

L'OCCITANE

EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

Société Anonyme
1, rue du Fort Rheinsheim L-2419 Luxembourg
R.C.S. Luxembourg: B80359
(Incorporated under the laws of Luxembourg with limited liability)

GLOBAL OFFERING

Stock code : 973



Sole Global Coordinator



Joint Sponsors, Joint Bookrunners and Joint Lead Managers



IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

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GLOBAL OFFERING

Number of Offer Shares in the Global Offering : 364,120,000 Shares (comprising 182,060,000 new Shares and 182,060,000 sale Shares, and subject to adjustment and the Over-allotment Option)

Number of International Placing Shares : 327,708,000 Shares (comprising 145,648,000 new Shares and 182,060,000 sale Shares, and subject to adjustment and the Over-allotment Option)

Number of Hong Kong Offer Shares : 36,412,000 new Shares (subject to adjustment)

Maximum Offer Price : HK\$15.08 per Hong Kong Offer Share, plus 1% brokerage, SFC transaction levy of 0.004%, and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)

Nominal value : €0.03 per Share

Stock code : 973

Sole Global Coordinator



Joint Bookrunners and Joint Lead Managers



Joint Sponsors (in alphabetical order)



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A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold in the United States.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 30 April 2010 and, in any event, not later than Monday, 3 May 2010. The Offer Price will be no more than HK\$15.08 and is currently expected to be no less than HK\$12.88. If, for any reason, the Offer Price is not agreed by Monday, 3 May 2010 between the Joint Bookrunners (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Joint Bookrunners (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.loccitane.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. For further information, see the section headed "Structure of the Global Offering" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Bookrunners (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting — Grounds for Termination" in this prospectus.

26 April 2010

EXPECTED TIMETABLE⁽¹⁾

Latest time to complete electronic applications
under **White Form eIPO** service through
the designated website www.eipo.com.hk⁽³⁾ 11:30 a.m. on Thursday, 29 April 2010

Application lists open⁽²⁾ 11:45 a.m. on Thursday, 29 April 2010

Latest time to lodge **WHITE** and
YELLOW Application Forms 12:00 noon on Thursday, 29 April 2010

Latest time to give **electronic application instructions**
to HKSCC. 12:00 noon on Thursday, 29 April 2010

Latest time to complete payment of **White Form eIPO**
applications by effecting internet banking transfer(s)
or PPS payment transfer(s) 12:00 noon on Thursday, 29 April 2010

Application lists close. 12:00 noon on Thursday, 29 April 2010

Expected Price Determination Date Friday, 30 April 2010

Announcement of:

- the Offer Price;
- an indication of the level of interest in the International Placing; and
- the basis of allocation of the Hong Kong Offer Shares

to be published in the South China Morning Post (in English)
and the Hong Kong Economic Times (in Chinese) and on the
websites of the Hong Kong Stock Exchange
at www.hkexnews.hk and our Company
at www.loccitane.com on or before⁽⁴⁾ Thursday, 6 May 2010

Results of allocations in the Hong Kong Public Offer (including
successful applicants' identification document numbers, where
appropriate) to be available through a variety of channels
(see paragraph headed "Publication of Results" in the section
headed "How to Apply for Hong Kong Offer Shares") from Thursday, 6 May 2010

Results of allocations for the Hong Kong Public Offer will be
available at www.iporesults.com.hk with a "search by ID"
function. Thursday, 6 May 2010

Despatch of Share certificates/White Form e-Refund payment
instructions/refund cheques (if applicable) on or before⁽⁴⁾. Thursday, 6 May 2010

Dealings in Shares on the Hong Kong Stock Exchange
to commence on. 9:30 a.m. Friday, 7 May 2010

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Thursday, 29 April 2010, the application lists will not open on that day. See the section headed “How to Apply for Hong Kong Offer Shares — 8. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
- (3) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (4) **Share certificates are expected to be issued on Thursday, 6 May 2010 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Friday, 7 May 2010. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates and before they become valid do so entirely of their own risk.**

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by L'Occitane International S.A. solely in connection with the Hong Kong Public Offer and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Global Coordinator, the Joint Bookrunners, the Joint Sponsors, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

The Company is a global, natural and organic ingredient-based cosmetics and well-being products enterprise with strong regional roots in Provence. We are committed to bringing products of the highest quality under the L'Occitane brand to our customers around the world. We design, manufacture and market a wide range of cosmetics and well-being products based on natural and organic ingredients sourced principally from or near Provence. Our L'Occitane products include:

- Body care: including body lotions and creams, body scrubs and sun protection lotions.
- Face care: including facial moisturisers and treatment products, face wash, face masks, face scrubs, sun protection lotions and lip glosses.
- Fragrances: including eau de toilette and eau de parfum.
- Hair care: including shampoos and conditioners.
- Toiletries: including soap bars, shower gels, bath products and deodorant for men and women.
- Men's grooming: including shaving creams, after shave balms, facial moisturisers and eaux de toilette.
- Home fragrances: including home perfumes and perfumed candles.

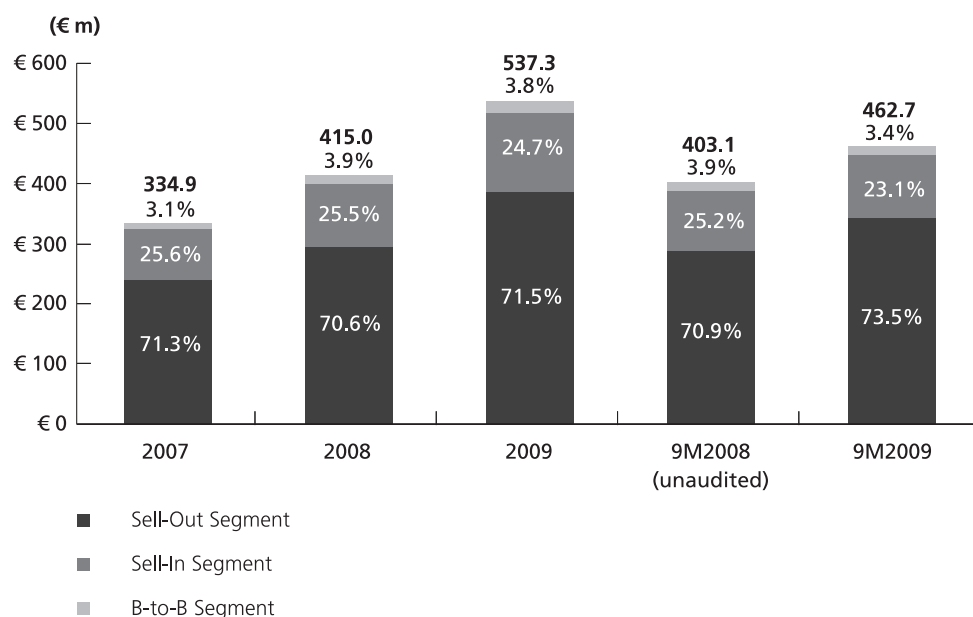
The L'Occitane brand and its first line of products was created in 1976 by our founder, Mr. Olivier Baussan. Mr. Baussan, who is still involved in our Company as our creative consultant, opened the first L'Occitane store in 1978 in Provence. Mr. Reinold Geiger took control of our business in 1996 and under his leadership, our sales and distribution have expanded significantly and our L'Occitane products are now sold in over 80 countries through over 1,500 retail locations which sell exclusively L'Occitane products and are decorated in a standardised L'Occitane design. Of our L'Occitane retail locations, as of 28 February 2010, 753 were our Own L'Occitane Stores, 470 were stores operated by third party distributors and 294 were operated by our airport and duty-free store customers. Our three largest markets in terms of sales for the nine months ended 31 December 2009 were Japan, the United States and France. For the year ended 31 March 2009 and the nine months ended 31 December 2009, we generated sales of approximately €537.3 million and approximately €462.7 million, respectively and profit attributable to equity holders of approximately €58.4 million and approximately €66.4 million, respectively.

SUMMARY

We are committed to developing high quality products that are rich in natural ingredients and essential oils. Our research and development facilities and policies are focused on achieving this objective. We believe that one of the key attractions of L'Occitane products is their quality and the use of natural ingredients with traceable origins.

We develop almost all of our products ourselves and manufacture a significant portion of our products at our manufacturing plants in Manosque and Lagorce. We mainly sell our products directly to end customers through our Sell-Out Segment which principally comprises our Own L'Occitane Stores (being our own L'Occitane boutiques and department store corners which are directly managed and operated by us) but also includes our own internet-shopping websites, mail-order, spas, and cafés. For the nine months ended 31 December 2009, 73.5% of our sales were derived from sales made through our Sell-Out Segment. Approximately 23.1% of our sales for the same period were made through our Sell-In Segment, which comprises sales of our products to resellers, including locations not managed and operated by us, such as distributors, wholesalers, airports and duty free stores, department stores and home-shopping television networks. This segment also includes sales of products to corporate customers that use the products as gifts, for instance, to employees or customers. The remaining portion of our sales are made through our B-to-B Segment which comprises sales of our products to intermediates, such as hotels and airlines that provide our products as free amenities to their customers.

For the three years ended 31 March 2009, our compound annual growth rate, or CAGR, of net sales was 26.7%. The following diagram shows the proportion of sales generated by our Sell-Out Segment, our Sell-In Segment and B-to-B Segment for the three years ended 31 March 2009, and for the nine month periods ended 31 December 2008 and 2009:



Our L'Occitane brand currently represents the core of our business, but we also have two other brands of cosmetics and personal care products, namely Melvita and Le Couvent des Minimes. Melvita is a leading brand in the organic and personal care market in France that we have started to launch internationally in order to capture the growth of the fast growing organic segment within

SUMMARY

the natural cosmetics market. Le Couvent des Minimes offers a short range of well-being products, based on natural ingredients, mainly distributed in France in multi-brand perfumeries which enables us to better cover the natural cosmetics market.

Sales from Melvita represented 3.6% and 3.3% of our Group's total net sales for the year ended 31 March 2009 and the nine months ended 31 December 2009, respectively, while sales from Le Couvent des Minimes represented 0.4% of our Group's total net sales for both of those periods. Although these brands do not currently contribute a significant portion of our total revenues and we currently consider ourselves to be a single-brand company marketing principally under the L'Occitane brand, we intend to develop these brands, as well as any other brands we may acquire or create in the future, and increase their weight in our brand portfolio.

OUR COMPETITIVE STRENGTHS

- Global brand with strong regional roots in Provence;
- Integrated business model which facilitates an efficient product mix, speed to market and high quality products;
- High quality products made with ingredients of traceable origins and respect for the environment;
- Strong network of Own L'Occitane Stores located at prime locations augmented by other complementary distribution channels;
- Extensive sales network around the world with controlled, profitability-driven growth;
- Highly effective marketing directly to end customers creating a loyal customer base; and
- Professional and experienced management team with proven track record of delivering sustainable growth and profitability.

OUR STRATEGIES

- Further expand our L'Occitane brand distribution in high-growth emerging markets and in developed markets where our L'Occitane brand has not yet achieved a mature presence, through controlled, profitability-driven expansion of our own store network;
- Enhance, protect and maintain the unique identity of the L'Occitane brand and manage our product portfolio for future growth;
- Continue to develop new authentic products with superior quality and innovative applications of traditional ingredients, with a particular focus on face care products;
- Strengthen our effective marketing efforts directly to customers by actively building our customer database and enhancing our customer loyalty program; and
- Develop our portfolio of brands to capture the organic market through the international development of our newly acquired Melvita brand and other potential market opportunities by establishing, in the future, additional brands recognised for their own distinct characteristics.

SUMMARY

RISK FACTORS

There are certain risks involved in our operations. These risks can be categorised into (i) risks relating to our business; (ii) risks relating to the global cosmetics industry; and (iii) risks relating to the Global Offering. A detailed discussion of the risk factors are set forth in the section headed “Risk Factors” in this prospectus. The following is a list of the risk factors:

Risks Relating to Our Business

- We are currently principally reliant upon one brand, namely our L’Occitane brand. If we are unable to adequately or successfully protect and promote our L’Occitane brand, or if we are subject to product liability claims, our results of operation may be adversely affected.
- We may not be able to protect adequately or enforce our intellectual property rights, which could impact upon our reputation, leading to a loss of consumer confidence, reduced sales and/or higher administrative costs.
- We develop almost all and manufacture a significant portion of our products at our own manufacturing plants in Manosque and Lagorce. Our operations and financial performance may be materially adversely affected if we experience any major disruptions, damage or destruction, including as a result of explosion, fire or other disruptions at our manufacturing plants in Manosque and Lagorce.
- We may face difficulties during the initial, transitional stages of our expansion, especially in developing countries where we have not yet established a secure foothold. We may also face difficulties in identifying appropriate acquisition targets or in integrating acquired businesses into our operations. Further, we may experience difficulties in managing future growth, including our expansion plans for our newly acquired brand, Melvita. Our financial performance may thereby be adversely affected.
- Some markets in which we operate are highly competitive and have well-established competitors. If we are unable to remain competitive, we will lose market share to our competitors as well as new entrants to our markets, and our financial performance would be adversely affected.
- We may fail to anticipate or respond to changes in consumer demand and trends in the global cosmetics industry in a timely manner.
- Our business depends on a stable and adequate supply of raw materials, which may be subject to shortages in supply or delays in delivery.
- The risk of product contamination resulting in product liability may materially adversely affect our business.
- Fluctuations in the value of the currencies of the countries in which we derive revenues against the Euro, our reporting currency, could adversely affect our financial performance.

SUMMARY

- We, LOG and our subsidiary, L'Occitane S.A., have entered into a senior credit facility agreement that comprises three different credit facilities. Any default under any of these facilities would trigger automatic defaults in the other facilities, causing all principal amounts and interest to become immediately due and payable.
- Logistical problems such as technical faults with ordering systems, delays in delivery or failure to store inventory in optimal conditions may adversely affect our sales and damage our reputation.
- Our success and ability to operate effectively are dependent on our ability to retain key executives and other personnel, and we may not be able to recruit additional or replacement executives and personnel to augment or complement our management team.
- Our comparable store sales and quarterly financial performance may fluctuate for a variety of reasons, which could result in a decline in the price of our Shares.

Risks Relating to the Global Cosmetics Industry

- Changes in existing laws and regulations and/or the imposition of new laws, regulations, restrictions and/or other entry barriers may cause us to incur additional costs to comply with the more stringent rules and/or limit our ability to expand, which could slow down our product development efforts, limit our growth and development and have an adverse impact on our financial position.
- A continued slowdown in the economy of one or more geographic regions in which we sell our products or new trade protectionist measures could significantly reduce our sales.
- Disruptions in the global financial markets and the resulting governmental action in other parts of the world could have a material adverse impact on our results of operation, financial condition and cash flows, and could cause the market price of our Shares to decline.
- The outbreak of any severe contagious diseases in the geographical regions in which we operate, if uncontrolled, could adversely affect our business and results of operation.

Risks Relating to the Global Offering

- Our Company is incorporated in Luxembourg, and we and holders of our Shares may be subject to certain Luxembourg laws and regulations relating to taxation that may be different from those under the laws of Hong Kong, including in particular those relating to the taxation of dividend payments and capital gains.
- We cannot assure you that any amount of dividends we declare in the future will be at a similar level to that declared and paid by us in respect of each of the three financial years ended 31 March 2009. Our ability to pay dividends is subject to our having sufficient distributable reserves as determined in accordance with Luxembourg Generally Accepted Accounting Principles, and dividends paid by us are subject to Luxembourg withholding tax.
- There has been no prior market for our Shares, and the liquidity and market price of our Shares following the Global Offering may be volatile.

SUMMARY

- Our controlling shareholder may exert substantial influence over us and may not act in the best interest of our independent shareholders.
- As the Offer Price of our Offer Shares is higher than our unaudited pro forma adjusted net tangible assets per Share, you will experience immediate dilution to your attributable unaudited pro forma adjusted net tangible assets per Share.
- Facts and statistics in this prospectus relating to the countries in which we operate, their economies and the global and local natural cosmetics industries derived from official government publications may not be reliable.
- Any potential (i) sale of Shares by LOG, our existing shareholder, or (ii) sale of shares in LOG by LOG's existing shareholders could have an adverse affect on our share price.
- Any default by LOG under the Acquisition Facility may result in a disposal of Shares held by LOG and pledged as security for the Acquisition Facility.
- Due to a gap of up to five business days between pricing and trading of the Offer Shares, the initial trading price of the Offer Shares could be lower than the Offer Price.
- We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

SUMMARY

SUMMARY OF HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

Summary of Consolidated Income Statements

	Year ended 31 March						Nine month period ended 31 December			
	2007		2008		2009		2008		2009	
	(€'000)	(% of net sales)	(€'000)	(% of net sales)	(€'000)	(% of net sales)	(€'000)	(% of net sales)	(€'000)	(% of net sales)
	(unaudited)									
Net Sales	334,949	100.0	414,965	100.0	537,335	100.0	403,100	100.0	462,694	100.0
Cost of sales.	(63,802)	(19.0)	(78,601)	(18.9)	(105,550)	(19.6)	(81,150)	(20.1)	(87,626)	(18.9)
Gross profit	271,147	81.0	336,364	81.1	431,785	80.4	321,950	79.9	375,068	81.1
Distribution expenses.	(149,256)	(44.6)	(180,221)	(43.4)	(239,906)	(44.6)	(176,481)	(43.8)	(197,647)	(42.7)
Marketing expenses.	(37,144)	(11.1)	(44,658)	(10.8)	(59,434)	(11.1)	(48,081)	(11.9)	(44,450)	(9.6)
General and administrative expenses	(32,298)	(9.7)	(38,379)	(9.2)	(50,803)	(9.5)	(36,488)	(9.1)	(40,982)	(8.9)
Direct costs related to the projected IPO.	—	—	—	—	(1,996)	(0.4)	(1,996)	(0.5)	—	—
Gain/(Loss) on sale and disposal of assets	(338)	(0.1)	30	—	844	0.2	737	0.2	1,752	0.4
Operating profit	52,111	15.6	73,136	17.6	80,490	15.0	59,641	14.8	93,741	20.3
Finance costs	(4,535)	(1.4)	(970)	(0.2)	(5,856)	(1.1)	(4,336)	(1.1)	(2,787)	(0.6)
Exchange gain/(loss) on finance costs	(2,137)	(0.6)	(7,029)	(1.7)	1,677	0.3	2,202	0.5	3,080	0.7
Share of gain/(loss) of associates	(114)	—	134	—	—	—	—	—	—	—
Profit before income tax	45,325	13.5	65,271	15.7	76,311	14.2	57,507	14.3	94,034	20.3
Income tax expense.	(9,818)	(2.9)	(15,656)	(3.8)	(16,927)	(3.2)	(11,275)	(2.8)	(25,307)	(5.5)
Profit for the year/period from continuing operations	35,507	10.6	49,615	12.0	59,384	11.1	46,232	11.5	68,727	14.9
Profit/(loss) for the year/period from discontinued operations	—	—	(91)	—	—	—	—	—	—	—
Profit for the year/period	35,507	10.6	49,524	11.9	59,384	11.1	46,232	11.5	68,727	14.9
Attributable to:										
Equity holders.	33,157	9.9	47,898	11.5	58,383	10.9	45,275	11.2	66,377	14.3
Minority interests	2,350	0.7	1,626	0.4	1,001	0.2	957	0.2	2,350	0.5
Total	35,507	10.6	49,524	11.9	59,384	11.1	46,232	11.5	68,727	14.9

