therefore they are part of the inventories for an amount of €11,035,000 as at 30 September 2013 (€12,474,000 as at 31 March 2013).

11. TRADE RECEIVABLES, NET

Trade receivables, net ageing analysis consist of the following:

In thousands of Euros	30 September 2013	31 March 2013
Current and past due within 3 months	72,917	85,397
3 to 6 months	862	909
6 to 12 months	490	262
Over 12 months	347	128
Trade receivables, net	**74,616**	**86,696**

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

12. OTHER CURRENT ASSETS

The following table presents details of other current assets:

In thousands of Euros	30 September 2013	31 March 2013
Value added tax receivable and other taxes and social items receivable	24,013	23,581
Prepaid expenses (a)	22,040	22,177
Income tax receivable (b)	3,020	4,794
Short-term bank deposit (c)	3,265	3,504
Advance payments to suppliers	1,568	1,136
Other current assets	4,772	5,968
Total other current assets	**58,678**	**61,160**

12. OTHER CURRENT ASSETS *(continued)*

(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 (note15).

13. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Analysis of derivative financial instruments

Derivative financial instruments are analysed as follows:

In thousands of Euros	30 September 2013 Assets	30 September 2013 Liabilities	31 March 2013 Assets	31 March 2013 Liabilities
Interest rate derivatives - held for trading	—	—	—	—
Foreign exchange derivatives - held for trading	767	177	406	558
Sub-total derivatives at fair value through profit and loss	**767**	**177**	**406**	**558**
Interest rate derivatives - cash flow hedges	—	—	—	—
Foreign exchange derivatives - cash flow hedges	—	—	—	—
Sub-total derivatives designated as hedging instruments	**—**	**—**	**—**	**—**
Total derivative financial instruments	767	177	406	558
Less non-current portion:				
– Interest rate derivatives - cash flow hedges	—	—	—	—
– Interest rate derivatives - held for trading	—	—	—	—
Non-current portion of derivative financial instruments	**—**	**—**	**—**	**—**
Current portion of derivative financial instruments	**767**	**177**	**406**	**558**

(b) Derivatives at fair value through profit and loss

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

(c) Derivatives designated as hedging instruments

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

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

13. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(d) Notional amounts of derivatives

Foreign exchange derivatives

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

Currencies	30 September 2013	31 March 2013
Sale of currencies		
JPY	13,839	777
GBP	12,933	6,776
SGD	8,195	8,553
MXN	1,681	1,441
CZK	120	—
USD	—	7,809
PLN	—	41
CAD	—	—
THB	—	—
AUD	—	—
Purchase of currencies		
CHF	3,158	6,888
EUR	5,061	5,061

Interest rate derivatives

There is no interest rate derivative as at 30 September 2013 and as at 31 March 2013.

14. CAPITAL AND RESERVES

L'Occitane International S.A. ("LOI") is a corporation incorporated in the Grand Duchy of Luxembourg. The authorized capital of the Company is €1,500,000,000 out of which €44,309,000 are issued as at 30 September 2013. At 30 September 2013, the Company's share capital is held by the company L'Occitane Groupe S.A. ('LOG', 'the parent company'), in a proportion of 69.18%.

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

14. CAPITAL AND RESERVES *(continued)*

14.1. Share capital and Additional paid-in capital

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

In thousands of Euros except "Number of shares"	Number of shares	Share capital	Additional paid-in capital
Balance at 31 March 2012	**1,476,964,891**	**44,309**	**342,851**
	—	—	—
Balance at 31 March 2013	**1,476,964,891**	**44,309**	**342,851**
	—	—	—
Balance at 30 September 2013	**1,476,964,891**	**44,309**	**342,851**

14.2. Treasury shares

As at 30 September 2013, the Company has 6,655,500 own shares acquired at an average price of HK$ 14.48 per share on The Hong Kong Stock Exchange. The aggregate price of the purchased shares was deducted from equity as treasury shares reserve for an amount of €9,247,000.

No treasury shares were acquired over the half year period ended 30 September 2013.

14. CAPITAL AND RESERVES *(continued)*

14.3. Share-based payments

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

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

On 30 September 2013, the stock options and free shares plans are the following:

	Movements in the number of equity instruments granted					Characteristics of the plans/grants			
Plans/grants	At the beginning of the period/ year	Granted over the period/ year	Forfeited	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 exercice price of HKD 19.84	6,808,000	–	(230,000)	6,578,000	–	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 exercice 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 exercice price of HKD 19.84	1,470,000	–	–	1,470,000	–	8 years	4 years	Group management	No performance condition other than the service conditions.
Granted on 26 October 2012 at an exercice price of HKD 23.60	3,406,680	–	(17,500)	3,389,180	–	8 years	4 years	Group & Middle management	No performance condition other than the service conditions.
Granted on 28 November 2012 at an exercice price of HKD 24.47	1,249,169	–	–	1,249,169	–	8 years	4 years	Group & Middle 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):									
Granted on 26 october 2012	1,952,680	–	(22,500)	1,930,180	–		4 years	Group & Middle management	No performance condition other than the service conditions.

14. CAPITAL AND RESERVES *(continued)*

14.3. Share-based payments *(continued)*

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

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.

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

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

LOG, the parent company of L'Occitane International S.A. granted rights to its own equity instruments direct to L'Occitane International S.A. and its subsidiaries' employees.

Accounting treatment

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

During the period ended 30 September 2013, no share-based payment related to LOG equity instruments has been granted.

On 30 September 2013, the stock options plans are the following:

	Movements in the number of equity instruments granted						Characteristics of the plans/grants			
Plans/grants	At the beginning of the period/year	Exercised over the period/year	Forfeited	Expired	At the end of the period/year	Number of options exercisable	Contractual option term	Vesting period	Grantees	Performance conditions
Plan authorized on 28 January 2010 for 730,000 stock options										
Granted on July 2009 (authorized in January 2010) at an exercice price of €23.20	282,200	–	(5,500)	–	276,700	–	6 years	4 years	Management and middle management	None
Granted on April 2010 at an exercice 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 exercice price of €26.10	18,050	–	–	–	18,050	–	6 years	4 years	Management and middle management	None

14. CAPITAL AND RESERVES *(continued)*

14.3. Share-based payments *(continued)*

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

On 30 September 2013, the free shares plans are the following:

	Movements in the number of equity instruments granted					Characteristics of the plans/grants		
Plans/grants	At the beginning of the period/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 August 2010	8,505	–	–	–	8,505	4 years	Management and middle management	None
Plan authorized on 27 December 2007 for 30,000 free shares								
Granted on July 2009	13,955	–	(380)	–	13,575	4 years	Management and middle management	None
Granted on August 2010	3,745	–	(250)	–	3,495	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.

(iii) ***Total share-based compensation expense***

During the period ended 30 September 2013, the share-based compensation expense recognized within the employee benefits is the following:

- For plans with LOI equity instruments: €862,000 (€354,000 during the period ended 30 September 2012);
- For plans with LOG equity instruments: €888,000 (€625,000 during the period ended 30 September 2012).

14.4. Distributable reserves

On 31 March 2013, the distributable reserves of L'Occitane International S.A. amounted to €314,501,008.

14.5. Dividend per share

On 26 September 2012, the annual Shareholder's Meeting approved the distribution of €36,317,000 being €0.0247 per share (excluding 6,655,500 own shares) which was paid on 24 October 2012.

On 25 September 2013, the annual Shareholder's Meeting approved the distribution of €42,933,000 being €0.0292 per share (excluding 6,655,500 own shares) which was paid on 23 October 2013.

15. BORROWINGS

Borrowings include the following items:

In thousands of Euros	30 September 2013	31 March 2013
FY 2011 Revolving facility	63,143	53,373
FY 2012 bank borrowing	10,003	10,003
Other bank borrowings	3,113	3,183
Finance lease liabilities	15,078	15,988
Current accounts with non controlling interests	124	103
Bank overdrafts	1	65
Total	**91,462**	**82,715**
Less, current portion:		
– FY 2011 Revolving facility	(115)	(128)
– FY 2012 bank borrowing	(717)	(717)
– Other bank borrowings	(3,113)	(3,183)
– Finance lease liabilities	(1,860)	(1,851)
– Current accounts with non controlling interests	(23)	—
– Bank overdrafts	(1)	(65)
Total current	**(5,829)**	**(5,944)**
Total non-current	**85,633**	**76,771**

The FY 2012 bank borrowing is secured by a pledge on the land acquired by L'Occitane S.A. to build the new logistic platform in Manosque, France (note 26.3).