SUMMARY

Summary of Consolidated Balance Sheets

	As at 31 March			As at 31 December
	2007	2008	2009	2009
	(€'000)			
ASSETS				
Property, plant and equipment, net	47,028	51,729	69,350	71,556
Goodwill	31,749	35,334	78,510	83,477
Intangible assets, net.	16,464	18,629	37,414	39,828
Investments in associates and joint-ventures	1,080	—	—	—
Deferred income tax assets.	17,383	25,130	30,966	27,732
Available-for-sale financial assets.	28	36	33	38
Other non-current receivables.	<u>7,882</u>	<u>10,856</u>	<u>17,181</u>	<u>16,852</u>
Non-current assets	<u>121,614</u>	<u>141,714</u>	<u>233,454</u>	<u>239,483</u>
Inventories, net.	41,616	57,245	77,666	65,894
Trade receivables, net	29,339	39,197	42,512	61,203
Other current assets	10,145	17,124	23,608	21,088
Derivative financial instruments.	210	43	2,644	472
Cash and cash equivalents	<u>55,916</u>	<u>39,073</u>	<u>27,279</u>	<u>88,323</u>
Current assets	<u>137,226</u>	<u>152,682</u>	<u>173,709</u>	<u>236,980</u>
TOTAL ASSETS	<u>258,840</u>	<u>294,396</u>	<u>407,163</u>	<u>476,463</u>

SUMMARY

	As at 31 March			As at 31 December
	2007	2008	2009	2009
	(€'000)			
EQUITY AND LIABILITIES				
Share capital	38,185	38,232	38,232	38,232
Additional paid-in capital	49,995	49,995	49,995	49,329
Other reserves	(669)	(5,741)	(1,120)	(2,390)
Retained earnings	52,722	69,765	98,148	132,525
Capital and reserves attributable to the equity holders	140,233	152,251	185,255	217,696
Minority interest in equity	2,049	2,989	2,004	2,692
Total equity	142,282	155,240	187,259	220,388
 Borrowings	 27,185	 9,452	 75,137	 60,039
Deferred income tax liabilities	827	781	5,851	5,699
Derivative financial instruments	—	—	1,335	1,189
Other financial liabilities	—	3,969	5,145	5,414
Other non-current liabilities	6,028	5,720	8,681	8,649
Non-current liabilities	34,040	19,922	96,149	80,990
 Trade payables	 37,184	 53,702	 50,702	 49,557
Salaries, wages, related social items and other tax liabilities	13,435	14,478	19,608	29,034
Current income tax liabilities	12,623	15,783	13,998	16,076
Borrowings	15,873	29,044	33,831	73,754
Other current liabilities	1,865	2,273	3,187	3,343
Derivatives financial instruments	—	1,637	769	1,082
Provisions for other liabilities and charges	1,538	2,317	1,660	2,239
Current liabilities	82,518	119,234	123,755	175,085
 TOTAL EQUITY AND LIABILITIES	258,840	294,396	407,163	476,463
 NET CURRENT ASSETS	54,708	33,448	49,954	61,895
 TOTAL ASSETS LESS CURRENT LIABILITIES	176,322	175,162	283,408	301,378

SUMMARY

The Group's borrowings include a senior loan of €205 million that can be drawn only by LOG. An amount of €195 million net was drawn as at 31 March 2009. After a repayment of €20.75 million in April 2009, an amount of €174.25 million was drawn as at 31 December 2009. As of the Latest Practicable Date, this loan is secured by a pledge on 100% of the Shares. The share pledge will be released in respect of the Offer Shares offered by LOG upon or before completion of the Global Offering, and none of any remaining security interest over any of LOG's Shares will be held to secure any obligations of our Company or any of our subsidiaries.

Summary of Consolidated Cash Flow Statements

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008 (unaudited)	2009
(€'000)					
Net cash generated from operating activities	47,869	51,138	56,332	27,556	99,084
Net cash used in investing activities	(28,650)	(32,378)	(100,103)	(91,790)	(27,938)
Net cash (used in)/generated from financing activities	4,399	(33,917)	36,949	74,538	(9,442)
Effects of exchange rate changes ⁽¹⁾	937	(423)	(4,130)	(5,148)	(1,435)
Net increase/(decrease) in cash and bank overdrafts of discontinued operations	—	(91)	—	—	—
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	24,555	(15,671)	(10,952)	5,156	60,269
Cash, cash equivalents and bank overdrafts at beginning of the year	28,996	53,551	37,880	37,880	26,928
Cash, cash equivalents and bank overdrafts at end of the year	53,551	37,880	26,928	43,036	87,197

⁽¹⁾ The effects of exchange rate changes include the following: The translation at the closing rate of foreign currency cash and cash equivalents; the exchange rate effect of the movement in foreign currency cash and cash equivalents from the average rate to the closing rate; and exchange movements on intra-group transactions at year end.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$2,447.2 million (assuming an Offer Price of HK\$13.98, being the mid-point of the estimated Offer Price range and the Over-allotment Option is not exercised), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 90% of net proceeds to us (approximately HK\$2,202.5 million, assuming an Offer Price of HK\$13.98, being the mid-point of the estimated Offer Price range) will be used to finance the development of our Group, consisting for this purpose principally of:
 - approximately 65% for new store openings globally. Our strategy is to continue to increase the number of our Retail Stores internationally, and in particular, in countries where we believe there is likely to be a growth in demand for our L'Occitane and Melvita products. These may include high growth emerging markets such as China, Brazil, Russia, India and Mexico as well as countries where we have not yet achieved a mature presence such as Japan, the US, the UK, Germany and Korea. Our overall strategy is to aim to

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increase the total Retail Stores by approximately 650 over the next five years. The number of new stores for each of our L'Occitane and Melvita brands will depend on the speed of development of the natural and organic cosmetics market in each country. Accordingly, the allocation of proceeds between the two brands may vary. We estimate that over the next five years, approximately 15% to 25% of the net proceeds will be dedicated to opening new Melvita stores, whereas 40% to 50% of the proceeds will be dedicated to opening new Own L'Occitane Stores, although this allocation may be adjusted depending on market circumstances;

- approximately 20% for the extension and improvement of our manufacturing plants in Manosque and in Lagorce, and to build a new central warehouse. These extensions and improvements to our manufacturing plants are needed principally in order to comply with new ISO standards that will apply to us and to improve our production quality and efficiency. The building of a new warehouse is needed principally to increase our warehousing capacity. Please see the sections headed “Business — Production — Our Manufacturing Facilities” and “Business — Logistics and Inventory Management — Inventory” for further details relating to our plans for improving our manufacturing and building our new warehousing facility;
 - approximately 2.5% for the development of our research and development in order to continue to improve our product quality and meet the increasing consumer demand for high quality and effective products, particularly in the face care segment; and
 - approximately 2.5% for the development of internet and e-commerce channels which we believe have a high growth potential.
- approximately 10% of net proceeds to us (approximately HK\$244.7 million, assuming an Offer Price of HK\$13.98, being the mid-point of the estimated Offer Price range) will be used for working capital and general corporate purposes.

As discussed in the section headed “Business — Business Strategies”, one of our business strategies is that, subject to market conditions and opportunities, we may acquire existing brands which we consider appropriate. Accordingly, we will from time to time explore opportunities for investments, although we currently do not have any identified or potential acquisition targets. In the future if we make any such investment, we will make appropriate disclosure in compliance with applicable requirements of the Listing Rules. Please see the section headed “Business — Business Strategies — Develop our portfolio of brands to capture the organic market through the international development of our newly acquired Melvita brand and other potential market opportunities by establishing, in the future, additional brands recognised for their own distinct characteristics” for further information regarding such potential acquisitions in the context of our business strategies.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis. To the extent that proceeds are not used immediately for the purposes stated, they will be invested in short term demand deposits and money market instruments.

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In the event that the Offer Price is set at HK\$12.88 (being the low end of the indicative Offer Price range of HK\$12.88 to HK\$15.08 per Share as stated in this prospectus) and assuming the Over-allotment is not exercised, the net proceeds received by us will be reduced by approximately HK\$195.2 million. In the event that the Offer Price is set at HK\$15.08 (being the high end of the indicative Offer Price range of HK\$12.88 to HK\$15.08 per Share as stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds received by us will be increased by approximately HK\$195.2 million. In the event that the Over-allotment Option is exercised in full and based on an Offer Price of HK\$13.98 (being the mid-point of the indicative Offer Price range of HK\$12.88 to HK\$15.08 per Share as stated in this prospectus), the net proceeds received by us will be increased by approximately HK\$372.2 million.

We estimate that our Selling Shareholder will receive net proceeds of approximately HK\$2,447.2 million (assuming an Offer Price of HK\$13.98, being the mid-point of the estimated Offer Price range) after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholder in relation to the Global Offering and assuming the Over-allotment Option is not exercised. We will not receive any of the net proceeds of the Global Offering from the sale of Shares by the Selling Shareholder.

PROFIT ESTIMATE

We estimate that, on the bases set out in “Appendix III — Profit Estimate” in this prospectus, the estimated consolidated profit attributable to equity holders of our Company for the year ended 31 March 2010 is unlikely to be less than €73.8 million.

DIVIDENDS AND DIVIDEND POLICY

On 9 April 2010, our Board approved the payment of an exceptional dividend of €0.063 per Share on our common stock held by our existing Shareholders, representing a total dividend of €80.0 million, out of our distributable reserves of €135.8 million as of 31 March 2009 calculated based on Luxembourg Generally Accepted Accounting Principles. The dividend payment will be funded from our internal financial resources. The Shareholders approved this dividend at a meeting held on 31 March 2010. The dividend is expected to be paid on 4 May 2010.

On 30 September 2009, a dividend of €0.025 per Share was approved. The dividend per Share paid during FY2007, 2008 and 2009 was €0.006, €0.024 and €0.024 respectively.

We may distribute dividends by way of cash or by other means that we consider appropriate. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Luxembourg law of 10 August 1915 on commercial companies, as amended (the **Luxembourg Companies Law**), including the approval of shareholders, as applicable. As substantially all of our operations are conducted through our operating subsidiaries internationally, the ability of these subsidiaries to make dividend and other payments to us may be restricted by a number of factors, including various laws and regulations in which these subsidiaries are subject. In addition, our controlling shareholder will be able to influence our dividend policy.

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A decision to declare or to pay any dividends in the future, and the amount of any dividends, depend on a number of factors, including our results of operation, financial condition, the payments by our subsidiaries of cash dividends to us, our future prospects, any restrictive covenants that we are obligated to observe and other factors that our Directors may consider important.

Subject to the above factors, we currently plan to pay annual dividends of approximately 20% of our consolidated profit attributable to Shareholders beginning from the financial year 1 April 2010. Cash dividends on our Shares, if any, will be paid in Euros, except that we will make arrangements to effect payment in Hong Kong dollars of any cash dividends payable to shareholders resident in Hong Kong. Other distributions, if any, will be paid to our Shareholders by any means which our Directors consider legal, fair and practicable.

Our ability to pay dividends is subject to our having sufficient distributable reserves as determined in accordance with Luxembourg Generally Accepted Accounting Principles. There may be differences between Luxembourg Generally Accepted Accounting Principles and IFRS. Further, dividends paid by our Company to Shareholders are subject to Luxembourg withholding tax at rates ranging between 10% and 15%, depending on specific circumstances. Subject to the provisions of an applicable double tax treaty, the rate of withholding tax may be reduced. For instance, based on the provisions of the double tax treaty between Luxembourg and Hong Kong dated 2 November 2007, dividends paid by the Company to Hong Kong shareholders may, under certain conditions, be exempt from withholding (i.e. if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the Company or a participation with an acquisition cost of at least €1.2 million in the Company). In all other cases, the withholding tax levied on dividends paid by the Company to a Hong Kong resident will be 10% of the gross amount of the dividends. In order to benefit from such treaty exemption or reduced rates on dividend payments made by the Company, a certificate of residence status issued by the Hong Kong Inland Revenue Department will have to be provided by certain shareholders who are residents of Hong Kong to the Company at such place within such period of time before any particular dividend payment date as shall be specified by the Company in its announcement of dividend payments. Please see the sections headed “E. Amendments to the Articles of Association — 13. Distribution of Assets/Reserves” and “F. Summary of Main Luxembourg Tax Aspects Relevant to Shareholders of the Company” in Appendix V to this prospectus for further details.

Shareholders should pay attention to the following procedures relating to the payment of dividends, dividend withholding tax and related tax treaty benefits.

Summarised below are certain relevant information and the procedures which we currently intend to adopt in relation to the payment of dividend withholding tax following our listing on the Hong Kong Stock Exchange. We will inform our shareholders promptly in the future through formal announcements and other means which we deem appropriate if there is any material change to such procedures. Further, detailed procedures will also be announced at the time the Company declares any dividend payment.

In summary, subject to compliance with the procedures outlined below and in the relevant announcement(s) to be made by our Company in respect of specific dividend payments, it is currently envisaged that individual shareholders with shares registered in their own names or held in their own CCASS Investor Participant accounts (in each case either solely or jointly with other

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shareholders who are eligible) who are eligible to any reduced rate of dividend withholding tax pursuant to the tax treaty between Luxembourg and Hong Kong may receive dividends with tax withheld at a reduced rate. Corporate and other types of individual shareholders (whether Shares are held through CCASS or otherwise) who believe that they are entitled to any treaty exemption or reduced rates on dividend payments made by our Company will need to apply to the Luxembourg tax authority directly on their own behalf to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority.

In respect of any particular dividend payment, shareholders who satisfy the criteria set out below on the relevant dividend record date will be paid a dividend per share less the rate of dividend withholding tax set out below.

Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(a) Individual and corporate shareholders who hold through CCASS through accounts maintained with their CCASS Clearing Participants or CCASS Custodian Participants		
Any shareholder:	The full rate of withholding tax	A shareholder in this category should apply directly on his own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
(i) who is an individual or a body corporate;	Shareholders resident in Hong Kong for tax purposes who are entitled to any treaty reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	
(ii) whose Shares are held in a CCASS Participant account by his CCASS Clearing Participant or CCASS Custodian Participant on his behalf		

SUMMARY

Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(b) Individual shareholders who hold through CCASS and who are Individual CCASS Investor Participants or Joint Individual CCASS Investor Participants		
Any shareholder who:	The full rate of withholding tax	Instructing HKSCC Nominees to deliver to us within such period of time prior to the dividend payment date as shall be specified by us in our announcement of dividend payment
(i) is an individual;	For shareholders resident in Hong Kong who are entitled to any treaty reduced rates on dividend payments made by our Company, we will deduct dividend withholding tax at a reduced rate of withholding tax in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong provided that the relevant procedures specified by us from time to time are complied with	(1) evidence of his shareholding through CCASS within such period of time prior to the dividend payment date as shall be specified by us in our announcement of dividend payment and (2) the following (the Tax Residency Documents):
(ii) is an Individual CCASS Investor Participant or Joint Individual CCASS Investor Participant; and		(i) a certificate of residence status from the Hong Kong Inland Revenue Department; and
(iii) holds his Shares in his or their own CCASS Investor Participant account	However, we may at our sole and absolute discretion withhold the full rate of withholding tax, for example where we are aware of information that may indicate that any particular shareholder may not be a resident of Hong Kong for tax purposes or otherwise may not be eligible to any reduced rate of withholding tax	(ii) a written undertaking to notify our Company of any change in the shareholder's country of residence for tax purposes as soon as practicable, in any case before the next dividend payment (Notification of Change)
		In the case of Joint Individual CCASS Investor Participants, each shareholder is required to deliver the Tax Residency Documents
		Any shareholder (and each joint shareholder, where applicable) falling within this category would only need to deliver to us the above Tax Residency Documents in respect of the first dividend to which he is entitled, unless he (or any one joint shareholder, where applicable) delivers a Notification of Change to us. If any Notification of Change has been delivered to us, and the relevant shareholder (or the joint shareholders, where applicable) subsequently wishes to claim any tax treaty benefit in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong, such shareholder (or each joint shareholder, where applicable) will need to deliver to us updated Tax Residency Documents in respect of the next dividend in respect of which he (or the joint shareholders) wishes to claim any such tax treaty benefit

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Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(c) Corporate shareholders with Shares held through CCASS and who are Corporate CCASS Investor Participants		
Any shareholder who:	The full rate of withholding tax	A shareholder in this category should apply directly on its own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
(i) is a body corporate; and	Corporate shareholders resident in Hong Kong for tax purposes who are entitled to any treaty exemption or reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	
(ii) is a Corporate CCASS Investor Participant; and		
(iii) holds its shares in its own CCASS Investor Participant account		
(d) Individual shareholders with shares registered in their own names (whether solely or jointly with other individual(s)), has a Hong Kong address and entitled (jointly with other individual(s) in respect of jointly held shares, where applicable) to receive less than €1,000 in dividends per year		
Any shareholder who:	The reduced rate of withholding tax in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong	None
(i) is an individual with Shares registered in his own name (whether solely or jointly with other individual(s) who fall within this category);	However, we may at our sole and absolute discretion withhold the full rate of withholding tax, for example where we are aware of information that may indicate that any particular shareholder may not be a resident of Hong Kong for tax purposes or otherwise may not be eligible to any reduced rate of withholding tax	
(ii) has a Hong Kong address recorded in our Hong Kong share register; and		
(iii) had been entitled (jointly with other individual(s) who fall within this category in respect of jointly held shares, where applicable), during the period of 12 months immediately prior to the relevant dividend record date, to receive in aggregate less than €1,000 in dividends (before the deduction of any withholding tax) declared by our Company		

SUMMARY

Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(e) Individual shareholders with shares registered in their own names (whether solely or jointly with other individual(s)) and (I) entitled (jointly with other individual(s) in respect of jointly held shares, where applicable) to receive €1,000 or more in dividends per year, whether or not they have a Hong Kong address; or (II) who do not have a Hong Kong address registered in our Hong Kong share register, irrespective of the amount of dividends they are entitled to receive per year		
Any shareholder who:	The full rate of withholding tax	Deliver to us his Tax Residency Documents
(i) is an individual with Shares registered in his own name (whether solely or jointly with other individual(s)); and	For shareholders resident in Hong Kong for tax purposes who are entitled to any treaty reduced rates on dividend payments made by our Company, we will deduct dividend withholding tax at a reduced rate of withholding tax in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong provided that the relevant procedures specified by us from time to time are complied with	In the case of jointly held shares, each shareholder whose name is recorded in our Hong Kong share register in respect of those shares is required to deliver the Tax Residency Documents
(ii) (I) had been entitled (jointly with other individual(s) who fall within this category in respect of jointly held shares, where applicable), during the period of 12 months immediately prior to the relevant dividend record date, to receive in aggregate €1,000 or more in dividends (before the deduction of any withholding tax) declared by our Company, whether or not they have a Hong Kong address; or (II) does not have a Hong Kong address recorded in our Hong Kong share register, irrespective of the amount of dividends he is entitled (jointly with other individual(s) who fall within this category in respect of jointly held shares, where applicable) to receive per year	However, we may at our sole and absolute discretion withhold the full rate of withholding tax, for example where we are aware of information that may indicate that any particular shareholder may not be a resident of Hong Kong for tax purposes or otherwise may not be eligible to any reduced rate of withholding tax	Any shareholder falling within this category would only need to deliver to us the above Tax Residency Documents in respect of the first dividend to which he is entitled, unless he delivers a Notification of Change to us. If any Notification of Change has been delivered to us, and the relevant shareholder subsequently wishes to claim any tax treaty benefit in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong, such shareholder will need to deliver to us updated Tax Residency Documents in respect of the next dividend in respect of which he wishes to claim any such tax treaty benefit
(f) Individual shareholders with Shares registered in the name of a corporation (other than HKSCC Nominees) holding as nominee on their behalf		
Any shareholder who:	The full rate of withholding tax	A shareholder in this category should apply directly on his own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
(i) is an individual;	Shareholders resident in Hong Kong for tax purposes who are entitled to any treaty reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	
(ii) holds Shares registered in the name of a nominee corporation holding on his behalf		

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Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(g) Corporate shareholders with Shares registered in its own name		
Any shareholder who:	The full rate of withholding tax	A shareholder in this category should apply directly on its own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
(i) is a body corporate;	Shareholders resident in Hong Kong for tax purposes who are entitled to any treaty exemption or reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	
(ii) holds Shares registered in its own name		
(h) Shareholders not falling within any of the foregoing categories		
Any shareholder who does not fall within any of the above categories	The full rate of withholding tax	A shareholder in this category should apply directly on his or its own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
	Shareholders in this category who are resident in Hong Kong for tax purposes who are entitled to any treaty exemption or reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	

The above procedures are designed so as to reduce the administrative burden in relation to the claim of tax treaty benefit for certain categories of Hong Kong shareholders. They do not prevail over any applicable Luxembourg law or tax treaty between Luxembourg and Hong Kong, and shareholders remain subject to tax in Luxembourg on dividends distributed by the Company in accordance with Luxembourg laws and any applicable tax treaty. Shareholders should promptly inform the Company if they have any reason to believe that the above procedures may potentially, in their specific case, lead to application of a reduced withholding tax rate to which they are not entitled.