The FY 2011 Revolving Facility is secured by a pledge on 100 % of L'Occitane S.A. shares (note 26.3).

A part of the other bank borrowings is secured by a pledge on a short-term bank deposit (note 12).

15.1. Maturity of non-current borrowings

For the period ended 30 September 2013 and for the year ended 31 March 2013, maturity of non-current borrowings, excluding current portion, can be broken down as follows:

In thousands of Euros	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
FY 2011 Revolving facility	63,028	—	—	63,028
FY 2012 bank borrowing	714	2,142	6,430	9,286
Other bank borrowings	101	—	—	101
Finance lease liabilities	1,880	4,701	6,637	13,218
Maturity on 30 September 2013	**65,723**	**6,843**	**13,067**	**85,633**
FY 2011 Revolving facility	—	53,245	—	53,245
FY 2012 bank borrowing	714	2,142	6,430	9,286
Other bank borrowings	103	—	—	103
Finance lease liabilities	1,851	4,701	7,585	14,137
Maturity on 31 March 2013	**2,668**	**60,088**	**14,015**	**76,771**

15. BORROWINGS *(continued)*

15.2. Credit facilities agreements

FY 2012 bank borrowing

On 20 June 2011, the Group signed a new bank borrowing agreement for an amount of €10 million with a 14 years maturity and that can be drawn only by Laboratoires M&L. As at 31 March 2013 and 30 September 2013, the bank borrowing was totally drawn.

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

FY 2011 Revolving facility

On 28 July 2010, the Company signed a multi-currency revolving facility agreement for an amount of €350 million with a 5 years maturity and that can be drawn only by the Company and Laboratoires M&L.

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

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

The leverage financial ratio is to be lower than 3.5 and this level was respected as at 31 March 2013.

The FY 2011 Revolving Facility includes a repricing option. The interest rates depend on the above described Leverage financial ratio calculated every year after the consolidated financial statements of the Group are issued. The change in the ratio results in repricing the interest rate as follows:

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

As at 31 March 2013, the ratio was lower than 0.5 and the interest rate is based on Euribor 3M + Margin - 0.4 for the fiscal year ending 31 March 2014 (the interest rate was Euribor 3M + Margin - 0.4 for the fiscal year ended 31 March 2013).

15.3. Current accounts with non-controlling interests

Current accounts with non-controlling interests:

In thousands of Euros		30 September 2013	31 March 2013
Entity	**Minority shareholders**		
L'Occitane Nordic AB	Johan Nilsson	124	103
Total current accounts		**124**	**103**

15. BORROWINGS *(continued)*

15.4. Finance lease liabilities

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

As at 30 September 2013, no new amount was drawn.

16. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include the following:

In thousands of Euros	30 September 2013	31 March 2013
Retirement indemnities	5,994	5,464
Liabilities linked to operating leases	7,894	7,927
Provisions for dismantling and restoring	3,757	3,803
Grants to a foundation	—	65
Total non-current liabilities	**17,645**	**17,259**
Grants to a foundation	193	308
Dividend payable to equity owners of the Company	42,933	—
Dividend payable to non-controlling interests	1,985	—
Liabilities related to the acquisition of subsidiaries	393	536
Deferred revenue	9,274	8,660
Total current liabilities	**54,778**	**9,504**

17. TRADE PAYABLES

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

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

In thousands of Euros	30 September 2013	31 March 2013
Current and past due within 3 months	88,558	94,507
Past due from 3 to 6 months	348	480
Past due from 6 to 12 months	861	3
Past due over 12 months	138	—
Trade payables	**89,905**	**94,990**

18. 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. The provision for onerous contracts is related to operating lease contracts of stores.

In the director's opinion, after taking appropriate legal advice, the outcome of these legal claims and obligations will not give rise to any significant loss beyond the amounts provided at each balance sheet date. No reimbursement is expected in connection with these provisions and accordingly no corresponding asset was recognized.