Shareholders should seek independent professional advice in relation to the procedures, timing and cost involved in obtaining a certificate of residence status from the Hong Kong Inland Revenue Department.

The Tax Residency Documents required to be delivered to us:

- in the case of paragraph (e) above shall be delivered to Computershare Hong Kong Investor Services Limited, our Hong Kong share registrar at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and

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- in the case of paragraph (b) above shall be delivered to HKSCC Nominees at Customer Service Centre, 2/F Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong,

in each case within such period of time before the relevant dividend payment as shall be specified by the Company in its announcement of dividend payment in order for shareholders to enjoy reductions in dividend withholding tax at source.

OFFERING STATISTICS⁽¹⁾

	Based on an Offer Price of HK\$12.88	Based on an Offer Price of HK\$15.08
Market capitalisation of our Shares ⁽²⁾	HK\$18,759 million	HK\$21,963 million
Pro forma estimated price/earnings multiple ⁽³⁾	24.2 times	28.3 times
Unaudited pro forma adjusted net tangible asset value per Share ⁽⁴⁾	€0.21 (HK\$2.23)	€0.24 (HK\$2.50)

Notes:

1. All statistics in this table assume that the Over-allotment Option is not exercised.
2. The calculation of market capitalisation is based on 1,456,456,391 Shares expected to be in issue immediately following completion of the Global Offering.
3. The calculation of the estimated price/earnings multiple on a pro forma basis is based on the unaudited pro forma estimated earnings per Share for the year ended 31 March 2010 of €0.05 (approximately HK\$0.53) per Share as set out in the section headed "Unaudited Pro Forma Estimated Basic Earnings per Share" in Appendix II to this prospectus at the respective offer prices of HK\$12.88 and HK\$15.08 per Share.
4. The unaudited pro forma adjusted net tangible asset value per Share is based on 1,456,456,391 Shares expected to be in issue immediately following the Global Offering (assuming the Over-allotment Option is not exercised) and is calculated after making the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus and taking into account the indicative Offer Prices of HK\$12.88 and HK\$15.08 per Offer Share. The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at the rate of €1.00 to HK\$10.5062).
5. No adjustments have been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2009. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account the payment of an exceptional dividend of €80 million which was approved by the Board of Directors of the Company on 9 April 2010 and is expected to be paid on 4 May 2010.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions have the following meanings.

"Application Form(s)"	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or where the context so requires, any of them
"Board"	our board of Directors
"B-to-B Segment"	our business segment which comprises sales of our products to intermediaries, such as hotels and airlines that provide these products as free amenities to their customers
"Business Day"	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks are open generally for normal banking business
"CAGR"	represents the year-over-year growth rate of a value over a specified period of time, taking into account the effects of compounding. $CAGR = \frac{(\text{Ending Value} / \text{Beginning Value})^{1/\text{Number of Years}} - 1}{1}$
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Taiwan, the Macau Special Administrative Region and Hong Kong
"Director(s)"	director(s) of our Company
"EU"	the European Union
"Global Offering"	the Hong Kong Public Offer and the International Placing

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"GREEN application form(s)"	the application form(s) to be completed by White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited.
"Hong Kong" or "HK"	The Hong Kong Special Administrative Region of the PRC
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong Companies Ordinance"	the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
"Hong Kong Offer Shares"	the 36,412,000 new Shares (subject to adjustment) being offered by our Company for subscription pursuant to the Hong Kong Public Offer
"Hong Kong Public Offer"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the several underwriters of the Hong Kong Public Offer listed in the section headed "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 23 April 2010 relating to the Hong Kong Public Offer entered into among us, LOG and the Hong Kong Underwriters
"IFRS"	International Financial Reporting Standards
"International Placing"	the conditional placing by the International Underwriters of the International Placing Shares, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Placing Agreement"	the international placing agreement relating to the International Placing to be entered into among us, the International Underwriters and LOG on or around 30 April 2010

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“International Placing Shares”	the 145,648,000 new Shares initially being offered by our Company for subscription and 182,060,000 Shares initially offered by the Selling Shareholder for sale at the Offer Price under the International Placing, subject to the Over-allotment Option and adjustment as described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the several underwriters of the International Placing who are expected to enter into the International Placing Agreement to underwrite the International Placing
“Joint Bookrunners” or “Joint Lead Managers”	(in alphabetical order) CLSA Limited, The Hongkong and Shanghai Banking Corporation Limited and UBS AG, Hong Kong Branch
“Joint Sponsors”	(in alphabetical order) CLSA Equity Capital Markets Limited, The Hongkong and Shanghai Banking Corporation Limited and UBS AG, Hong Kong Branch
“Latest Practicable Date”	20 April 2010, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Leveraged Management Buyout”	the reorganisation of our shareholding structure in the form of a leveraged management buyout, completed in October 2007, further details of which are set out in the section headed “Our History, Culture and Corporate Structure — Corporate Structure — Leveraged Management Buyout”
“Listing Date”	the date, expected to be on 7 May 2010 on which dealings in our Shares first commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“LOG”	L’Occitane Groupe S.A., a company incorporated under the laws of Luxembourg with limited liability on 26 March 2007 and the controlling shareholder of our Company
“Luxembourg Companies Law”	<i>Loi du 10 août 1915 concernant les sociétés commerciales</i> (the Luxembourg law of 10 August 1915 on commercial companies and of the amending laws in force)
“M&A SAS”	M&A Développement SAS, a company incorporated with limited liability in France

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“Manosque”	a town in the Alpes de Haute Provence department of the Provence-Alpes-Côte d’Azur administrative region located in the South of France
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at which the Offer Shares are to be subscribed pursuant to the Hong Kong Public Offer
“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares including, where relevant, any additional Shares issued or sold pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by the Company and the Selling Shareholder to the International Underwriters exercisable by the Sole Global Coordinator (after consulting with CLSA Limited and The Hongkong and Shanghai Banking Corporation Limited) under the International Placing Agreement pursuant to which the Company and the Selling Shareholder may be required by the International Underwriters to issue up to 27,309,000 additional Shares and sell up to 27,309,000 additional Shares, respectively, representing in aggregate 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Placing, if any
“Own L’Occitane Stores”	our own L’Occitane branded boutiques and department store corners directly managed and operated by us, one of the distribution channels in the Sell-Out Segment (please see the section headed “Business — Markets and Distribution — Description of Sell-Out Segment” for further information)
“Price Determination Date”	the date, expected to be on or around 30 April 2010, but no later than 3 May 2010, on which the Offer Price is fixed for the purposes of the Global Offering
“Provence”	a geographical area comprising several administrative departments located in Provence-Alpes-Côte d’Azur administrative region located in the South of France
“Qualified Institutional Buyers” or “QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Regulation S”	Regulation S under the US Securities Act

DEFINITIONS

“Retail Stores”	our Own L’Occitane Stores and stores managed and operated by us through which we distribute “Oliviers & Co.” and “Melvita” products (please see the section headed “Business — Markets and Distribution — Description of Sell-Out Segment” for further information)
“Rule 144A”	Rule 144A under the US Securities Act
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“Sell-In Segment”	our business segment which comprises sales of our products to resellers, including locations not managed and operated by us, distributors, wholesalers, airports and duty free stores, department stores and home-shopping television networks. It also comprises sales of products to corporate customers which give the products out as presents, such as to their customers or employees
“Sell-Out Segment”	our business segment which comprises sales of our products directly by us to end customers, including principally sales made through our Retail Stores, and also our own internet-shopping websites, mail-order and spas
“Selling Shareholder”	LOG
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	ordinary share(s) with nominal value of €0.03 each in the share capital of our Company
“Sole Global Coordinator”	UBS AG, Hong Kong Branch
“Stock Borrowing Agreement”	the stock borrowing agreement which may be entered into between UBS AG, Hong Kong Branch and LOG
“Track Record Period”	the period from 1 April 2006 to 31 December 2009
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Placing Agreement

DEFINITIONS

"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US Securities Act"	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO www.eipo.com.hk
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited

In this prospectus:

- "Company", "our Company", "our", "we" and "us" refer to L'Occitane International S.A., (a société anonyme incorporated and existing under the laws of the Grand-Duchy of Luxembourg (on 22 December 2000) having registered office at 1, rue du Fort Rheinsheim, L-2419 Luxembourg, registered with the Luxembourg trade and companies register under number B80359) and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it;
- "Group" means our Company and its subsidiaries from time to time; and
- the terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.
- the following symbols shall represent the following currencies:

"A\$" or "AUD"	Australian dollars, the lawful currency of Australia
"British pound sterling"	British pound sterling, the lawful currency of the United Kingdom
"CAD"	Canadian dollar, the lawful currency of Canada
"Euro" or "€" or "EUR"	the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992)

DEFINITIONS

"HK\$" or "Hong Kong dollars" or "HK dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"¥" or "JPY"	Japanese yen, the lawful currency of Japan
"KRW"	Korean won, the lawful currency of the Republic of Korea
"Mex\$" or "MXN"	Mexican peso, the lawful currency of Mexico
"MOP"	Macanese pataca, the lawful currency of the Macau Special Administrative Region of the PRC
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"RUB"	Russian roubles, the lawful currency of Russia
"THB"	Thai baht, the lawful currency of Thailand
"US\$", "USD" or "US dollars"	United States dollars, the lawful currency of the United States

GLOSSARY OF TECHNICAL TERMS

In this prospectus, the following technical terms shall have the following meanings.

“appellation d’origine contrôlée”	denotes that a product has come from a certain area and been made in a certain way specified by the accrediting organisation. These standards are controlled by the <i>Institut National des Appellations d’Origine</i> , a French government agency
“aromatherapy”	a form of alternative and complimentary medicine based on the use of essential oils from the flowers, leaves, bark, branches, rind or roots of plants with purported healing properties for the purpose of affecting a person’s mood or health. In aromatherapy these potent oils are mixed with a carrier or diluted and rubbed on the skin, sprayed in the air, inhaled or applied as a compress, the purpose of which is to promote a person’s health, mood and well-being
“cosmetic”	having beautifying, enhancing, improving or beneficial effects on facial or bodily appearance, and “cosmetics” and “cosmetic products” shall mean products having the foregoing effects, including products for face care and body care
“epidermal”	pertaining to the epidermis, the outer layer of skin
“immortelle essential oil”	an essential oil derived from the flower of the immortelle plant which we believe have regenerative and fungicidal properties
“natural”	when referring to an ingredient used in cosmetics, toiletries and well-being products, means an ingredient that is an extract stemming directly from agricultural production, harvesting or exploitation and that is not transformed, or which is derived from such means solely through authorised physical procedures
“organic”	whilst there is no international standardised definition for “organic” as each country has its own criteria for organic certification, we consider organic farming as principally referring to a method of farming that does not utilise manufactured chemicals, and organic cosmetics and personal care products as those that exclude certain chemicals and principally consist of natural ingredients and ingredients produced using organic farming methods

The application of these standards are controlled in France by a French independent agency, ECOCERT, which means (ECO) Ecology (CERT) Certification, whose website is at www.ecocert.com

GLOSSARY OF TECHNICAL TERMS

“parabens”	a group of chemicals, comprising methyl, ethyl, and propyl esters of p-hydroxybenzoic acid, some of which are naturally occurring. Parabens are widely used as preservatives in the cosmetic and pharmaceutical industries as a result of their bacteriocidal and fungicidal properties
“phytotherapy”	the use of extracts from natural origins (including plants, herbs, aromatic essential oils, seaweeds, herbal and floral extracts) that purport to provide natural remedies for the prevention and treatment of diseases and ailments or the promotion of health and wellbeing
“propolis”	a resinous substance collected by bees from tree buds, sap flows or other botanical sources. Propolis is sold as a natural medicine or remedy for its supposed anti-bacterial and anti-oxidant properties as well as for the treatment of a variety of conditions, including inflammations, skin complaints and certain viral diseases and the healing of wounds and burns
“royal jelly”	the food on which bee larvae are fed and which causes them to develop into queen bees. It is found in various cosmetics and dietary supplements. It provides health benefits because of components such as B-complex vitamins, trace minerals, enzymes, antibacterial and antibiotic components and traces of vitamin C
“shea butter”	a slightly yellowish or ivory-coloured natural fat extracted from fruit of the shea tree by crushing and boiling. Shea butter is widely used in cosmetics as a moisturiser and an emollient. Shea butter is also edible. It is used as a cooking oil in West Africa, as well as sometimes being used in the chocolate industry as a substitute for cocoa butter
“toiletries”	cosmetics and other articles used in washing and dressing skin and hair
“well-being products”	products that promote a sense of physical well-being, including for example massage oils, aromatherapy oils and relaxing creams

RISK FACTORS

In addition to other information in this prospectus, you should carefully consider the following risk factors before making any investment decision in relation to the Offer Shares, which may not be typically associated with investing in equity securities of companies from other jurisdictions. If any of the possible events described below occur, our business, financial condition or results of operation could be materially and adversely affected and the market price of the Offer Shares could fall significantly.

RISKS RELATING TO OUR BUSINESS

We are currently principally reliant upon one brand, namely our L'Occitane brand. If we are unable to adequately or successfully protect and promote our L'Occitane brand, or if we are subject to product liability claims, our results of operation may be adversely affected.

We currently derive almost all of our revenue from sales of our L'Occitane brand of products. Sales of our L'Occitane products accounted for approximately 96.5%, 98.3%, 95.2% and 95.6% of our total revenue for each of the three years ended 31 March 2009 and nine months ended 31 December 2009, respectively. Our continued success and growth therefore depend significantly on our ability to protect and promote, in our existing markets and new markets we intend to enter into, our L'Occitane brand. Promoting and defending our L'Occitane brand also depends, in part, on securing the cooperation of distributors and wholesalers and controlling the distribution of our L'Occitane products through our wholesale channels. If we fail to successfully promote our L'Occitane brand or to protect and enhance its brand identity, if we fail to properly supervise the distribution or use of our L'Occitane products by third party distributors or spa operators or in the case of non-compliance by such third party distributors or spa operators with our policies, the market recognition of our L'Occitane brand may deteriorate, we may not be able to sell our L'Occitane products at acceptable prices and/or volumes, and, as a result, our results of operation may be adversely affected.

Further, we face an inherent business risk of exposure to product liability claims in the event that the use of our products results, or is alleged to result, in undesirable side effects, health or safety issues or damage. If we experience any material product recalls of our L'Occitane products, the reputation of our L'Occitane brand may suffer damage. We maintain insurance to cover financial loss we may sustain as a result of product liability claims. However, a successful product liability claim against us could cause a deterioration of our brand, and could be in excess of our available insurance coverage and established reserves, result in legal costs incurred in connection with such claim or other adverse allegations and costs incurred in connection with a product recall campaign or in rectifying any product defects, any of which could have an adverse effect on our sales, results of operation and financial condition.

We may not be able to protect adequately or enforce our intellectual property rights, which could impact upon our reputation, leading to a loss of consumer confidence, reduced sales and/or higher administrative costs.

Counterfeiting and imitation have occurred in the past for many consumer products, including cosmetics. As our L'Occitane brand is a well known brand around the world, we have in the past experienced counterfeiting and imitation of our products. We are unable to guarantee that counterfeiting and imitation would not occur or, if it does occur, that we would be able to detect

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and address the problem effectively. Any occurrence of counterfeiting or imitation could impact negatively upon our reputation and brand name, lead to loss of consumer confidence in our brand, and, as a consequence, adversely affect our results of operation. Consequently, we do our utmost to fight against any counterfeiting and imitation of our products or brands.

The laws of some foreign countries do not protect our proprietary rights as fully as do the laws of European Union member States or the United States. As a result, we may not be able to protect our intellectual property rights adequately by legal means in some of the jurisdictions where we do business.

Litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. The costs required to protect our trademarks, trade names and patents, including legal fees and expenses, could be substantial. Litigation may also be necessary to defend against claims of infringement or invalidity by others as we actively pursue innovation in the cosmetics and toiletries industry and enhance the value of our intellectual property portfolio. An adverse outcome in litigation or any similar proceedings could adversely affect our business, financial condition and results of operation. In addition, the diversion of management's attention and resources while addressing any intellectual property litigation claim, regardless of whether the claim is valid, could be significant and could significantly affect our business, financial condition and results of operation.

Please see the section headed "Business — Intellectual Property" for further information relating to our intellectual property.

We develop almost all and manufacture a significant portion of our products at our own manufacturing plants in Manosque and Lagorce. Our operations and financial performance may be materially adversely affected if we experience any major disruptions, damage or destruction, including as a result of explosion, fire or other disruptions at our manufacturing plants in Manosque and in Lagorce.

We develop almost all and manufacture a significant portion of our products at our manufacturing plants in Manosque and Lagorce. We produce soaps in Lagorce, candles in Manosque, and a significant portion of our remaining products at both plants. Certain of the materials which we use for our production are highly flammable and we are therefore subject to the risk of explosion and fire. The risk of any occurrence in the future cannot be completely eliminated. Further, significant unscheduled downtime at our Manosque and Lagorce facilities due to equipment breakdowns, power failures, weather conditions, fire or explosion or other natural disasters could cause disruptions in our operations or delay our delivery schedules. Our current insurance coverage may not be sufficient to cover all of our potential losses due to an explosion or fire. If any manufacturing plant were to be damaged or cease operations, including as a result of an explosion, fire or other disruptions, it would temporarily reduce our manufacturing capacity and affect our ability to provide our products to our customers, which could adversely affect our sales, business, financial condition and results of operation.

RISK FACTORS

We may face difficulties during the initial, transitional stages of our expansion, especially in developing countries where we have not yet established a secure foothold. We may also face difficulties in identifying appropriate acquisition targets or in integrating acquired businesses into our operations. Further, we may experience difficulties in managing future growth, including our expansion plans for our newly acquired brand, Melvita. Our financial performance may thereby be adversely affected.

We may experience difficulties during the initial, transitional stages of our expansion, especially in developing countries where we have not yet established a secure foothold. For example, our current raw material suppliers may not have the capacity to supply us with additional quantities of raw materials required if we increase our production volume. Larger-scale suppliers may have the capacity to supply such additional quantities; however they may charge a higher price, especially if our purchase volume does not match certain thresholds and they receive larger orders from other manufacturers. We may therefore experience shortages of raw materials and/or higher costs for the procurement of raw materials, and our results of operation may thereby be adversely affected.

We may also face difficulty in integrating our acquired businesses, and we cannot guarantee that the synergies that we planned from the acquisitions will materialise. For example, we face risks with respect to our 2008 acquisition of M&A SAS and the Melvita brand. We intend to expand the Melvita brand by, among other things, opening new Melvita stores, and we currently estimate that over the next five years approximately 15% to 25% of the net proceeds from the Global Offering will be used for such purpose. However, should our plans for Melvita not be successfully executed for any reason, our growth from and return on our investment in Melvita may be adversely affected and thereby impact our business, results of operation and financial position.