As at 30 September 2013, provisions for other liabilities and charges can be analysed as follows:

		Charged/(credited) to the income statement					
In thousands of Euros	31 March 2013	Additional provisions	Unused amounts reversed	Used during the year	Reclassification	Exchange differences	30 September 2013
Social litigations	1,339	81	(96)	(334)	–	(14)	976
Commercial claims	1,158	300	–	(69)	–	(55)	1,334
Provision for returned goods	490	361	–	(162)	304	(4)	989
Onerous contracts	897	–	–	(596)	–	(21)	280
Tax risks	2,322	201	–	(533)	–	(249)	1,741
Total	**6,206**	**943**	**(96)**	**(1,694)**	**304**	**(343)**	**5,320**

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

19. EXPENSES BY NATURE

19.1. Breakdown of expenses by nature

Expenses by nature include the following amounts:

In thousands of Euros	Period ended 30 September 2013	2012
Employee benefits (a)	142,687	137,102
Rent and occupancy (b)	86,671	85,022
Raw materials and consumables used	67,614	65,150
Change in inventories of finished goods and work in progress	(28,979)	(23,673)
Advertising costs (c)	48,616	45,465
Professional fees (d)	28,196	28,804
Depreciation, amortization and impairment	22,856	19,724
Transportation expenses	24,311	15,712
Other expenses	32,884	34,038
Total cost of sales, distribution expenses, marketing expenses, research and development expenses, general and administrative expenses	**424,856**	**407,344**

(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.

19.2. Workforce

In thousands of Euros	Period ended 30 September 2013	2012
Workforce (full time equivalent)	**7,455**	**6,798**

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

19. EXPENSES BY NATURE *(continued)*

19.3. Breakdown of depreciation, amortization and impairment

Depreciation, amortization and impairment include the following:

In thousands of Euros	Period ended 30 September 2013	2012
Depreciation of property, plant and equipment (note 7)	18,627	16,339
Impairment charge on property, plant and equipment (note 7)	(289)	(196)
Amortization of intangible assets (note 9)	4,517	3,581
Impairment charge on intangible assets (note 9)	—	—
Depreciation, amortization and impairment	**22,856**	**19,724**

20. OTHER GAINS/(LOSSES), NET

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

In thousands of Euros	Period ended 30 September 2013	2012
Net gains/(losses) on sale of assets	(433)	(163)
Government grant on research & development costs	410	310
Adjustment on prior years results in subsidiaries	(36)	(174)
Other gains/(losses), net	**(59)**	**(27)**

21. FINANCE COSTS, NET

Finance costs, net consist of the following:

In thousands of Euros	Period ended 30 September 2013	2012
Interest on cash and cash equivalents	1,517	1,255
Fair value gains on derivatives	—	—
Finance income	**1,517**	**1,255**
Interest expense	(1,355)	(1,857)
Unwinding of discount of other financial liabilities	(962)	(623)
Fair value losses on derivatives	—	(47)
Finance costs	**(2,317)**	**(2,527)**

22. FOREIGN CURRENCY GAINS/(LOSSES)

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

	Period ended 30 September	
In thousands of Euros	2013	2012
Foreign exchange differences	(8,130)	(432)
Fair value gains/(losses) on derivatives	742	(2,483)
Foreign currency gains/(losses)	**(7,388)**	**(2,915)**

23. INCOME TAX

23.1. Income tax expenses

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

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

	Period ended 30 September	
In thousands of Euros	2013	2012
Profit before income tax	13,258	37,669
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 29.22% as at 30 September 2013 and 28.59% as at 30 September 2012)*	(3,874)	(10,770)
Effect of different tax rates in foreign countries	7,919	10,428
Effect of unrecognized tax assets	(2,466)	(2,067)
Expenses not deductible for taxation purposes	(214)	(507)
Effect of unremitted tax earnings	(78)	(241)
Income tax expense	**1,287**	**(3,157)**

23.2. Deferred income tax assets and liabilities

The increase in the deferred income tax assets mainly correspond to the losses generated in two tax jurisdiction over the half-year period ended 30 September 2013.

24. EARNINGS PER SHARE

24.1. Basic

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

	Period ended 30 September	
	2013	2012
Profit for the half-year attributable to equity owners of the Company ***(in thousands of Euros)***	**13,952**	**33,668**
Weighted average number of ordinary shares in issue	1,470,309,391	1,470,309,391
Basic earnings per share ***(in € per share)***	**0.009**	**0.023**

24.2. Diluted

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

	Period ended 30 September	
	2013	2012
Profit for the half-year attributable to equity owners of the Company ***(in thousands of Euros)***	**13,952**	**33,668**
Weighted average number of ordinary shares in issue	1,470,309,391	1,470,309,391
Adjustement for free shares	650,727	—
Weighted average number of ordinary shares for diluted earnings per share	**1,470,960,118**	**1,470,309,391**
Diluted earnings per share ***(in € per share)***	**0.009**	**0.023**

25. CONTINGENCIES

25.1. 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.

In the United States, the Group is facing to two legal actions:

- The Federal Trade Commission is pursuing legal settlement versus L'Occitane Inc. as a result of an investigation of advertising claims. Based on the lawyer's opinion, the risk is probable but the final outcome of this legal action cannot be reliably estimated. As at 30 September 2013, after consultation with external lawyer, the Group recorded a provision and accrued charges amounting to €820,000, which are comprised of €700,000 of punitive penalty and €120,000 of accrued lawyer's fees.
- 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 by L'Occitane. Based on the lawyer's opinion, the risk is probable but the final outcome of this legal action cannot be reliably estimated. As at 30 September 2013, after consultation with external lawyer, the Group recorded an accrual for a total amount of €730,000 which includes (i) the accrued lawyer's fees, (ii) the distribution to customers in the form of gift cards, and (iii) the legal fees to be paid for the class action lawyer for the plaintiff.

25.2. Tax risks

In October 2012, the Group has received a tax reassessment from the tax authority in Brazil amounting to €4.9 million for the year 2008, 2009 and 2010. This reassessment does not relate to an underestimation of the declared revenues in Brazil but to a lack of formal adequate paper documentation (instead of the electronic documentation provided by the Group). After consultation with external lawyers and comparison with other similar cases in Brazil for which the final penalty was significantly reduced, the Group recorded a provision amounting to €600,000.

In July 2012, the French tax authorities started an audit of the tax returns filed by L'Occitane SA for the years ended in March 2009, 2010 and 2011. In December 2012, the company received a tax reassessment for a total amount of €10,000,000 plus the late payment penalties relating to the year-ended 31 March 2009. The French tax authorities questioned the nature and level of intercompany transactions. After consulting its tax advisors, the Group considers that the French tax authorities' position is unfounded and has challenged this reassessment. At the present time, the probability and the amount of the obligation cannot be reliably assessed. Consequently, no provision has been recorded.

25.3. Other 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 26.3.

26. COMMITMENTS

26.1. Capital and other expenditure commitments

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

In thousands of Euros	30 September 2013	31 March 2013
Property, plant and equipment	9,575	10,737
Intangible assets	—	3,947
Investment	—	—
Raw materials	4,933	5,525
Total	**14,508**	**20,209**

The amounts as of 30 September 2013 and 31 March 2013 are mainly related to the plants in France.

26.2. 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 19.

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

In thousands of Euros	30 September 2013	31 March 2013
Within one year	92,518	91,403
One to two years	75,751	72,382
Two to three years	58,544	54,691
Three to four years	43,261	40,070
Four to five years	31,559	30,863
Subsequent years	88,203	86,160
Total	**389,836**	**375,569**

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

The increase in lease commitments relates to the lease agreements of the new stores open during the period ended 30 September 2013.

26. COMMITMENTS *(continued)*

26.3. Other commitments

In thousands of Euros	30 September 2013	31 March 2013
Pledge of key money	—	—
Pledge of land and building (note 15)	10,003	10,003
Pledge of investments (note 15)	63,143	53,373
Total	**73,146**	**63,376**

As at 30 September 2013 and as at 31 March 2013, the pledge of investments corresponds to the FY 2011 Revolving facility.

As at 30 September 2013 and as at 31 March 2013, the pledge of land and building corresponds to the FY 2012 bank borrowing.

27. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties:

27.1. Key management compensation

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

Emoluments expensed during the periods are analysed as follows:

	Period ended 30 September	
In thousands of Euros	2013	2012
Executive directors	1,542	1,511
Non executive directors	69	64
Senior management	1,437	1,470
Total key management emoluments	**3,049**	**3,045**

During the period ended 30 September 2013 and 30 September 2012, no stock options were granted to the Directors.