Our organic growth, as well as growth arising from acquisitions, could place a significant strain on our managerial, operational and financial resources. Our ability to manage our future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to train, motivate and manage an enlarged workforce, including our ability to recruit qualified personnel with the necessary technical skills and experience and the integration of our existing workforce with that of any businesses that we may acquire. Failure to effectively manage our expansion may lead to increased costs, a decline in sales and reduced profitability.

We may also seek to achieve our growth targets through acquisitions of local businesses providing access to new markets and/or creating synergies with our existing business. We may not be able to identify appropriate targets, complete the acquisitions on satisfactory terms, particularly as to price, which could adversely affect our business, financial condition and results of operation. There can be no assurance that we will be able to achieve our growth objectives.

Some markets in which we operate are highly competitive and have well-established competitors. If we are unable to remain competitive, we will lose market share to our competitors as well as new entrants to our markets, and our financial performance would be adversely affected.

The pricing and demand for our products are affected by the intensity of the competition we face. Some of our more well known competitor brands include, among others, Aveda, The Body Shop, Origins, Natura, Kiehl's and Yves Rocher. We expect competition to further intensify principally due to the entry of new international and local brands, industry consolidation and the general trend of

RISK FACTORS

increased consumer demand and hence increased numbers of manufacturers of natural and organic ingredient-based cosmetics. As a result of increased competition, our sales and results of operation may be significantly adversely affected.

Some of our competitors may have greater financial, technological, marketing and customer service resources and, in certain markets, greater brand recognition than we do. This may allow them to devote greater resources to the development, promotion, sale and support of their products than we can. As a result, we may not be able to compete effectively in certain of our target markets, our products might not be accepted as we expect them to be in these target markets, and competitive pressures could adversely affect our business, financial condition and results of operation.

We may fail to anticipate or respond to changes in consumer demand and trends in the global cosmetics industry in a timely manner.

We operate in an industry that is subject to rapid and unpredictable changes in consumer demand and trends. Our success depends on our ability to identify and respond to constantly shifting consumer demand and trends, develop new and appealing products on a timely basis, and achieve acceptance of such new products by customers. In particular, we depend on, to a significant extent, continued consumer demand for natural- and organic- based personal care products and we cannot assure you that consumers will continue to demand such products. If we fail to anticipate and respond appropriately to changing consumer trends and preferences, or if consumer preferences shift away from natural- and organic- based personal care products, our brand and results of operation and financial condition may be materially and adversely affected.

Moreover, we rely on our vertically integrated business model to anticipate changes and trends in consumer demand and adjust our product mix accordingly. If we misjudge consumer demand, we may incur development, production and marketing costs which we are not able to recover and our results of operation may be adversely affected.

Our business depends on a stable and adequate supply of raw materials, which may be subject to shortages in supply or delays in delivery.

We depend on suppliers of raw materials, such as shea butter, immortelle essential oil, perfume bases and packaging materials in order to maintain our production processes. Our production volume and production costs are dependent on our ability to source at acceptable prices and maintain a stable supply of raw materials.

Almost all of the natural and organic ingredients used in our products are derived from plants and other natural produce grown in or around Provence. We also procure most of our shea butter from Burkina Faso in Africa. If the harvest and hence the supply of such natural and organic ingredients are affected by natural disasters, adverse weather conditions, diseases, pest infestations, disruptions in transport infrastructure, labour strikes, work stoppages or other inclement factors, we may not be able to locate alternative sources of supply of such natural and organic ingredients in sufficient quantities, of suitable quality and/or at acceptable prices. This is particularly true for our supply of immortelle essential oil for which we rely on a limited number of suppliers. Our results of operation may thereby be adversely affected.

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In addition, we source all of our packaging materials from a large number of third party suppliers. If we experience any material shortages or delay in delivery of packaging materials, our ability to package and deliver our finished goods to our points of sale may be materially adversely affected, and our reputation and sales may suffer material damage, which would adversely affect our results of operation.

The risk of product contamination resulting in product liability may materially adversely affect our business.

As is the case with other consumer product manufacturers, we are subject to product liability claims if our products are found to be unfit for human use or cause illness. Products may be rendered unfit for human use due to contamination of ingredients, whether accidental or not, and illegal tampering. Despite the measures we have in place to control the quality of our products, contamination of ingredients of our products may occur during the transportation, production, distribution and sales processes due to reasons unknown to us or out of our control. The occurrence of such problems may result in product recalls which will cause serious damage to our reputation and brand, as well as loss of revenue. We cannot assure you that such incidents will not occur in the future. In addition, adverse publicity about these types of concerns relating to our brand or to the industry as a whole, whether or not legitimate, may discourage consumers from purchasing our products. If consumers lose confidence in our brand, we could experience long term declines in our sales, resulting in losses which we may not be able to recover.

Fluctuations in the value of the currencies of the countries in which we derive revenues against the Euro, our reporting currency, could adversely affect our financial performance.

Our reporting currency is the Euro. However, we sell our products in over 80 countries and we generate sales revenue in more than 15 different currencies. For the nine-month period ended 31 December 2009, approximately 46% of our total costs (cost of goods sold and operating expenses) were denominated in Euros, approximately 21% in US dollars and currencies pegged to the US dollar and approximately 17% in Japanese Yen, whilst approximately 27% of our net sales were denominated in Euros, approximately 25% in US dollars and currencies pegged to the US dollar and approximately 24% in Japanese Yen.

If the FY2006 exchange rates for the US dollar and the Japanese Yen had continued during FY2007, we estimate that our net sales and net profit would have been higher by approximately €10.5 million and €4.8 million respectively. If the FY2007 exchange rates for the US dollar and the Japanese Yen had continued during FY2008, we estimate that our net sales and net profit would have been improved by approximately €14.7 million and €7.0 million respectively. If the FY2008 exchange rates for the US dollar and the Japanese Yen had continued during FY2009, we estimate that our net sales and net profit would have been lower by approximately €19.8 million and €9.1 million. If the FY2009 exchange rates for the US dollar and the Japanese Yen had continued during the nine-month period ended 31 December 2009, we estimate that our net sales and net profit would have been lowered by approximately €2.5 million and €0.4 million respectively. The above sensitivity analysis do not take into consideration the effect of a higher/lower Euro on the fair market value of our foreign currency derivative instruments and on realized exchange gains and losses. Any future material increase in the value of the Euro relative to the currencies in which we derive our revenues would increase our expenses relative to our revenues, and could adversely affect our profitability.

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We, LOG and our subsidiary, L'Occitane S.A., have entered into a senior credit facility agreement that comprises three different credit facilities. Any default under any of these facilities would trigger automatic defaults in the other facilities, causing all principal amounts and interest to become immediately due and payable.

Under a senior credit facility agreement, LOG, our controlling shareholder and which is not part of the Group nor under the Group's control, was granted a loan of €205.0 million (the **Acquisition Facility**), of which €174.3 million remained outstanding as at 31 December 2009, and we and L'Occitane S.A. were granted a capital expenditures facility of €50.0 million (the **Capex Facility**), of which €49.6 million remained outstanding as at 31 December 2009, and a revolving facility of €25.0 million (the **Revolving Facility**), of which €1.3 million remained outstanding as at 31 December 2009. Under the senior credit facility agreement, we are subject to two key restrictive covenants requiring us to maintain a leverage financial ratio and a finance cost coverage ratio, both based on LOG's consolidated financial statements. Please see the section headed "Financial Information — Credit Facilities" for further details relating to the two key restrictive covenants. Under the terms of this credit facility, failure to comply with these restrictive covenants would constitute a default and any default under any of the Acquisition Facility, Capex Facility or Revolving Facility will trigger automatic defaults in the other facilities so that all principal amounts and interest owing under all facilities would become immediately due and payable, which may have a material adverse effect on our financial position. For the avoidance of doubt, neither our Company nor L'Occitane S.A. is under any obligation to repay any amounts owed by LOG, and LOG will not be under any obligation after listing to repay any amounts owed by us or L'Occitane S.A., to the Lending Syndicate under the 2007 Credit Facility, whether generally or upon an automatic default triggered by a default under any of the Acquisition Facility, Capex Facility or Revolving Facility.

Logistical problems such as technical faults with ordering systems or delays in delivery, or failure to store inventory in optimal conditions, may adversely affect our sales and damage our reputation.

We rely on our enterprise resource planning and other related information technology systems for the ordering, delivery arrangement and inventory management of our products. We may experience disruptions and technical failures or errors in the operation of such systems.

Also, we rely on independent third party logistics companies for the distribution and transportation of our products. The services provided by such logistics companies could be suspended, which could interrupt the supply of our products to points of sale due to force majeure or other unforeseen events. Delivery disruptions may occur for various reasons beyond our control, including poor handling, transportation bottlenecks, natural disasters, labour strikes, and could lead to delayed or lost deliveries or damaged goods. If our products are not delivered on time, or are delivered damaged, we may have to pay compensation in excess of our carriage of goods insurance coverage, we could lose business and our reputation could be harmed, which may adversely affect our results of operation.

Further, if we or any third party warehousing provider engaged by us fail to store our inventory at optimal conditions, such as at optimal temperatures and humidity levels, the quality and shelf life of our products may be adversely affected, and we may as a result suffer damage to our reputation, which may adversely affect our results of operation.

RISK FACTORS

Our success and ability to operate effectively are dependent on our ability to retain key executives and other personnel, and we may not be able to recruit additional or replacement executives and personnel to augment or complement our management team.

The composition and continued commitment of our management team has been a key element of our success and ability to operate effectively. Our future success is also significantly dependent upon the continued service of our key executives, in particular Mr. Reinold Geiger, Mr. Emmanuel Osti and Mr. André Hoffmann, and other personnel who make up our management team, and our ability to attract and retain personnel who have the necessary experience and expertise. If we experience any significant, material changes to the composition of our management team, we may not be able to recruit suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could disrupt our business and limit our ability to grow. Further, if we lose our senior management or key personnel to our competitors, our competitiveness, operations and our ability to grow may be adversely affected.

Our comparable store sales and quarterly financial performance may fluctuate for a variety of reasons, which could result in a decline in the price of our shares.

Our comparable store sales and quarterly results of operation have fluctuated in the past, and we expect them to continue to fluctuate in the future. A variety of factors affect our comparable store sales and quarterly financial performance, including:

- seasonality;
- changes in our merchandising strategy or mix;
- the effectiveness of our inventory management;
- timing and concentration of new store openings, including additional human resource requirements and related pre-opening and other start-up costs;
- cannibalisation of existing store sales by new store openings;
- levels of pre-opening expenses associated with new stores;
- timing and effectiveness of our marketing activities, such as new products, direct marketing activity, television and magazine advertisements;
- actions by our existing or new competitors;
- general economic conditions and, in particular, the retail sales environment; and
- store employees' motivation and effectiveness.

Accordingly, our results for any one financial quarter are not necessarily indicative of the results to be expected for any other quarter, and comparable store sales for any particular future period may decrease. In that event, our result of operations may fluctuate significantly, which may result in a decline in the price of our Shares.

RISK FACTORS

RISKS RELATING TO THE GLOBAL COSMETICS INDUSTRY

Changes in existing laws and regulations and/or the imposition of new laws, regulations, restrictions and/or other entry barriers may cause us to incur additional costs to comply with the more stringent rules and/or limit our ability to expand, which could slow down our product development efforts, limit our growth and development and have an adverse impact on our financial position.

We are subject to compliance with various laws and regulations relating to cosmetic products and general consumer protection and product safety in the jurisdictions in which we sell our products. These rules principally set out requirements for the composition, testing, labelling and packaging of our products. Failure to comply with these rules may result in the imposition of conditions on or the suspension of sales or seizure of our products, significant penalties or claims and, in some jurisdictions, criminal liability. In the event that the countries in which we sell our products increase the stringency of such laws and regulations, our production and distribution costs may increase, and we may be unable to pass these additional costs on to our customers. In the event that any such change in law or regulations requires that we obtain a license or permit for our operations, we may be unable to obtain or, if obtained, maintain such license or permit, which may result in a temporary or permanent suspension of some or all of our business activities, which could disrupt our operations and adversely affect our business. Further, in the event that any jurisdiction in which we operate or plan to operate imposes any new laws, regulations, restrictions and/or other barriers to entry, our ability to expand may be thereby limited and our growth and development may be adversely affected.

A continued slowdown in the economy of one or more geographic regions in which we sell our products or new trade protectionist measures could significantly reduce our sales.

The continued growth in revenue from our worldwide sales is highly dependent on the continued expansion of worldwide trade and increase in consumer spending, which in turn depend on the level of global economic growth. We cannot assure you that worldwide trade will sustain a steady rate of growth. Moreover, if the governments of countries in which we sell our products implement protectionist measures that decrease economic trade, such as through trade quotas or tariffs, consumer demand and spending on personal care products may decrease. Any such continued economic slowdown or recession, whether globally or in regions where we have a significant amount of sales, or any new trade protectionist measures, could have a material adverse effect on our business and results of operation.

RISK FACTORS

Disruptions in the global financial markets and the resulting governmental action in other parts of the world could have a material adverse impact on our results of operation, financial condition and cash flows, and could cause the market price of our Shares to decline.

The recent global financial crisis has adversely affected the United States, and other world economies. As the financial crisis has broadened and intensified, the growth of the overall global economy has been negatively impacted. An extended downturn could lead to a decline in demand of consumer of cosmetic products.

The recent global financial crisis affecting the banking system and financial markets has also resulted in a tightening in credit markets, a low level of liquidity in many financial markets and increased volatility in credit and equity markets. If these conditions continue or worsen, they may adversely affect the availability, terms and cost of borrowings in the future, including any financings necessary to complete acquisitions or capital expenditures. Any disruptions in our ability to renew existing borrowings or obtain new borrowings may materially and adversely affect our business, financial condition, results of operation and cash flows as we rely on bank borrowings for a portion of our working capital and capital expenditure requirements.

We face risks attributable to changes in economic environments, changes in interest rates, and instability in securities markets, around the world, among other factors. Major market disruptions and current adverse changes in market conditions and uncertainty in the regulatory climate worldwide may adversely affect our business and industry or impair our ability to borrow amounts under our credit facilities or any future financial arrangements. In addition, the timing and nature of any recovery in worldwide financial markets and the global economy remain uncertain, and there can be no assurance that market conditions will improve in the near future or that our results will not be adversely affected.

Upon Listing, the price and trading volume of our Shares may likely be subject to similar market fluctuations which may be unrelated to our operating performance or prospects. Moreover, these recent and developing economic and governmental factors may have a material adverse effect on our results of operation, financial condition or cash flows and could cause the price of our Shares to decline significantly, and you may lose a significant portion of your investment.

The outbreak of any severe contagious diseases in the geographical regions in which we operate, if uncontrolled, could adversely affect our business and results of operation.

The outbreak of any severe communicable disease in any of the geographical regions in which we operate, if uncontrolled, could adversely affect the overall business sentiments and environment in those regions, which in turn may lead to slower overall economic growth. Any contraction or slow down in the economic growth of the geographical regions in which we operate could adversely affect our financial condition, results of operation and future growth.

In addition, if any of our employees is infected or affected by any severe communicable diseases outbreak, it could adversely affect or disrupt our production at the relevant production facility and adversely affect our business operations as we may be required to close our production facilities to prevent the spread of the disease. The spread of any severe communicable disease in any of the geographical regions in which we operate may also affect the operations of our customers and suppliers, causing delivery disruptions, which could in turn adversely affect our operating results.

RISK FACTORS

RISKS RELATING TO THE GLOBAL OFFERING

Our Company is incorporated in Luxembourg, and we and holders of our Shares may be subject to certain Luxembourg laws and regulations relating to taxation that may be different from those under the laws of Hong Kong, including in particular those relating to the taxation of dividend payments and capital gains.

Our Company is a *société anonyme* incorporated and existing under the laws of the Grand-Duchy of Luxembourg.

Dividends paid by our Company to Shareholders are generally subject to a 15% withholding tax in Luxembourg. However, the rate of withholding tax on dividends may be lower in certain circumstances, for example, where an applicable double tax treaty is in place with Luxembourg. Further, subject to any applicable double tax treaties in place, capital gains realised on a substantial participation of Shares before the acquisition or within the first six months of the acquisition thereof are taxable in Luxembourg where the Shares are held by non-residents who have neither a permanent establishment nor a permanent representative in Luxembourg to which the Shares are attributable. Currently, as a result of a double tax treaty between Luxembourg and Hong Kong dated 2 November 2007, the withholding tax levied on dividends paid by our Company to a duly certified resident of Hong Kong is 10% of the gross amount of the dividend, and capital gains realised by a shareholder who is a resident of Hong Kong will not be taxable under Luxembourg capital gains tax. However, we cannot guarantee that these double tax treaty concessions will continue to apply in the future and changes in double tax treaty arrangements between Luxembourg and Hong Kong may have adverse consequences for holders of our Shares. Further, certain documentary evidence, including in certain circumstances, a certificate of residence status issued by the Hong Kong Inland Revenue Department, will have to be provided to the Company at such place within such period of time before any particular dividend payment date as shall be specified by the Company in its announcement of dividend payments in order for certain Hong Kong resident shareholders to enjoy exemptions/reductions in dividend withholding taxes.

Shareholders should seek independent professional advice in relation to the procedures, timing and cost involved in obtaining a certificate of residence status from the Hong Kong Inland Revenue Department. No action is required to be taken by Hong Kong resident shareholders in order for them to enjoy the Luxembourg capital gains tax exemption.

Please see the sections headed “F. Summary of Main Luxembourg Tax Aspects Relevant to Shareholders of the Company —” in Appendix V and “D. Other Information — 1. Payment of Luxembourg withholding tax on dividends and refund procedures” in Appendix VI to this prospectus for further details regarding tax on dividend payments and capital gains, including details relating to a double tax treaty between Luxembourg and Hong Kong.

If you are in doubt as to the applicability of any Luxembourg laws or regulations, including those mentioned above, you should seek independent professional advice.

RISK FACTORS

We cannot assure you that any amount of dividends we declare in the future will be at a similar level to that declared and paid by us in respect of each of the three financial years ended 31 March 2009. Our ability to pay dividends is subject to our having sufficient distributable reserves as determined in accordance with Luxembourg Generally Accepted Accounting Principles, and dividends paid by us are subject to Luxembourg withholding tax

During each of the four financial years ended 31 March 2010, we paid dividends to the then shareholders in the amount of approximately €8.0 million, €30.9 million and €30.0 million and €32.0 million respectively. On 9 April 2010, the payment of an exceptional dividend of €80.0 million was approved by the board of directors.

We may distribute dividends by way of cash or by other means that we consider appropriate. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Luxembourg law of 10 August 1915 on commercial companies, as amended (the **Luxembourg Companies Law**), including the approval of shareholders, as applicable. As substantially all of our operations are conducted through our operating subsidiaries internationally, the ability of these subsidiaries to make dividend and other payments to us may be restricted by a number of factors, including various laws and regulations in which these subsidiaries are subject. In addition, our Controlling Shareholders will be able to influence our dividend policy.

A decision to declare or to pay any dividends in the future, and the amount of any dividends, depend on a number of factors, including our results of operation, financial condition, the payments by our subsidiaries of cash dividends to us, our future prospects, any restrictive covenants that we are obligated to observe and other factors that our Directors may consider important.

Our ability to pay dividends is subject to our having sufficient distributable reserves as determined under accounting standards in accordance with which our Company's financial statements are prepared, namely Luxembourg Generally Accepted Accounting Principles. There may be differences between Luxembourg Generally Accepted Accounting Principles and IFRS. Further, dividends paid by our Company to Shareholders are subject to Luxembourg withholding tax at rates ranging between 10% and 15%, depending on specific circumstances. Please see the sections headed "E. Amendments to the Articles of Association — 13. Distribution of Assets/Reserves" and "F. Summary of Main Luxembourg Tax Aspects Relevant to Shareholders of the Company" in Appendix V to this prospectus for further details.