In addition to the directors' remuneration disclosed above, certain directors receive remuneration from the Company's holding company, LOG, which totals €167,000 (€80,000 for the period ended 30 September 2012), part of which is in respect of their services to the Company and its subsidiaries.

27. TRANSACTIONS WITH RELATED PARTIES *(continued)*

27.2. Other transactions with other related parties

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

In thousands of Euros	Period ended 30 September 2013	2012
Sales of goods	36	41
Sales of services	—	—
Purchase of services from related parties	(221)	(310)
Purchase of services from other related parties (close members of the family of key management)	(114)	(111)
Interest expenses	—	—

28. POST BALANCE SHEET EVENTS

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

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

As at 30 September 2013, the following Directors or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 or controlled	Approximate % of Shareholding *(Note 3)*
Reinold Geiger *(Note 1)*	Interest in controlled corporation, beneficial Interest and deemed Interest	1,029,010,602 (long position)	69.67%
André Joseph Hoffmann	Beneficial Interest	2,566,961 (long position)	0.17%
Charles Mark Broadley	Beneficiary of a trust and beneficial Interest	152,000 (long position)	0.01%
Jackson Chik Sum Ng	Beneficial Interest	80,000 (long position)	0.01%
Thomas Levilion	Beneficial Interest	368,000 (long position)	0.02%
Martial Thierry Lopez	Beneficial Interest	60,000 (long position)	0.00%
Emmanuel Laurent Jacques Osti *(Note 2)*	Beneficial Interest and deemed Interest	707,747 (long position)	0.05%
Domenico Luigi Trizio	Beneficial Interest	1,369,000 (long position)	0.09%

Notes:

(1) Mr. Reinold Geiger is the beneficial owner of the entire issued share capital of Société d'Investissement Cime S.A. ("CIME"), which in turn has an interest in approximately 66.22% of the entire issued share capital of the L'Occitane Groupe S.A. ("LOG") (being beneficial owner of 11,217,207 shares and having deemed interest in 4,239,191 treasury shares being held by 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 and controls 6,655,500 treasury shares held by the Company. Mr. Geiger also has a beneficial interest in shares of the Company. See details in Share Option Plan section.

(2) Comprised of 527,211 underlying shares held by Mr. Emmanuel Osti and 180,536 underlying shares held by Ms. Cécile 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) Based on guidance received from the SFC, the disclosure of interest calculations shown in the table above have been calculated on the basis of the Company's total issued share capital including 6,655,500 shares that are held in treasury and do not have voting rights whilst they are held in treasury.

(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/ underlying shares held or controlled	Approximate % of Shareholding *(Note 3)*
Reinold Geiger	Beneficial interest and deemed Interest	15,491,111 *(Note 1)*	66.37%
André Joseph Hoffmann	Deemed interest	3,268,676	14.00%
Emmanuel Laurent Jacques Osti	Beneficial interest and deemed interest	267,124 *(Note 2)*	1.14%
Martial Thierry Lopez	Beneficial interest	18,000	0.08%
Thomas Levilion	Beneficial interest	10,000	0.04%

Notes:

(1) Comprised of 253 shares held by Mr. Reinold Geiger, 11,217,207 shares held by CIME, 34,460 shares held by Ms. Dominique Maze-Sencier, each as beneficial and registered owner and 4,239,191 treasury shares held by LOG. Mr. Geiger is the beneficial owner of the entire issued share capital of CIME; Mr. Geiger is therefore deemed under the SFO to be interested in all the shares in LOG held by CIME. 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) Comprised of 217,812 shares and 8,000 underlying shares held by Mr. Emmanuel Osti and 35,312 shares and 6,000 underlying shares held by Ms. Cécile de Verdelhan, each as beneficial and registered owner. Mr. Osti is deemed under the SFO to be interested in the shares and underlying shares of LOG held by Mr. Osti's spouse, Ms. Cécile de Verdelhan.

(3) The approximate percentage shareholdings in the share capital of LOG are calculated on the basis of the total number of 23,341,954 LOG shares issued, inclusive of 4,239,191 treasury shares held by LOG.