There has been no prior market for our Shares, and the liquidity and market price of our Shares following the Global Offering may be volatile.

Prior to the completion of the Global Offering, there has been no public market for our Shares. The initial offer price range of the Offer Shares, and the Offer Price, will be the result of negotiations between the Joint Bookrunners (on behalf of the Underwriters) and us. The Offer Price may not be indicative of the price at which our Shares will be traded following the completion of the Global Offering. In addition, there can be no guarantee that (i) an active trading market for our Shares will develop, or (ii) if it does develop, that it will be sustained following the completion of the Global Offering, or (iii) that the market price of our Shares will not decline below the Offer Price. The price of our Shares following the Global Offering may vary substantially from the Offer Price. If active trading does not develop, the liquidity and price of our Shares may be adversely affected.

RISK FACTORS

In addition, stock markets have experienced significant fluctuations in recent years, which have not always been related to the performance of the specific companies whose shares are traded. Such fluctuations, as well as general economic conditions, may materially affect the price of our Shares. The price of our Shares may also be materially affected by a number of factors, including factors relating to us and the risks described in this prospectus, our competitors and, in particular, our markets.

Our controlling shareholder may exert substantial influence over us and may not act in the best interest of our independent shareholders.

Following the completion of the Global Offering (assuming Over-allotment Option is not exercised), our chairman Mr. Geiger will be deemed to control, indirectly, 75% of our total issued share capital (assuming that the Over-allotment Option is not exercised). Mr. Geiger and his associates acting together, should they choose to do so, will be in a position to exert significant influence over the affairs of our Company, and will be able to influence the outcome of any shareholders' ordinary resolutions, irrespective of how other shareholders vote. The interest of these shareholders may not necessarily be aligned with those of independent shareholders, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of our Company or affect our ability to effect certain types of transactions that require approval by special resolution.

As the Offer Price of our Offer Shares is higher than our unaudited pro forma adjusted net tangible assets per Share, you will experience immediate dilution to your attributable unaudited pro forma adjusted net tangible assets per Share.

On the assumption that the Over-allotment Option is not exercised and without taking into account any changes in our net tangible assets after the Global Offering, other than to give effect to the sale of our Shares pursuant to the Global Offering, assuming an Offer Price of HK\$12.88 to HK\$15.08 per Share (being the indicative Offer Price range), and after deduction of estimated underwriting fees and expenses, the unaudited pro forma adjusted net tangible assets of our Group attributable to our equity holders as at 31 December 2009 would have been approximately €308.7 million (assuming an Offer Price of HK\$12.88) or €345.9 million (assuming an Offer Price of HK\$15.08), or an unaudited pro forma adjusted net tangible assets value per Share of HK\$2.23 (assuming an Offer Price of HK\$12.88) or HK\$2.50 (assuming an Offer Price of HK\$15.08). Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution of HK\$10.65 (assuming an Offer Price of HK\$12.88) or HK\$12.58 (assuming an Offer Price of HK\$15.08) per Share, representing the difference between the Offer Price and the unaudited pro forma adjusted net tangible assets per Share. If we issue additional Shares in the future, purchasers of our Shares may experience further dilution.

Facts and statistics in this prospectus relating to the countries in which we operate, their economies and the global and local natural cosmetics industries derived from official government publications may not be reliable.

Certain facts and other statistics in this prospectus relating to the countries in which we operate, their economies and the global and local natural cosmetics industries have been derived from various official government publications we generally believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Joint Sponsors, the Underwriters or any of our or their respective

RISK FACTORS

affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside such countries.

We have, however, taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions.

Any potential (i) sale of Shares by LOG, our existing shareholder, or (ii) sale of shares in LOG by LOG's existing shareholders could have an adverse effect on our share price.

Future sales of a substantial number of (i) our Shares by our existing shareholders or (ii) shares in LOG by LOG's existing shareholders, or market perception that such a sale is imminent, could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by Mr. Reinold Geiger and LOG, our controlling shareholders, are subject to certain lock-up agreements beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we are not aware of any intentions of these shareholders to dispose of significant amounts of their shares after the completion of the lock-up periods, we are not in a position to give any assurances that they will not dispose of any Shares they may own. In the event that any of these shareholders disposes of Shares following the completion of the relevant lock-up periods, this would lead to an increase in the number of our Shares in public hands, and could negatively impact the market price of our Shares or lead to volatility in the market price or trading volume of our Shares, affecting the value of your investment.

Any default by LOG under the Acquisition Facility may result in a disposal of Shares held by LOG and pledged as security for the Acquisition Facility.

As of 31 March 2010, the amounts outstanding under each of the Acquisition Facility, the Capex Facility and the Revolving Facility were €174,250,000, €36,341,000 and €0, respectively. The maturity dates and repayment amounts payable by LOG under the Acquisition Facility are €20,500,000, €25,625,000, €25,625,000 and €30,750,000 on 20 April 2010, 2011, 2012 and 2013 respectively and €71,750,000 on 29 April 2014. That is, such amounts are repayable by LOG subsequent to our listing on the Hong Kong Stock Exchange. Our Shares held by LOG after listing will continue to be subject to a pledge granted by LOG to secure the Acquisition Facility. As at the Latest Practicable Date, LOG did not have any material assets other than its interest in our Company. Whilst LOG currently intends to use all or part of the proceeds it will receive under the Global Offering for the repayment, where sufficient and subject to other financing requirements of LOG, of at least 80% of the amounts owing under the Acquisition Facility, if for any reason LOG is unable to make due repayment of any amount under the Acquisition Facility, the amounts owed by us under the Capex Facility and the Revolving Facility will become immediately repayable. This would put a strain upon our cash flow and may have a material adverse effect on our operations and financial results. For the avoidance of doubt, neither our Company nor L'Occitane S.A. is under any obligation to repay any amounts owed by LOG, and LOG will not be under any obligation after

RISK FACTORS

listing to repay any amounts owed by us or L'Occitane S.A., to the Lending Syndicate under the 2007 Credit Facility, whether generally or upon an automatic default triggered by a default under any of the Acquisition Facility, Capex Facility or Revolving Facility.

Further, any default by LOG under the Acquisition Facility may result in the exercise by the lending banks of the pledge granted over Shares held by LOG, and the lending banks may in turn dispose of such Shares in the market. Any such disposal of our Shares could negatively impact the market price of our Shares or lead to volatility in the market price or trading volume of our Shares, affecting the value of your investment.

Due to a gap of up to five business days between pricing and trading of the Offer Shares, the initial trading price of the Offer Shares could be lower than the Offer Price.

The Offer Price will be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until the day they are delivered, which is expected to be five business days after the Price Determination Date. As a result, you may not be able to sell or otherwise deal in our Shares during such period, and thus are subject to the risk that the market price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments occurring during such period.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Prior to the publication of this prospectus, there has been press and media coverage regarding us and/or the Global Offering, including but not limited to coverage in the Hong Kong Economic Journal, Ming Pao and Apple Daily. Such press and media coverage may include references to certain events or information that do not appear in this prospectus, including certain financial information, financial projections, valuations and other information. We have not authorised disclosure of any such information in the press or other media and we make no representation as to the appropriateness, accuracy, completeness or reliability of any of such information. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information, reports or publications.

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES.

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company’s management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- certain statements in the section headed “Financial Information” in this prospectus with respect to trend in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited for the purpose of giving information to the public with regard to the issuer. Our directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Joint Sponsors, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering", and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" and in the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the listing committee of the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal registrar, Banque Privée Edmond de Rothschild Europe, in Luxembourg and our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

Dealings in our Shares registered on our Hong Kong share register will be subject to Hong Kong stamp duty.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in Euros and US\$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following rates:

HK\$10.5062: €1.00

HK\$7.76: US\$1.00

No representation is made that any amounts in €, US\$ or HK\$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between the names of any of the entities mentioned in this prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Reinold Geiger (<i>Chairman</i>)	20 Quai Gustave Ador 1207 Genève Switzerland	Austrian
Emmanuel Laurent Jacques Osti	41, Avenue Charles Floquet, 75007 Paris, France	Italian
André Joseph Hoffmann	Flat A, 8/F, Kennedy Heights, 10 Kennedy Road, Hong Kong	French
Thomas Levilion	154, Route du Murgier, 74350 Cuvat, France	French
Non-Executive Directors		
Karl Guenard	49, Montée du Calvaire, 57100 Thionville, France	French
Martial Thierry Lopez	Montée des Gardanens, 13380 Plan de Cuques, France	French
Pierre Maurice Georges Milet	4, allée du Paradou 95240 Cormeilles en Paris, France	French
Independent Non-Executive Directors		
Charles Mark Broadley	Flat A, 25th Floor Hoover Towers — Tower 1 No. 15 Sau Wa Fong Hong Kong	British
Susan Saltzbart Kilsby	385 North Point Road Osprey Florida 34229 USA	American/British
Jackson Chik Sum Ng	13G, Tower 2 Robinson Place, 70 Robinson Road Mid-levels Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Global Coordinator	UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central, Hong Kong
Joint Bookrunners and Joint Lead Managers	UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central, Hong Kong CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Central, Hong Kong
Joint Sponsors (in alphabetical order)	CLSA Equity Capital Markets Limited 18/F, One Pacific Place 88 Queensway Hong Kong The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Central, Hong Kong UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central, Hong Kong
Legal Advisers to Our Company	<i>As to Hong Kong and United States Laws:</i> Freshfields Bruckhaus Deringer 11th Floor, Two Exchange Square 8 Connaught Place Central, Hong Kong <i>As to Luxembourg Law:</i> Arendt & Medernach 14, Rue Erasme L-2082 Luxembourg

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<i>As to PRC Law:</i> Zhong Lun Law Firm 36–37/F, SK Tower 6A Jianguomenwai Avenue Choayang District Beijing 100022
Legal Advisers to the Underwriters	<i>As to Hong Kong and United States Laws:</i> Linklaters 10/F, Alexandra House Chater Road Hong Kong
Reporting Accountant	PricewaterhouseCoopers Certified Public Accountants 22/F, Prince's Building Hong Kong
Property Valuer	Jones Lang LaSalle Sallmanns Limited 17/F Dorset House Taikoo Place 979 King's Road Quarry Bay Hong Kong
Receiving Bankers	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

CORPORATE INFORMATION

Registered office	1, rue du Fort Rheinsheim L-2419 Luxembourg
Headquarter offices	1, rue du Fort Rheinsheim L-2419 Luxembourg Route de la Galaise 2 1228 Plan-Les-Ouates Geneva Switzerland
Place of business in Hong Kong registered under Part XI of the Hong Kong Companies Ordinance	14/F, Universal Trade Centre 3 Arbuthnot Road Central, Hong Kong
Joint Company Secretaries	Kenny Choy Flat F, 32nd Floor Block 3, Grand Horizon Tsing Yi, Hong Kong Sylvie Duvieusart-Marquant 9, route de Luxembourg Luxembourg-6910 Roodt-sur-Syre
Authorised Representatives	André Hoffmann Flat A, 8/F, Kennedy Heights 10 Kennedy Road Hong Kong Kenny Choy Flat F, 32nd Floor Block 3, Grand Horizon Tsing Yi, Hong Kong
Audit Committee	Mark Broadley (<i>Chairman</i>) Jackson Ng Martial Lopez
Remuneration Committee	Emmanuel Osti (<i>Chairman</i>) Mark Broadley Susan Kilsby
Nomination Committee	André Hoffmann (<i>Chairman</i>) Mark Broadley Susan Kilsby

CORPORATE INFORMATION

**Principal Share Registrar and
Transfer Office**

Banque Privée Edmond de Rothschild Europe
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

Compliance Adviser

Kingsway Capital Limited
5th Floor, Hutchison House
10 Harcourt Road
Central
Hong Kong

Principal Bankers

Crédit Agricole Corporate and Investment Bank
9 quai du Président Paul Doumer,
92920 Paris La Défense

HSBC France
103, avenue des Champs Elysées,
75008 Paris

INDUSTRY OVERVIEW

We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

We have obtained the market and competitive position data in this prospectus from government official publications/sources, industry publications, and from surveys or studies conducted by independent third-party sources such as Euromonitor International. None of the information in this Industry Overview section is based on or otherwise derived from reports or sources commissioned by us, our connected persons or the Sponsors.

Unless otherwise indicated, all historical and forecast statistical information in this Industry Overview section, including trends, sales, market shares and growth levels, are from Euromonitor International¹. In addition, unless otherwise indicated, all sales data set forth in this Industry Overview section refers to retail sales and growth rates calculated in constant 2008 terms.

OVERVIEW

We operate within the large and steadily growing worldwide cosmetics and personal care industry. According to Euromonitor, the cosmetics and personal care industry is generally classified to include the following product segments:

- skin care (including face and body care)
- sun care
- hair care
- bath and shower
- men's grooming
- deodorants
- fragrances
- colour cosmetics
- baby care
- oral hygiene
- depilatories

We focus on the development, production and sale of **premium natural- and organic-based products** in all segments of the cosmetics and personal care industry except colour cosmetics, oral hygiene products and depilatories.

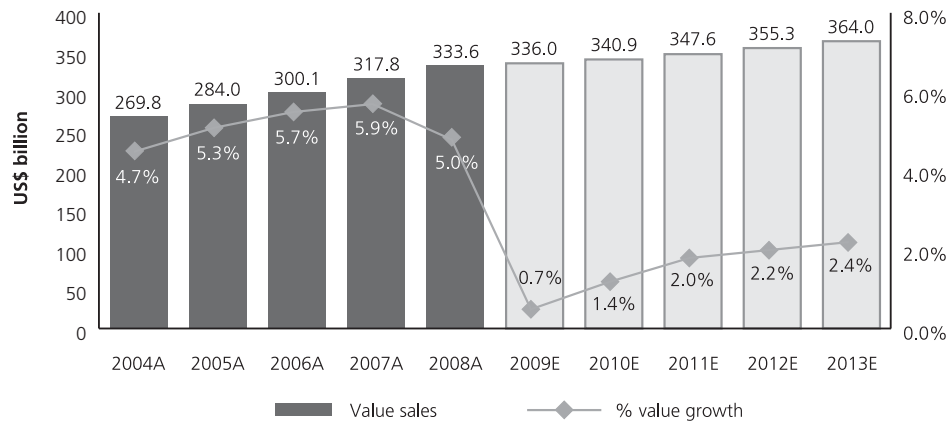
According to Euromonitor, total sales in the cosmetics and personal care industry worldwide were US\$333.6 billion in 2008. Total sales in this global industry grew 5.0% in 2008 from sales of US\$317.8 billion in 2007 and grew 5.9% in 2007 from sales of US\$300.1 billion in 2006. The sales compound annual growth rate between 2004 and 2008 was 5.5%.

¹ Based on data provided by Euromonitor International ("Euromonitor") in December 2009. As disclosed on its website, founded in 1972, Euromonitor is a privately owned company, with offices in London, Chicago, Singapore, Shanghai and Vilnius, and is a leading independent provider of business intelligence on industries, countries and consumers. Its products include online information databases, market reports and business reference books. For further information regarding Euromonitor International, please go to their website at www.euromonitor.com.

INDUSTRY OVERVIEW

Of the US\$333.6 billion of sales in 2008, US\$252.5 billion, or 75.7%, were attributable to product segments in which we are active and US\$81.1 billion, or 24.3%, to product segments in which we are not active. The following graph shows actual sales from 2004 to 2008 and estimated sales from 2009 to 2013 with their corresponding annual growth rates for the entire industry.

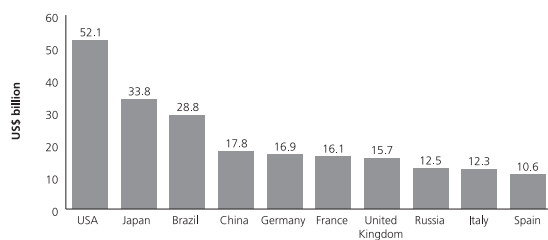
**Global cosmetics and personal care products: value and growth
2004–2008A and 2009–2013E**



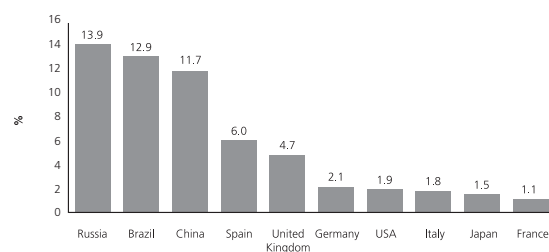
Source: Euromonitor International, December 2009

The following graphs show the ten largest national markets for cosmetics and personal care products in 2008 in terms of sales and the corresponding compound annual growth rate, or CAGR, of sales from 2004 to 2008 in these markets:

Ten largest national markets for cosmetics and personal care products in 2008



Sales CAGR (2004–2008) of ten largest national markets for cosmetics and personal care products



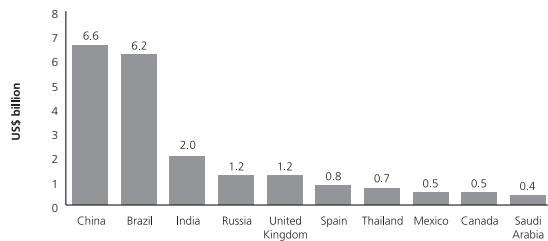
Source: Euromonitor International, December 2009

While absolute sales of cosmetics and personal care products continue to be stronger in more mature economies, sales in emerging economies have been growing at a more rapid rate and Euromonitor expects them to continue to grow in the near future. The following graphs show the

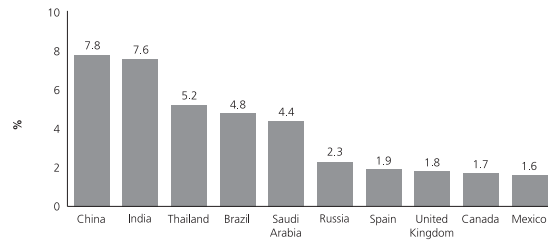
INDUSTRY OVERVIEW

ten national markets that Euromonitor expects to have the largest absolute increase in sales of cosmetics and personal care products along with their expected CAGR from 2009 to 2013:

Top ten countries expected to have the largest absolute increase in sales from 2009 to 2013E



Forecasted sales CAGR (2009 to 2013E) of the top ten countries with largest absolute increase in sales



Source: Euromonitor International, December 2009

Industry Trends

The market for premium cosmetics and personal care products, in particular for those that are natural- and organic-based, has grown considerably in recent years, both in economically mature countries and countries with emerging economies. Euromonitor expects this market to keep growing for the foreseeable future as a result of the following trends:

- *Greater demand for natural- and organic-based products.* Consumers are seeking healthier alternatives in order to live longer, healthier lives, including gentler, less-invasive cosmetics and personal care products. Safety concerns linked to the potential harmful effects of certain chemicals and preservatives used in cosmetics and personal care products are also reinforcing this trend. As a result, consumers are increasingly aligning themselves with the perceived simplicity, safety and “back-to-basics” characteristics of natural and organic products and increasingly seeking cosmetics and personal care products that they believe will help them to maintain a healthy lifestyle and natural well being.

In particular, organic-based cosmetics and personal care products hold great potential in the overall natural-based beauty market.¹ As consumers are increasingly looking for guarantees of authenticity in line with the wider health and wellness movement, they are increasingly scrutinizing product labels and are making purchases based on brands’ “natural credentials”. As a consequence, while organic cosmetics and personal care products are currently still only a small niche within the overall naturals market, Euromonitor expects such products to attract a growing share of sales, with certification giving consumers the assurance they need that products meet their expectations of naturalness¹.

- *Demand for high-tech cosmetics.* Consumers are increasingly demanding more visible results from their personal care regimes. As a result, an increasing number of cosmeceuticals, or products claiming to have pharmacological benefits and containing strong active, quasi-medical ingredients, have been introduced to the market in recent years. This trend is

¹ Based on a April 2008 Euromonitor report.

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impacting the more results-driven sectors, such as facial care (e.g., anti-agers and skin whitening), body care (e.g., anti-cellulite), oral hygiene (e.g., tooth whitening) and hair care (e.g., hair loss treatment).

- *Demand for environmentally friendly and ethical products.* Consumer demand for environmentally friendly and ethical products is growing in response to increasing awareness of pollution and climate change. This trend has been led by wealthier, economically mature countries, although companies worldwide are coming under pressure to improve their environmental records. As a result, corporate social responsibility has become an increasingly important requirement. Environmental and ethical awareness impacts the entire production and sales chain for cosmetics and personal care products, from sourcing of ingredients (sustainable, fair trade and “green” ingredients), product manufacturing (“less is best” production methods) to packaging (eco-friendly packaging that is biodegradable, recycled/recyclable and PVC-free), and also affects consumers’ expectations of corporate philanthropy.
- *Anti-ageing products.* Several demographic trends are driving growth for anti-ageing products, including an ageing population globally with longer life expectancy. According to the United Nations, the number of people aged 60 years or over is expected to almost triple, increasing from 739 million in 2009 to 2 billion by 2050. The proportion of people aged 60 years or over is expected to increase from 10.9% of the world’s population in 2009 to 22.4% by 2050. Over the same period, the number of older persons living in developing countries is expected to rise from 64% of the world population in 2009 to 79% of the world population in 2050². In addition to this trend, consumers are using anti-ageing products, such as creams to reduce facial wrinkles, at an earlier age.
- *A focus on appearance in emerging economies.* There is a growing perception among consumers, particularly in countries with emerging economies, that personal appearance is important to achieving social, professional and financial success. As a result, an increasing number of consumers are prepared to invest in premium cosmetics and personal care products.
- *New retail concepts making premium cosmetics and personal care products more accessible and widely available.* Premium cosmetics and personal care products have traditionally been distributed through department stores. Increasingly, these premium products are being sold through specialist retail shops, spas, salons and direct-response television, such as infomercials and home-shopping channels.
- *Increasing global wealth.* Increasing global wealth and the resulting growing middle-class consumer bases in emerging economies is increasing the disposable income of a larger number of consumers, allowing them to spend more on premium cosmetics and personal care products that are typically more expensive.

² According to “World Population Prospects, The 2008 Revision, Executive Summary” issued by the United Nations in 2009.

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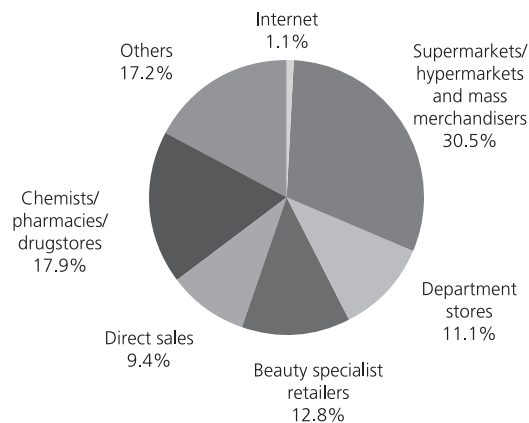
- *Increased segmentation.* Cosmetics and personal care companies are creating products targeted at defined consumer groups and preferences to add value and gain a competitive edge. Companies are achieving this through specially formulated products, packaging, positioning and price. This trend is being driven by the following factors, among others:
 - Market maturation in economically mature markets and increased global wealth mean that companies are looking to encourage consumers to trade up to more expensive, higher-end premium cosmetics and personal care products.
 - Anti-ageing products continue to become increasingly specialised and segmented by age group, gender, combination products, as well as targeting different parts of the body — eye, neck, face, chest and the rest of the body. Nourishers/anti-agers are expected to be the main drivers of the growth of skin care products as consumers increasingly prioritise age prevention.
- *Globalisation.* Globalisation, including the globalisation of the media, is further facilitating the development of the above trends, with lifestyle changes and personal aesthetics spreading increasingly from economically mature markets to emerging markets. Globalisation has also created a category of brands within the cosmetics and personal care products industry that consumers in many parts of the world have grown familiar with.
- *Regulation.* Governments worldwide have been imposing tighter restrictions on chemicals used in consumables and on the use of animals for product testing. For example, legislation in the European Union that came into effect in July 2007 outlaws potentially harmful chemicals used in cosmetics and personal care products and requires safety testing for others. The European Union has also adopted a full ban on animal testing of cosmetics and personal care products, which came into force in March 2009. China doubled the number of banned substances for use by the cosmetics and personal care industry in July 2007 according to the People's Daily Online. In addition, due to the growing global demand for environmentally friendly and ethical products, there is an increasing drive by consumers and governments to regulate the labelling of products, in particular for determining which products may carry "natural", "organic" or "fair trade" labels. For example, the United States is planning to introduce new standards for organic personal care products, which would require labels for organic products to indicate exactly what percentage of the product's ingredients are organic in nature.

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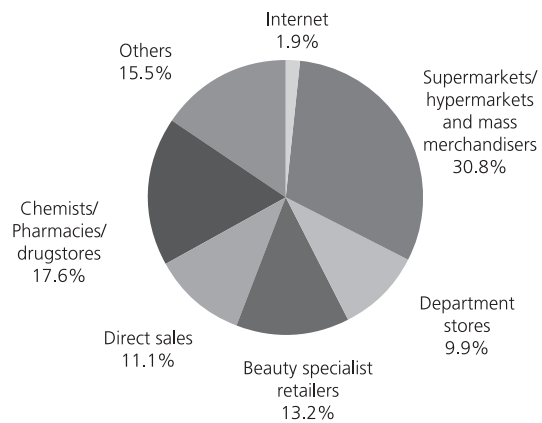
Distribution Channels

Cosmetics and personal care products are distributed to end users through various types of distribution channels. Premium cosmetic and personal care products have traditionally been sold through department stores in most major national markets, although in recent years, other distribution channels such as specialty retail stores, television and the internet have developed, offering consumers other opportunities to purchase premium products. The following charts show the percentage of total global sales of all cosmetics and personal care products by distribution channel in 2003 and 2008:

Distribution channels for cosmetics and personal care products in 2003



Distribution channels for cosmetics and personal care products in 2008



Note: Others include discounters, small and other grocery retailers, variety stores, other health and beauty retailers, outdoor markets, other non-grocery retailers, vending and homeshopping. Distribution data excludes travel retail.

Source: Euromonitor International, December 2009

According to Euromonitor, the market share of department stores is decreasing due to the success of other distribution channels. Beauty specialist retailers have gained market share in recent years, both in countries with emerging economies as well as in countries with mature economies. Beauty specialist retailers are filling the gap left by the declining market share of department stores and fueling the penetration of niche brands in emerging markets. Beauty specialist retailers have also made great inroads in Western Europe, the Middle East and Africa. However, focusing on small speciality retailers as opposed to department stores has also become a focus in Japan. Beauty specialist retailers are especially popular among younger and independent-minded consumers, who are more likely to avoid the traditional offerings at department stores.

Television home-shopping networks (classified under the "Others" category in the graph above) are developing in certain countries, proving popular among high premium brands as both a retail channel and a way to generate publicity. Direct sellers have seen their market share increase as a result of the recession. Total direct sales amounted to US\$36.9 billion in 2008, around half of which came from Eastern Europe and Latin America. Door-to-door selling is diminishing in

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importance in developed markets (albeit still posting reasonable growth), as the role of the internet, interactive technologies, and blogs are becoming more important and personal advice can be replaced by information found on the internet and TV more easily.

Internet shopping has grown in popularity in recent years. Internet sales have more than doubled since 2003, growing from US\$2.4 billion to US\$6.4 billion in 2008. The Internet represented 1.1% of all sales in 2003, which has increased to 1.9% in 2008.

Supermarkets, hypermarkets and mass merchandisers tend to sell a wide variety of cosmetics and facial care products with a focus towards mass consumer appeal rather than premium products. Supermarkets, hypermarkets and mass merchandisers continued to lead in cosmetics and personal care product retailing with over 30% of global value sales going through this channel in 2008.

Competition

The global cosmetics and personal care industry comprises a number of large, multinational corporations such as Procter & Gamble, L'Oréal, Estée Lauder, Shiseido, Kao Corp and some specialist independent companies such as Clarins and L'Occitane. In addition, there are regional players such as Limited Brands (US), Yves Rocher (Europe) and Natura (Latin America).

The market for cosmetics and personal care products is characterised by keen and vigorous competition among local and multinational companies. In each geographical market, multinational players, local players and niche brands actively compete mainly based on brand name, product range, quality, price and distribution coverage. The top ten multinational players accounted for about 51.9% of industry sales in 2008, according to Euromonitor. In addition to multinational players competing amongst themselves, regional and local brands further increase competition on a market by market basis, leveraging historical presence, deep local market knowledge and cultural understanding and insights. Finally, niche brands, catering to emerging trends or targeted consumer expectations, have been developing fast adding to the competition. The intense competition within the industry is driving a trend towards consolidation as economies of scale and innovation through research and development remain imperative and retailers continue to increase pressure on manufacturing margins.

Competition in natural-and organic-based cosmetics and personal care products has become particularly intense in recent years, reflecting consumers' growing interest in such products. Competition is coming both from large multinationals as well as from smaller independent companies with new product launches. Some of the players which are involved in the natural and organic-based cosmetics and personal care products include: L'Oréal (The Body Shop, Sanoflore), Estée Lauder (Aveda, Origins), Limited Brands (Bath & Body Works), Yves Rocher, Natura, Clarins, Sisley, Weleda, Dr Hauschka, Jurlique, Aesop and Korres.

Besides increased competition from new players and brands in the natural and organic-based market, we believe that competition in this market is also measured by innovation, speed to market, customer service and brand values. Spurred by consumer demand for natural and organic-based products that combine high efficacy with sensorial qualities, we believe that innovation and speed to market will continue to be major keys to success. As a consequence, ability to quickly introduce new, innovative concepts and products to consumers through effective research and development and marketing will be significant drivers of sales growth. Moreover, with the intense competition, not only are the products themselves becoming more important, the overall customer

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experience and thus quality customer service is becoming increasingly important. Finally, we believe that the current growing environmental and ethical consciousness among consumers around the world will influence their choice and force brands to compete on those values. As a consequence, by leveraging our competitive strengths, we believe we are well positioned to continue to deal with the intense competition. Please see “Business — Competitive Strengths”.

In the organic segment, our purchase of M&A SAS and the Melvita brand in June 2008 is in line with our strategy to focus on organic cosmetics, which we believe have significant potential in the overall natural-based beauty market. We expect M&A SAS, which was one of the first laboratories to be granted with ECOCERT certification, and the Melvita brand to help us cope with increasingly keen competition. Today, Melvita is a leading ecological and organic cosmetics brand in France, distributed at over 2,000 stores specialised in natural and organic products and in over 600 pharmacies. Melvita products are also sold in France at four stores operated and managed by M&A SAS, as well as on the internet through the website www.melvita.com.

ASIA-PACIFIC

Asia-Pacific is the third largest regional market for cosmetics and personal care product after Europe and the Americas. With sales of US\$80.1 billion in 2008, the region accounted for 24.0% of the world’s market.

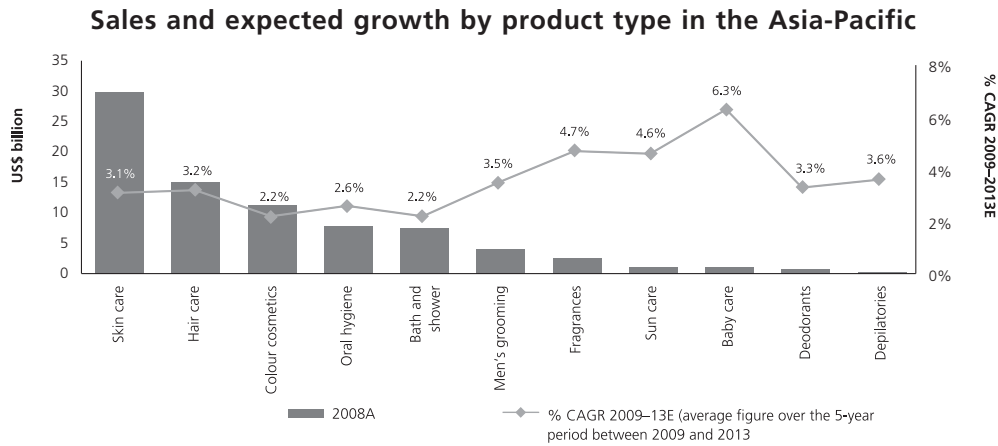
Product Preferences

According to Euromonitor, cultural preferences and traditions have a strong impact on patterns of spending on cosmetics and personal care products in Asia-Pacific:

- There is a perception among consumers in Asia-Pacific that equates lighter skin with beauty, driving relatively strong demand for skin-whitening creams and, to a lesser extent, sun care products.
- Asia-Pacific consumers have more intensive skin care regimes and skin care products are by far the largest product segment in Asia-Pacific.
- Asia-Pacific consumers have a preference for unscented or lighter, cleaner smelling cosmetics and personal care products compared to consumers in Europe and North America. As a result, sales of fragrances have been lower compared to Europe and North America.
- As a result of changing consumption trends in certain developing parts of Asia-Pacific, consumers are generally expected to increase their spending on premium cosmetics and personal care products. This has resulted in premium brands and luxury or functional products gaining market share.

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The following graph shows sales by product type in the Asia-Pacific region in 2008, along with the expected CAGR from 2009 to 2013:

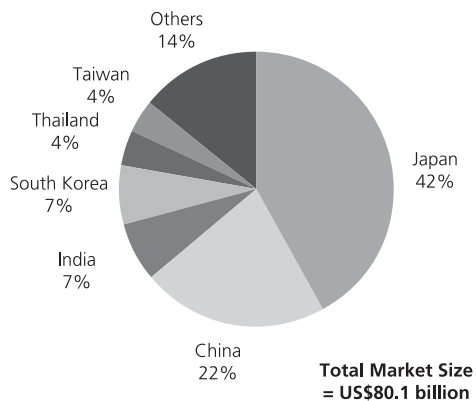


Source: Euromonitor International, December 2009

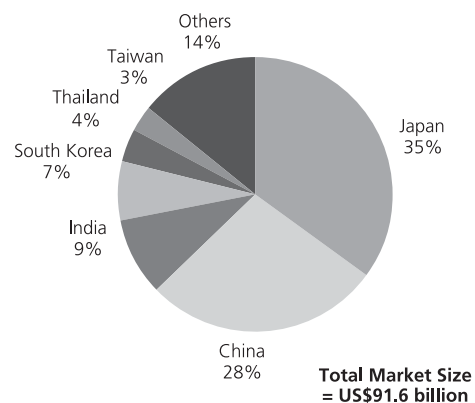
Historical Growth and Market Size

Sales of cosmetics and personal care products in Asia-Pacific experienced a CAGR of 5.3% from 2004 to 2008 and reached US\$80.1 billion in 2008. Japan is the largest national market with a 42.1% share of the Asia-Pacific market in 2008, followed by China. The following charts show the percentage value of sales in Asia-Pacific by country in 2008 and estimated sales in 2013 according to Euromonitor:

Value of sales in Asia-Pacific by country for 2008



Forecasted value of sales in Asia-Pacific by country for 2013E



Source: Euromonitor International, December 2009

Sales of cosmetics and personal care products in Asia-Pacific are expected by Euromonitor to increase to US\$91.6 billion by 2013, representing a CAGR of 3.0% from 2009 to 2013.

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Japan

Japan is currently the largest market for cosmetics and personal care products in Asia-Pacific with US\$33.8 billion in sales in 2008, constituting 42.1% and 10.1% of total sales in Asia-Pacific and worldwide sales, respectively. Sales of cosmetics and personal care products in Japan increased at a CAGR of 1.5% from 2004 to 2008.

Japan has the fourth highest per capita spending for cosmetics and personal care products in the world after Norway, Denmark and Switzerland. It is also the second largest market for cosmetics and personal care products in the world after the United States. Per capita spending on these products was significantly higher in Japan than in the United States at US\$264.4 and US\$171.2 per annum, respectively, in 2008. Per capita spending on cosmetics and personal care products in Japan is expected by Euromonitor to contract at a CAGR of 0.7% from 2009 to 2013, and in the United States it is expected to contract at a CAGR of 1.0% for the same period. Overall sales of cosmetics and personal care products in Japan are expected to contract at a CAGR of 0.9% from 2009 to 2013.

While the overall population in Japan contracted by 0.1% from 2004 to 2008, the number of Japanese aged above 65 years expanded by 13.3% and accounted for approximately 22.1% of the country's population in 2008 according to Euromonitor. This trend has provided Japan with a large and affluent older consumer base with more disposable income and potential for increased sales of anti-ageing and other cosmetics and personal care products targeting older consumers.

China

China is currently the second largest market for cosmetics and personal care products in Asia-Pacific and the fourth largest market in the world. Sales of cosmetics and personal care products in China amounted to US\$17.8 billion in 2008, representing 22.2% and 5.3% of total Asia-Pacific sales and worldwide sales, respectively. Driven by rapid GDP growth, China's cosmetics and personal care products market grew at a CAGR of 11.7% from 2004 to 2008.

Sales of cosmetics and personal care products in China are expected by Euromonitor to increase at a CAGR of 7.8% from 2009 to 2013, the highest growth rate in the world among major markets, reaching US\$25.4 billion and representing approximately 7.0% of total worldwide sales by 2013. This growth is expected to be driven largely by the expected continued strong growth of the Chinese economy, with nominal GDP per capita expected to grow at a CAGR of 11.9% from 2009 to 2013, according to the Economist Intelligence Unit.¹

Korea

Korea is currently the third largest market for cosmetics and personal care products in Asia-Pacific, with sales of US\$5.9 billion in 2008, representing 7.4% and 1.8% of total sales in Asia-Pacific and worldwide sales, respectively. Retail sales of cosmetics and personal care products in Korea increased at a CAGR of 3.6% from 2004 to 2008.

¹ Based on data published by the Economist Intelligence Unit ("EIU") on 30 September 2009, Nominal GDP per capita is calculated based on nominal GDP and total population. As disclosed on its website, the EIU, founded in 1946, is a global provider of country, industry and management analysis and is a leading research and advisory firm with more than 40 offices worldwide, and is a specialist publisher serving companies establishing and managing operations across national borders and provides forecast on more than 200 countries and certain industries. For further information regarding the EIU, please go to their website at www.eiu.com.

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Total sales of skincare products in Korea in 2008 were US\$2.5 billion. Sales of skincare remains the largest product segment of the Korea cosmetics and personal care product industry, accounting for approximately 41.5% of sales in 2008. Korea's cosmetics and personal care products are expected by Euromonitor to grow at a CAGR of 1.3% from 2009 to 2013.

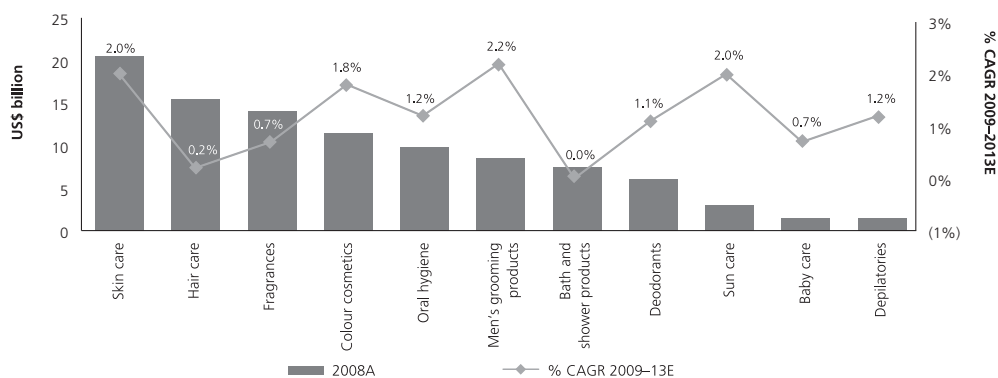
EUROPE

Europe is the world's largest regional market for cosmetics and personal care product with total sales of US\$123.4 billion in 2008, with Western Europe accounting for 78.4% of these sales and Eastern Europe for 21.6%. In 2008, France, the United Kingdom and Germany combined constituted over half of all cosmetics and personal care products sales in Western Europe.