Save as disclosed herein, as at 30 September 2013, none of the Directors and chief executive of the Company, or any of their spouses, or children under eighteen years of age, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2013, 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 or controlled	Approximate % of Shareholding *(Note 3)*
Société d'Investissement Cime S.A.	Interest in controlled corporation and deemed interest	1,028,483,391 (long position) *(Note 1)*	69.63%
LOG	Interest in controlled corporation and deemed interest	1,028,483,391 (long position) *(Note 1)*	69.63%
The Capital Group Companies, Inc.	Interest in controlled corporation	84,216,500 (long position) *(Note 2)*	5.70%

Notes:

(1) CIME has an interest in approximately 66.22% of the total issued share capital of LOG (being beneficial owner of 11,217,207 shares and having deemed interest in 4,239,191 treasury shares being held by LOG). CIME is the controlling corporation of LOG and is therefore deemed under the SFO to be interested in all the 1,021,827,891 shares held in the Company by LOG. As suggested by SFC, being the controlling corporations of the Company, both CIME and LOG have deemed interest in the 6,655,500 treasury shares being held by the Company.

(2) The Capital Group Companies, Inc. directly holds 100% equity interest in Capital Research and Management Company and is therefore deemed to be interested in the 84,216,500 shares held by Capital Research and Management Company.

(3) Based on guidance received from the SFC, the disclosure of interest calculations shown in the table above have been calculated on the basis of the Company's total issued share capital including 6,655,500 shares that are held in treasury and do not have voting rights whilst they are held in treasury.

Save as disclosed herein, as at 30 September 2013, the Company had not been notified of any substantial shareholder (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION PLAN

On 30 September 2010, a meeting of the shareholders of the Company authorised the adoption of a share option plan (the "Share Option Plan 2010"), which expired and was terminated on 29 September 2013 to be replaced by another share option plan (the "Share Option Plan 2013") which was adopted on 25 September 2013. The purpose of the Share Option Plan 2013 is to provide employees of the Group, all its Directors (including non-executive Directors) 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 2013 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 2013 shall not exceed 22,054,641 Shares, being 1.5% of the Company's issued share capital (excluding shares held in treasury) as at 30 September 2013.

Particulars and movements of share options granted under the Share Option Plan 2010 (the 2010 Options) during the six months ended 30 September 2013 were as follows. No share options were granted under the Share Option Plan 2013 during this period.

Name/ Category of Participant	As of 01/04/2013	Number of share options Granted during the period	Cancelled during the period	As of 30/09/2013	Date of grant	Exercise Period (Note 1)	Exercise Price per Share (HK$)	Price immediately preceding the date of grant (Note 2) (HK$)
Directors								
Reinold Geiger	250,000	–	–	250,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	277,211	–	–	277,211	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
Emmanuel Osti (Note 3)	300,000	–	–	300,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
(Note 4)	407,747	–	–	407,747	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
André Hoffmann	250,000	–	–	250,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	277,211	–	–	277,211	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
Thomas Levilion	250,000	–	–	250,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	118,000	–	–	118,000	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
Jackson Ng	50,000	–	–	50,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
Mark Broadley	50,000	–	–	50,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
Domenico Trizio	1,200,000	–	–	1,200,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	169,000	–	–	169,000	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
Sub-total	3,599,169	–	–	3,599,169				
Others								
Employees	6,448,000	–	(230,000)	6,218,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	3,406,680	–	(17,500)	3,389,180	26-Oct-12	26/10/2016-26/10/2020	23.60	23.60
Sub-total	9,854,680	–	(247,500)	9,607,180			–	–
Total	13,453,849	–	(247,500)	13,206,349			–	–

Notes:

(1) As a general rule, the vesting period of the 2010 Options is set at four years and the exercise period is set at four years after the date of vesting. The Board was however entitled to grant Options to Eligible Persons under the Share Option Plan 2010 subject to such conditions as the Board may think fit, including in respect to the vesting and exercise of such 2010 Options.

(2) Being the closing price of the Shares quoted on the Hong Kong Stock Exchange on the trading day immediately prior to the date of grant of the 2010 Options.

(3) Includes 50,000 2010 Options held by Ms. Cécile de Verdelhan, Mr. Osti's spouse.

(4) Includes 130,536 Options held by Ms. Cécile de Verdelhan, Mr. Osti's spouse.