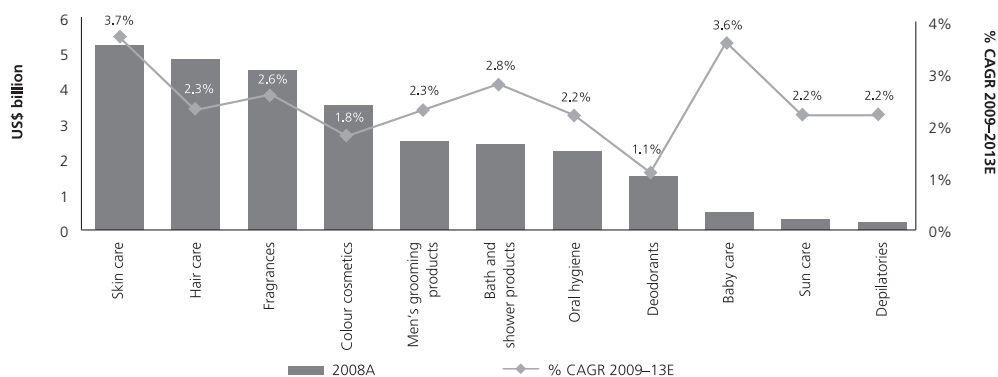
Product Preferences

Skin care remains the largest product segment in terms of sales and has the highest expected growth from 2009 to 2013 for all of Europe according to Euromonitor. The following graphs show forecast sales by product type in Western Europe and Eastern Europe along with the expected CAGR for both regions from 2009 to 2013.

Sales and expected growth by product type in Western Europe



Sales and expected growth by product type in Eastern Europe



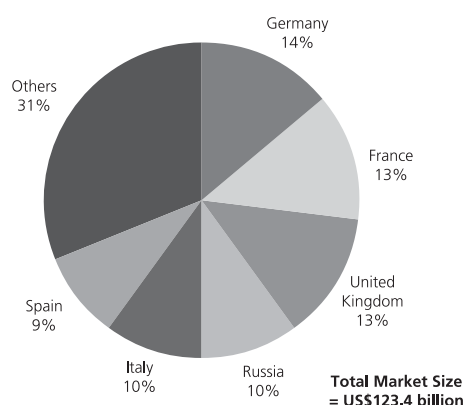
Source: Euromonitor International, December 2009

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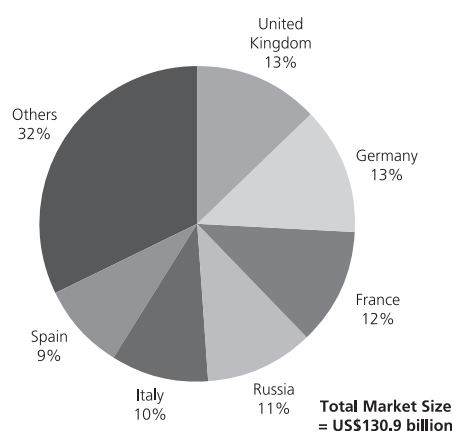
Historical Growth and Market Size

Sales of cosmetics and personal care products in Western Europe experienced a CAGR of 3.3% from 2004 to 2008 while Eastern Europe's CAGR reached 10.8% during the same period. In 2008, Germany was the largest national market in Europe with sales of US\$16.9 billion, closely followed by France with US\$16.1 billion and the United Kingdom with US\$15.7 billion. The following charts show the percentage value of sales in Europe by country in 2008 and the forecasted value according to Euromonitor in 2013:

Value of sales in Europe by country in 2008



Forecasted value of sales in Europe by country for 2013E



Source: Euromonitor International, December 2009

While Eastern Europe's cosmetics and personal care products sales growth is expected to remain strong, Western Europe's sales growth is expected to slow due to lower levels of economic growth. Sales of cosmetics and personal care products in Eastern Europe and Western Europe are expected by Euromonitor to increase at a CAGR of 2.5% and 1.1%, respectively, from 2009 to 2013.

Germany

Germany is currently the largest market for cosmetics and personal care products in Europe. In 2008, Germany had US\$16.9 billion in sales of cosmetics and personal care products, constituting 13.7% and 5.1% of total sales in Europe and worldwide sales, respectively. Sales of cosmetics and personal care products in Germany increased at a CAGR of 2.1% from 2004 to 2008. In addition, sales of cosmetics and personal care products in Germany are expected to increase at a CAGR of 0.2% from 2009 to 2013.

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France

France is currently the second largest market for cosmetics and personal care products in Europe with US\$16.1 billion in sales in 2008, constituting 13.1% and 4.8% of total sales in Europe and worldwide sales, respectively. Sales of cosmetics and personal care products in France increased at a CAGR of 1.1% from 2004 to 2008. In 2008, France also had the fifth highest per capita spending for cosmetics and personal care products in the world at US\$261.4 per annum and also represents the sixth largest market for such products in terms of sales globally. However, sales of cosmetics and personal care products in France are expected to remain flat from 2009 to 2013.

United Kingdom

The United Kingdom is currently the third largest market for cosmetics and personal care products in Europe. In 2008, the United Kingdom had US\$15.7 billion in sales of cosmetics and personal care products, constituting 12.7% and 4.7% of total sales in Europe and worldwide sales, respectively. The United Kingdom's sales of cosmetics and personal care products increased at a CAGR of 4.7% from 2004 to 2008. Its per capita spending was the sixth highest in the world at US\$257.6 per annum in 2008. Sales of cosmetics and personal care products in the United Kingdom are expected to increase at a CAGR of 1.8% from 2009 to 2013.

Russia

Not only is Russia the fourth largest market for cosmetics and personal care products in Europe with US\$12.5 billion in sales of cosmetics and personal care products in 2008, but it was also the third fastest growing major market in the world from 2004 to 2008 with a CAGR of 13.9%. In addition, with a forecast CAGR of 2.3% from 2009 to 2013, Russia is expected by Euromonitor to be the fourth fastest growing country, in absolute terms, in the world for cosmetics and personal care products, after China, Brazil and India.

THE AMERICAS

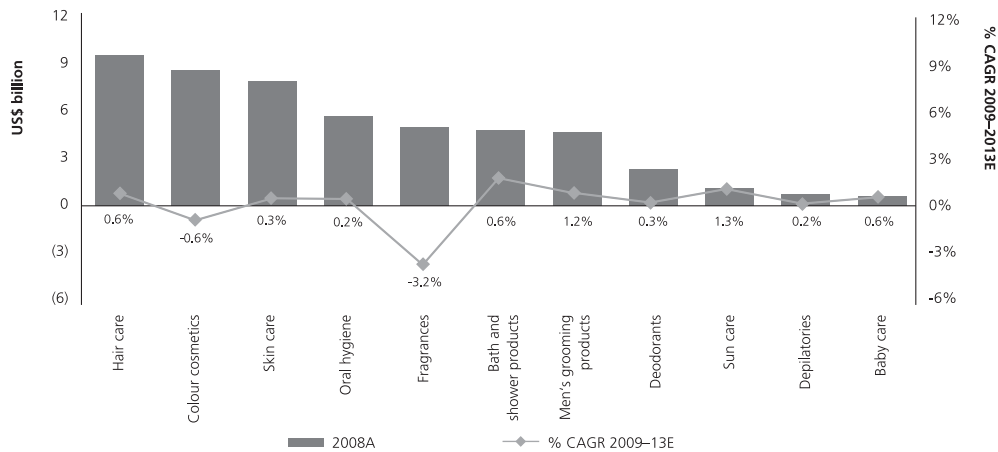
The Americas constitute the second largest regional market in the world for cosmetics and personal care products with total sales of US\$111.1 billion in 2008, with North America accounting for 53.3% of these sales and Latin America for 46.7%. In 2008, combined sales of cosmetics and personal care products in the United States and Brazil constituted 72.8% of all such sales in the Americas.

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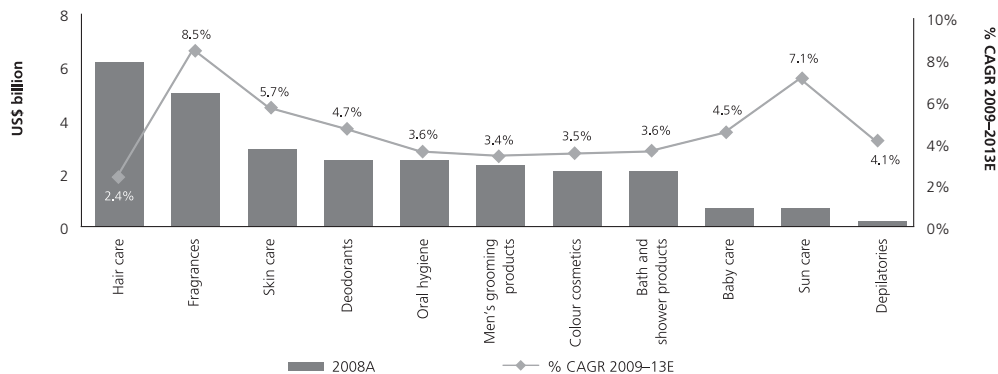
Product Preferences

Hair care remains the largest product segment in terms of sales in both the United States and Brazil representing 19.6% and 23.8%, respectively, of all cosmetic and personal care products sales of each country. Brazilian consumers are expected to significantly increase their purchases of sun care products with a forecast CAGR of 7.1% from 2009 to 2013 in the country, according to Euromonitor. The following charts show forecast sales by product type in the United States and Brazil along with the expected CAGR for both countries from 2009 to 2013 according to Euromonitor.

Sales and expected growth by product type in United States



Sales and expected growth by product type in Brazil



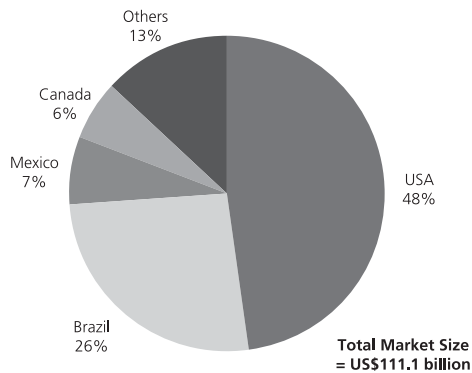
Source: Euromonitor International, December 2009

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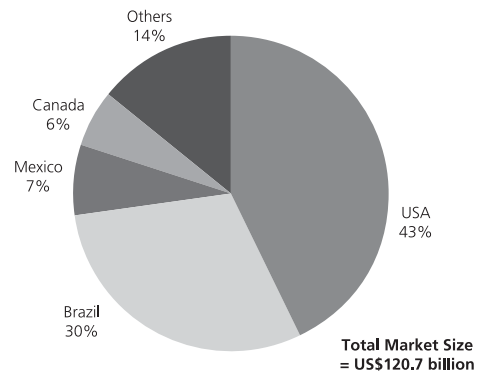
Historical Growth and Market Size

Sales of cosmetics and personal care products in North America experienced a CAGR of 2.3% from 2004 to 2008 while Latin America's CAGR reached 11.8% during the same period. The following graphs show the percentage value of sales in the Americas by country in 2008 and the forecasted value (according to Euromonitor) in 2013:

Value of sales in Americas by country in 2008



Forecasted value of sales in Americas by country in 2013E



Source: Euromonitor International, December 2009

North America's growth is expected to remain weak with a forecast CAGR of 0.1% from 2009 to 2013, while Latin America's growth is expected to be strong with a forecast CAGR of 3.8% over the same period according to Euromonitor.

United States

The United States is currently the largest national market for cosmetics and personal care products in the world with US\$52.1 billion in sales in 2008, constituting 17.7% of total world sales. Sales of cosmetics and personal care products in the United States increased at a CAGR of 1.9% from 2004 to 2008 but is forecast to contract slightly at a CAGR of 0.1% from 2009 to 2013.

Trends in the United States affecting the cosmetic and personal care products industry include:

- Weakening US economy had a negative impact on cosmetics and personal care products sales in 2008. After years of growth, the market declined slightly in current value terms in 2008. Accordingly, US consumers spent less on premium products.
- Consumers have become more concerned about the safety and purity of products they consume, as well as their effect on the environment. These relatively-well informed consumers want to know more about how products they use impact their own health and well-being. They are increasingly turning to products that are "natural", "organic" and/or eco-friendly, and such products are growing in popularity across various areas of the US consumer market. To appeal to this growing consumer base, both speciality and mainstream manufacturers have been launching numerous beauty care items with "natural" and "organic" claims.

Brazil

Brazil is the second largest national market in Americas and the third largest in the world, behind Japan and the United States, in terms of sales of cosmetics and personal care products, with US\$28.8 billion in sales and constituting 8.6% of total worldwide sales in 2008. Sales of cosmetics and personal care products in Brazil increased at a CAGR of 12.9% from 2004 to 2008. Per capita spending for cosmetics and personal care products in 2008 is still only about 86.5% of the United States according to Euromonitor. Sales of cosmetics and personal care products in Brazil are expected to increase at a CAGR of 4.8% from 2009 to 2013.

According to Euromonitor, Brazil's annual spending on cosmetics and personal care products in 2013 is expected to average US\$178 per capita (approximately three times the global average).

GOVERNMENTAL REGULATIONS

Our business and operations are subject to certain laws and regulations, including laws and regulations specifically relating to cosmetic products and rules covering general consumer protection and product safety. Compliance with the applicable laws and regulations is monitored by governmental and regulatory authorities.

Laws and regulations specific to the cosmetics industry

Some countries in which we operate have passed laws and regulations directly relating to the cosmetics industry and which are applicable to us. The principal objective of these regulations is to ensure that cosmetic products placed on the market are safe. The principal regulations to which we are subject in the major markets in which we operate, namely the European Union, the United States and Japan, are summarised below.

European Union

Our business and operations in those countries which are Member States of the European Union are subject to the regulatory framework set out by the European Union's Council Directive 76/768/EEC, as amended (the *Cosmetics Directive*). The Cosmetics Directive is the main regulatory framework for finished cosmetic products sold in the European Union, and lays down rules on the composition, labelling and packaging of cosmetic products. This Cosmetics Directive will be replaced by the new EU Cosmetics Regulation (EC) 1223/2009, adopted on November 30, 2009, which will only enter into force on 11 July 2013, with the exception of specific articles which will already enter into force on 1 December 2010 and 11 January 2013. The key provisions mentioned in these two texts applicable to us are summarised below:

- **Composition and presentation.** The Cosmetics Directive requires that a cosmetic product sold in the European Union must not cause damage to human health when applied under normal or reasonably foreseeable conditions of use, taking account, in particular, of the product's presentation, its labelling, any instructions for its use and disposal as well as any other indication or information provided by the manufacturer, distributor or retailer of such product. The provision of warnings to cosmetics products shall not exempt any person from compliance with the other requirements laid down in the Directive. The Cosmetics Directive further sets out a list of substances which cannot — or only under certain restrictions and conditions — be included in the composition of cosmetic products. It also contains a list of colourings, preservatives and UV filters permitted in cosmetic products.
- **Labelling and packaging.** Pursuant to the Cosmetics Directive, the container and packaging of cosmetic products marketed in the European Union are generally required to bear, in indelible, easily legible and visible lettering, certain specified information, including the name and address of the manufacturer or distributor, the nominal content of the product at the time of packaging given by weight or by volume, the date of minimum durability, particular precautions for use and a list of the ingredients.

REGULATIONS

United States

In the United States we are subject to the Federal Food, Drug and Cosmetic Act (the **FDCA**), the Fair Packaging and Labeling Act (the **FPLA**) and certain regulations published by the Food and Drug Administration (the **FDA**), which are codified in Title 21 of the Code of Federal Regulations (**21 CFR**). The key provisions which are applicable to us are summarised below:

- **FDCA.** Under the FDCA, the introduction or delivery for introduction into interstate commerce of adulterated or misbranded cosmetics is prohibited and may result in regulatory action by the FDA. A cosmetic is “adulterated” if it contains or its container is made of any poisonous or noxious substance which will injure a user who follows the instructions stated thereon or uses the cosmetic under customary or usual conditions, if it contains any filthy, putrid or decomposed substance, if it has been prepared, packed or held in unsanitary conditions or if it contains a prohibited colour additive. A cosmetic is “misbranded” if its labelling is false or misleading, required words or statements are not prominently displayed, or if its package does not contain a label stating the manufacturer’s name and place of business and an accurate statement of the quantity of contents. Cosmetics and their ingredients are not subject to pre-market approval by the FDA (with the exception of colour additives) but they must be tested to assure safety, otherwise a specific warning is required.
- **FPLA.** The FPLA requires that any consumer commodity, which includes cosmetics, has a label stating the identity of the commodity and the name and place of business of the manufacturer, packer or distributor. The label should also clearly and accurately state the net quantity of the contents with no qualifying words or phrases. If these requirements are not followed, the cosmetics will be deemed to be misbranded under the FDCA.
- **21 CFR.** The provisions of 21 CFR which are relevant to our business contains a number of requirements. They detail certain ingredients which, if included in cosmetics, would mean that those cosmetics are considered adulterated under the FDCA, as well as requirements for packaging of certain types of cosmetics to avoid them being considered adulterated under the FDCA. Further detail on the labelling requirements under the FDCA are outlined, including prominence of statements, declaration of ingredients, exemptions, requirements of what to include on the principal display panel of a package, product warnings and the fact that a misleading label will render a cosmetic misbranded.

Japan

In Japan, we are subject to the Standards for Cosmetics (Ministry of Health and Welfare Notification No. 331 of 2000) established by the Ministry of Health, Labour and Welfare in accordance with the Pharmaceutical Affairs Law (Law No. 145 of 1960) and Drug Notification No. 44 “Enforcement of the Pharmaceutical Affairs Law” as revised by the Revisions to the scope of efficacy of cosmetics issued by the Ministry of Health, Labour and Welfare on 28 December 2000 (**Drug Notification No. 44 (as revised)**). The key provisions under these regulations which are applicable to us are summarised below:

- **Standards for Cosmetics.** The Standards for Cosmetics require that cosmetic ingredients should not contain anything that may cause infection or otherwise make the use of cosmetics a potential health hazard. The Standards for Cosmetics also list ingredients that cannot be

REGULATIONS

included in cosmetics, impose limitations on the amounts of certain ingredients that can be included (depending on the type of products), and publish a negative list of ingredients like preservatives, UV absorbers etc.

- **Drug Notification No. 44 (as revised).** These limit what can be detailed on cosmetic labels to 55 claims of what the effect of the product is, such as “moisturise the scalp and hair” or “keep the skin healthy”.

General consumer protection and product safety and environmental protection regulations

In addition to the cosmetics industry-related rules, we are subject to general consumer protection, product safety and environmental protection rules in the jurisdictions we operate in. These are rules which generally apply to a business involving the manufacturing and distribution of consumer products and which are not specific to the cosmetics industry. The principal general product safety and environmental protection regulations to which we are subject in the major markets in which we operate, namely the European Union, the United States and Japan, are summarised below.

European Union

There is extensive European Union legislation governing consumer protection, product safety and product liability implemented at national level in all Member States. For example, the General Product Safety Directive 2001/95/EC (the GPSD) is designed to apply a high level of product safety for all products. The GPSD provides that producers are obliged to place only safe products on the market. In determining whether a product is considered safe under the GPSD, various factors are taken into account including the following: (i) national safety standards, (ii) guidelines from the European Commission on product safety, (iii) product safety codes of good practice in force in the sector concerned, (iv) the state of the art and technology and (v) reasonable consumer expectations concerning safety. The GPSD further provides that national governments must appoint local authorities to carry out market surveillance to ensure that safety standards are implemented.