(5) *The weighted average fair value of 2010 Options granted under the 2010 Share Option Scheme on 4 April 2011, 26 October 2012 and 28 November 2012 were approximately €0.44, €0.45 and €0.47 respectively. 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
26 October 2012	25%	5 years	0.50%	30% of budgeted profit attributable to the equity holders
28 November 2012	25%	5 years	0.50%	30% of budgeted profit attributable to the equity holders

In total, share-based compensation expense of €862,000 was included in the consolidated statement of comprehensive income for the six months ended 30 September 2013 (six months ended 30 September 2012: €354,000). These expenses included the amortisation of the fair value of the share-based awards in the form of 2010 Options granted to our directors and employees under our 2010 Share Option Plans.

FREE SHARE PLAN

On 30 September 2010, a meeting of the shareholders of the Company authorised the adoption of a free share plan (the "Free Share Plan 2010"), which expired and was terminated on 29 September 2013 to be replaced by another free share plan (the "Free Share Plan 2013") which was adopted on 25 September 2013. The purpose of the Free Share Plan 2013 is to provide employees of the Group (the "Employees") with an opportunity to have a proprietary interest in the Company through being granted free shares under the Free Share Plan 2013 rules (the "Free Shares"), which will motivate the relevant Employees 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 Employees whose contributions are or will be beneficial to the long-term growth of the Group. The maximum number of Free Shares that may be granted under the Free Share Plan 2013 shall not exceed 7,351,546 Shares, being 0.5% of the Company's issued share capital (excluding shares held in treasury) as at 30 September 2013.

On 26 October 2012 the Company granted 1,952,680 free shares in the Company pursuant to the Company's Free Share Plan 2010 to certain eligible Employees (as defined in the rules of the Free Share Plan 2010). The Free Shares will vest on 26 October 2016.

TREASURY SHARES

On 4 October 2013, the Stock Exchange granted a conditional waiver (the "Waiver") to the Company in respect of Rule 10.06(5) of the Listing Rules to allow it, following any repurchase of shares, to elect to hold its own shares in treasury instead of automatically cancelling such shares. As a consequence of such Waiver, the Stock Exchange has agreed certain consequential modifications to other Listing Rules applicable to the Company.

Shares held in treasury may subsequently be sold for cash, transferred pursuant to an employees' share scheme or cancelled.

Full details of the Waiver and the conditions attached thereto are set out in the announcement issued by the Company on 4 November 2013 and can be found on the Company's website at www.loccitane.com and on the Stock Exchange's website at www.hkexnews.hk.

HUMAN RESOURCES

As at 30 September 2013, the Group had 7,455 employees (30 September 2012: 6,798 employees).

The Group ensures that all levels of employees are paid competitively and are rewarded in accordance with the Group's salary, incentive and bonus schemes. Options and Free Shares may also be offered to eligible employees. Training schemes are available where appropriate.

AUDIT COMMITTEE

As required under the Listing Rules, the Company has an Audit Committee comprising of three non-executive Directors of the Company, two of whom are Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal control and financial reporting matters including the review of the consolidated results of the Group for the six months ended 30 September 2013.

CORPORATE GOVERNANCE

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

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2013 save as disclosed below:

The role of the Chief Executive Officer (CEO) of the Group has been assumed by Mr. Reinold Geiger ("Mr. Geiger"), the Chairman of the Board. Such deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a CEO and it provides the Group with strong and consistent leadership. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are 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, 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 direction 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.

Mrs. Sylvie Duvieusart-Marquant resigned as joint company secretary of the Company on 31 August 2013 and was replaced on 1 September 2013 by Mr. Karl Guénard. Mr. Guénard is based in Luxembourg and reports to Thomas Levilion, an Executive Director and 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 Mr. Guénard 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 resigned as joint company secretary on 25 April 2013 and was replaced on the same date by Ms. Yung Mei Yee, who is based in Hong Kong. Ms. Yung works in coordination with Mr. Guénard in the discharge of all company secretarial duties.

CHANGES IN DIRECTORS' INFORMATION

Prior to 30 September 2013 the following changes have occurred in Directors' information:-

Mr. Emmanuel Laurent Jacques Osti, an executive Director and Managing Director of the Company, has resigned as Manager ("Gérant") of Relais L'Occitane S.a.r.l.

Mr. Thomas Levilion is no longer a Manager ("Gérant") of AHP S.a.r.l., since this company has merged with Laboratoires M&L S.A.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code during the six months ended 30 September 2013.

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

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

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