Our manufacturing facilities in France need to comply with Directive 2008/01/EC on integrated pollution prevention and control (IPPC Directive), which has been incorporated into French law by Article L511-1 of the French Environmental Code and is known as the “classified installations regime”. Classified installations must obtain an environmental permit by submitting a declaration or an authorisation file to the *DRIRE (Directions Regionale de l’Industrie, de la Recherche et de l’Environnement)* that includes an environmental impact study and a risk assessment study as well as further studies and analysis as required by the *DRIRE*. Analysis and supervision measures relating to environmental concerns must take place during the operation of the site and the results must be sent to environmental inspectors.

Our manufacturing facilities will need to comply with the Good Manufacturing Practices (GMP), which follow ISO norm EN ISO 22716 published in 2007 and expected to become mandatory throughout the European Union in 2013 for the cosmetics industry, with the objective of enhancing the protection of the consumer. In France, compliance with this norm will be audited by the *Agence Française de Sécurité Sanitaire des Produits de Santé (AFSSAPS)*, a governmental body.

REGULATIONS

United States

The FDCA and 21 CFR cover general consumer protection and product safety as detailed above. As we do not engage in any manufacturing activities in the United States, we believe regulations relating to environmental protection in the United States are generally not applicable to our manufacturing activities in France.

Japan

General consumer protection legislation is laid out in the Pharmaceutical Affairs Law as amended by ministerial ordinances numbers 134 and 135 on the safety control of production and sale of drugs, non-regulated drugs, cosmetics and medical instruments issued by the Ministry of Health, Labour and Welfare on 22 September 2004. These require us to appoint a safety control manager to supervise safety maintenance work and establish a procedure for safety control work after production and sale. Safety information must be collected and reports must be made and retained to ensure that the safety control procedure is appropriate and runs smoothly.

As we do not engage in any manufacturing activities in Japan, regulations relating to environmental protection in Japan are generally not applicable to us.

Compliance monitoring

Authorities in certain jurisdictions in which we operate monitor our compliance with applicable regulations. The authorities which monitor our compliance with relevant regulations in the major markets in which we operate, namely the European Union, the United States and Japan, are summarised below.

European Union

Each Member State of the European Union disposes of its own authorities to ensure compliance with regulations relating to the cosmetics industry. The Minister of Health in France is primarily responsible for incorporating European Union legislation into French law, and we and our products are subject to regulation by the Minister of Health (the *direction generale de la santé*), the Minister of Industry (the *direction generale des entreprises*), the French Agency for the Safety of Health Products (the *Agence française de sécurité sanitaire des produits de santé* or *AFSSaPS*) and the General Directorate for Competition Policy, Consumer Affairs and Fraud Control (the *Direction generale de la concurrence, de la consommation et de la repression des frauds* or *DGCCRF* and together with the *AFSSaPS*, the French Authorities). Our products are not subject to pre-market approval by the French Authorities but we are obliged to conduct tests on our products and ingredients. The French Authorities monitor compliance of our products through periodic visits and audits of our factory site in Provence and have the authority to confiscate cosmetic products and to control consignments and activities at the manufacturing facilities. In compliance with the provisions of the Cosmetics Directive we keep a file which contains various details of each finished product, including the ingredients used.

United States

In the United States, we are monitored by the US Food and Drug Administration (the **FDA**), which oversees both cosmetic products imported into the United States as well as those produced there. Our products are not subject to pre-market approval but the FDA may conduct examinations and investigations on products and products can be subject to examination and/or sampling by the US Customs Service at the time of entry into the country. Cosmetics that appear to be adulterated or

REGULATIONS

misbranded may be refused entry, and shipments that do not comply with US laws and regulations are subject to detention until they are brought into compliance, destroyed or re-exported. To prevent further shipments of adulterated or misbranded products, the FDA may request a federal district court to issue a restraining order against the manufacturer or distributor of the cosmetics, or may initiate a criminal action.

Japan

In Japan, we are monitored by the Ministry of Health, Labour and Welfare which operates a system of “in market control” where responsibility for imported products falls on the distributor or importer in Japan. There is, again, no requirement for pre-market registration of the products.

All jurisdictions — no material non-compliance

There were no findings notified to us by any regulating authority in the jurisdictions in which we operate of any material non-compliance with any rule, regulation or law to which our business is subject, or any irregularities as a result of periodic visits and audits, during the Track Record Period.

ORGANIC CERTIFICATION

In order to label and market products manufactured by us in Europe as “organic”, we need to obtain a certification from an independent testing organisation recognised in France that certifies that the products are truly organic in nature.

For example, ECOCERT is a French control and certification organisation whose activities are in line with the current legislation and the public authorities in France. ECOCERT’s approval enables us to label and market our products as organic in France under the condition that in particular the specific labeling requirements of ECOCERT are met. The respect of these requirements enables us to continue receiving our certification.

Currently there is no international organic certification organisation. Due to this lack of a centralised certification body, our products that are classified as “organic” by ECOCERT in France may not be classified as such in other countries in which we sell our products such as the United States.

HISTORY

The L'Occitane brand and its first line of products were created in 1976 by our founder, Mr. Olivier Baussan, in Provence. L'Occitane began on a personal scale with the production of a small range of products based on essential oils extracted from local plants. Mr. Baussan grew up (and today continues to live) in Provence, where many of the ingredients used in the natural ingredient-based cosmetics industry are cultivated and where many local farmers had traditionally extracted ingredients from plants (including for example lavender and rosemary) for distillation and production of scented products. Mr. Baussan has been interested in and started extracting ingredients from lavender and rosemary, learning about and perfecting the techniques through hands on, practical experience. He was soon joined by a chemist and began the production of formulas for use in cosmetic products in the 1970s. Mr. Baussan, who is still involved in the Company as our creative consultant, opened our first store in Provence in 1978. In the early 1990s, Mr. Baussan sold the majority of his interest in L'Occitane to a venture capital firm in order to raise capital needed for the growth and development of our business. However, Mr. Baussan was as a result excluded from our daily management and operations and strategic decision making, following which we experienced a period of relatively slow growth.

Mr. Reinold Geiger invested in us in 1994, took control of our business in 1996, and became our Chairman and executive Director, as well as controlling shareholder, which he remains to this day. Between 1994 and 1996, R Geiger Sarl, a company wholly owned by Mr. Geiger, invested in several capital increases in L'Occitane S.A., our now wholly owned subsidiary which was at that time the holding company of our Group. Through such capital increases, Mr. Geiger acquired a majority indirect shareholding in L'Occitane S.A., representing approximately 51.6% of its then total issued share capital. The aggregate amount of investment made by Mr. Geiger in such capital increases was approximately €3.8 million. At Mr. Geiger's proposal, Mr. Baussan returned as creative consultant, and we started expanding outside of France. When Mr. Geiger first invested in us, we only had three stores. Under Mr. Geiger's leadership, we have expanded internationally and experienced a period of strong growth, expanding our sales network to the US, Asia and other parts of Europe. Our current manufacturing plant in Manosque, Provence was established in the late 1980s in response to our growing distribution network. Over the 30 years since our establishment, we have manufactured almost all of our products in Provence. Mr. Baussan ceased to be involved in any operational, managerial or executive functions relating to our Group prior to the Track Record Period, and resigned as a Director in September 2008. However, Mr. Baussan still maintains a passion for the L'Occitane brand and the values that it represents, and will continue to provide our Group with his creative design consulting services.

As at 28 February 2010, we had 753 Own L'Occitane Stores in 27 countries and in the year ended 31 March 2009 and in the nine months ended 31 December 2009, we generated sales of approximately €537.3 million and approximately €462.7 million, respectively. Our L'Occitane products are sold in over 80 countries through over 1,500 retail locations which sell exclusively L'Occitane products and are decorated with a standardised L'Occitane design.

Melvita was created in 1983 in the heart of Ardèche, France, on a natural and preserved site, with the commitment to develop cosmetics and well-being products as close as possible to nature. From the very beginning, Bernard Chevillat, its founder, a French biologist who moved to Ardèche in 1977 and became a beekeeper, has put nature at the heart of the philosophy of the brand. In 1990, Melvita launched its first organic cosmetics range. In 2002, Melvita laboratories and manufacturing facilities were granted the ecological and organic ECOCERT certification. Today, Melvita is a leading ecological and organic cosmetics brand in France, distributed at over 2,000

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stores specialised in natural and organic products and in over 600 pharmacies. Melvita products are also sold in France at four stores operated and managed by M&A SAS, as well as on the internet through the website www.melvita.com. The product portfolio which comprises over 180 products certified organic by ECOCERT includes the majority of the cosmetics and personal care segment product offering: face care, body care, bath and shower, hair care, as well as food supplements and honey. Over 90% of Melvita sales are currently made in France where Melvita is a leading organic brand. We have started to internationalise Melvita and make it a worldwide leader of the fast-growing organic market. Through this, we intend to transform our business from a single brand of natural cosmetics and well-being products to a group of natural and organic ingredient-based cosmetics and personal care products sold under a number of brands.

The key milestones of the development of our Group are:

1976	Olivier Baussan buys a still and produces rosemary essential oil that he sells in the markets
1978	The first L'Occitane shop opens in Volx, near Manosque
1982	Olivier Baussan discovers the properties of shea butter in Burkina Faso and decides to use them in the manufacturing of soaps and personal care products
1986	Our manufacturing facilities are centralised in Manosque
1992	L'Occitane opens its first shop in Paris on rue Vavin
1994	Reinold Geiger acquires a 33% shareholding interest in our Company
1995	L'Occitane opens its first shop in Hong Kong
1996	Reinold Geiger increases his shareholding interest in our Company and becomes a majority shareholder
	L'Occitane opens its first shop in New York on Madison Avenue
1997	L'Occitane begins using Braille labelling on its packaging
1998	L'Occitane enters the Japanese market
2000	L'Occitane launches its first major advertising campaign
2001	L'Occitane launches its "Immortelle" range of products
	Clarins invests in our Company
2003	Our manufacturing capacity is significantly increased
2005	L'Occitane opens its first shop in China

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2006	The L'Occitane Foundation is created
2007	L'Occitane opens its 1,000th store
2008	We acquire Melvita
2009	We establish L'Occitane India Ltd. and open our first Own L'Occitane Store in New Delhi
	Melvita opens its first store in Hong Kong in the IFC mall
	L'Occitane launches its Immortelle Divine anti-ageing skin care

CULTURE

Natural ingredients with traceable origins

We are committed to developing products that are rich in natural ingredients and essential oils, and our research and development facilities and policies are focused on achieving this objective. We are committed to using natural ingredients with traceable origins sourced principally from Provence or its surrounding areas.

We carefully select our plant ingredients with reference to their origin and control their quality. We follow the principles of phytotherapy and aromatherapy, use no animal products (except for honey, royal jelly and propolis) and test our products under medical supervision and not on animals. We strive to use natural ingredients in all our product formulas. We prefer to use plant oils in our face care formulas rather than mineral oils. We limit the use of silicones, chemical sunscreens, paraben preservatives and use certified organic ingredients as much as possible.

Respect for mankind and the environment

All products and stores reflect L'Occitane's core values of authenticity, sensoriality and respect for people and the planet. Our active ingredients are of plant origin and, as far as possible, derived from organic agriculture. Both our products and the materials used in our stores are designed to respect the environment. We strive to limit the use of packing material and as far as practicable the cardboard and paper that we use comes from sustainably managed forests according to our suppliers. Our production factory also sorts and recycles most of its waste and strives to limit its energy consumption.

We do not test our products on animals. Also, in accordance with our commitment to human rights, we ensure that none of our products are manufactured using child labour. Respect for the environment, consumers, suppliers and employees is ingrained in our corporate culture and has led to our partnership with various local producers in the Mediterranean region — these farmers, families and cooperatives harvest natural ingredients for us, such as lavender, honey and organic verbenas.

Fair trade initiatives and Braille labelling

Since 1989, we initiated a fair trade programme with Burkina Faso in West Africa to support the economic emancipation of women in the country. Pursuant to this initiative, shea butter is purchased directly from the local women's cooperative which harvests and extracts shea butter, so that they receive all of the proceeds of their trade without having to pay a portion of their earnings to intermediaries. To this day, we continue to purchase most of our shea butter through similar arrangements with several women's cooperatives in Burkina Faso.

L'Occitane has always sought to make its products available to a broad spectrum of the population and the blind represent a category of people for whom access to consumer goods is often very difficult. We started using Braille on our packaging as an effort of our contribution towards enabling the blind and poor-sighted to make informed choices. Our Company was the 2000 "American Foundation for the Blind Access Award" winner.

The L'Occitane Foundation

In 2006, the L'Occitane Foundation was created. The values of authenticity, sensoriality and respect for people and the planet — instilled into L'Occitane by our founder, Mr. Baussan since 1976 — lie at the very heart of the Foundation.

The L'Occitane Foundation has three main missions:

- to support the visually impaired in France, in Bangladesh and in Burkina Faso;
- to encourage the economic emancipation of women in Burkina Faso and Brazil; and
- to preserve the knowledge of nature in Provence.

With our voluntary commitment of €3 million over 5 years with our first donations made in September 2006 we will be able to greatly increase, formalise and continue our 30 years of commitment.

So far, the L'Occitane Foundation has undertaken projects with local partners including:

1. Supporting the visually impaired:
 - by raising funds for ORBIS, a nonprofit humanitarian organization devoted to blindness prevention and treatment in developing countries;
 - by setting up professional training programs that improved professional integration of visually impaired in France;
2. Encouraging the economic emancipation of women, with:
 - the opening of 14 literacy centers in Burkina Faso since 2006 to provide local women with the tools to gain more autonomy;
 - professional training enabling women to get professional skills;

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- micro-finance programs, helping more than 600 women to launch income-generating activities;
- 3. Preserving the knowledge of nature, by financing the creation of the “Jardin des Plantes” website, www.jardindesplantes.net, in partnership with the National Museum of Natural History in Paris.

The L’Occitane Foundation does more than just financing worthy projects; more often than not, our L’Occitane Foundation advises and monitors the progress of such projects, and is always striving to participate in as many ways as possible. Our L’Occitane Foundation also encourages employees to participate in projects organised by the Foundation.

CORPORATE STRUCTURE

Group consolidation and increases in our interests in subsidiaries during the Track Record Period

During the Track Record Period, we have conducted various acquisitions principally to increase and consolidate our interest in our subsidiaries. We have also established various subsidiaries for the purpose of our operations in relevant jurisdictions. A summary of such acquisitions and establishments is set out below.

- On 20 June 2006, we established L’Occitane (China) Ltd. with a total paid up capital of HK\$10,000 and shareholders’ loans in the amount of US\$2,000,000, and subscribed for a 51% equity interest, whilst LS Holding Company Limited, our joint venture partner and an independent third party, subscribed for the remaining 49%. On 28 July 2006, L’Occitane (China) Ltd. acquired the entire equity interest in L’Occitane Trading (Shanghai) Co., Ltd. from L’Occitane (Far East) Ltd. for a total consideration of US\$1,400,000. On 5 December 2008, we acquired the remaining 49% equity interest in L’Occitane (China) Ltd. from LS Holding Company Limited for a total consideration of €684,805 in cash and the issue by LOG of 92,469 LOG shares, whereupon L’Occitane (China) Ltd. became our wholly owned subsidiary. The consideration was fully settled and was determined on the basis of the relative value of L’Occitane (China) Ltd’s and the Group’s operations.
- On 22 June 2006, we acquired the remaining 1% equity interest in L’Occitane Australia Pty Ltd. at a consideration of A\$125,000 from Mr. Andrew Brisk, the general manager of our Australian operations and a shareholder of LOG, whereupon L’Occitane Australia Pty Ltd. became our wholly owned subsidiary. The consideration was fully settled and was determined on arms’ length basis by reference to the fair value of the equity interest acquired.
- On 29 September 2006, we acquired the remaining 40% equity interest in L’Occitane Japon KK from Hopeful Development Ltd, a company ultimately owned by Mr. Reinold Geiger, Mr. André Hoffmann, Mr. Henri Biard and Mr. Olivier Baussan, in return for which they were issued an aggregate of 465,023 shares in our Company. L’Occitane Japon KK thereby became our wholly owned subsidiary. The consideration was fully settled and was determined on the basis of the relative value of L’Occitane Japon KK’s operations and the Group’s operations.

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- We formed a joint venture with Clarins for the distribution of our L'Occitane products in Mexico. For this purpose, on 13 October 2006, we established L'Occitane Mexico SA de CV with a total paid up capital of Mex\$50,000 (approximately €2,642)⁽¹⁾ and subscribed for a 50.1% equity interest, whilst Clarins BV subscribed for a 49.90% equity interest.
- On 14 June 2007, we established a wholly owned subsidiary, L'Occitane (Macau) Ltd., with a paid up capital of MOP25,000 (approximately €2,173)⁽¹⁾.
- On 18 December 2007, we entered into an agreement to acquire 51% of the equity interest in L'Occitane Rus for a consideration of €4,131,000 from our joint venture partner, Mr. Anton Lyubimov, who previously held the entire equity interest in L'Occitane Rus. Mr. Lyubimov is a director of L'Occitane Rus but is otherwise an independent third party. The consideration was fully settled and was determined on arms' length basis by reference to the fair value of the equity interest acquired.
- On 18 January 2008, we established a wholly owned subsidiary, L'Occitane Americas Export & Travel Retail Inc, with a paid up capital of US\$1,000.
- On 5 June 2008, we acquired an 85% equity interest in M&A SAS for a total consideration of €46.8 million from Mr. Bernard Chevilliat, the original founder of M&A SAS, and others, all of whom were independent third parties. The consideration was fully settled and was determined on arms' length basis by reference to the fair value of the equity interest acquired. On 30 March 2009, LOG acquired the remaining 15% of the equity interest in M&A SAS from Mr. Bernard Chevilliat, in consideration of which Mr. Chevilliat was issued 183,433 shares in LOG valued at fair value at €4.5 million. Immediately thereafter L'Occitane SA acquired the 15% equity interest in M&A SAS from LOG at a consideration equivalent in value to the LOG shares issued to Mr. Chevilliat and so that LOG did not make any profit from its sale of such interest to us. This consideration was fully settled and was determined on arms' length basis by reference to the fair value of the equity interest acquired. The value of the LOG shares so issued as consideration was determined on an arm's length basis by the parties by reference to the fair value of the LOG shares so issued. As a result of these transactions, M&A SAS has become our wholly owned subsidiary. Please see the section headed "Business — Our Products — Our Other Brands — Melvita" for further information.
- On 5 June 2008, we established L'Occitane (Thailand) Ltd. with a paid up capital of THB20,000,000, and subscribed for a 49% equity interest. The remaining 51% equity interest in L'Occitane (Thailand) Limited is currently held by independent third parties, although we have an option to acquire an additional 2% of the then total issued share capital from the other shareholders at an aggregate consideration of THB200 when we are entitled to do so under Thai laws, which currently do not permit an entity not incorporated in Thailand to hold a majority of the issued share capital of a Thailand-incorporated company. Further, we control the composition of the board of directors of L'Occitane (Thailand) Ltd. L'Occitane (Thailand) Ltd. is therefore a subsidiary of our Company. With effect from 1 July 2008, we no longer distribute L'Occitane products in Thailand through a third party distributor, and began distributing our own L'Occitane products in Thailand at our Own L'Occitane Stores. In

(1) Based on the applicable closing rates as at 31 December 2009.

OUR HISTORY, CULTURE AND CORPORATE STRUCTURE

accordance with a settlement agreement signed on 29 May 2008 we paid our third party distributor the sum of THB29,400,000 in consideration for the goodwill arising out of the distribution agreement.

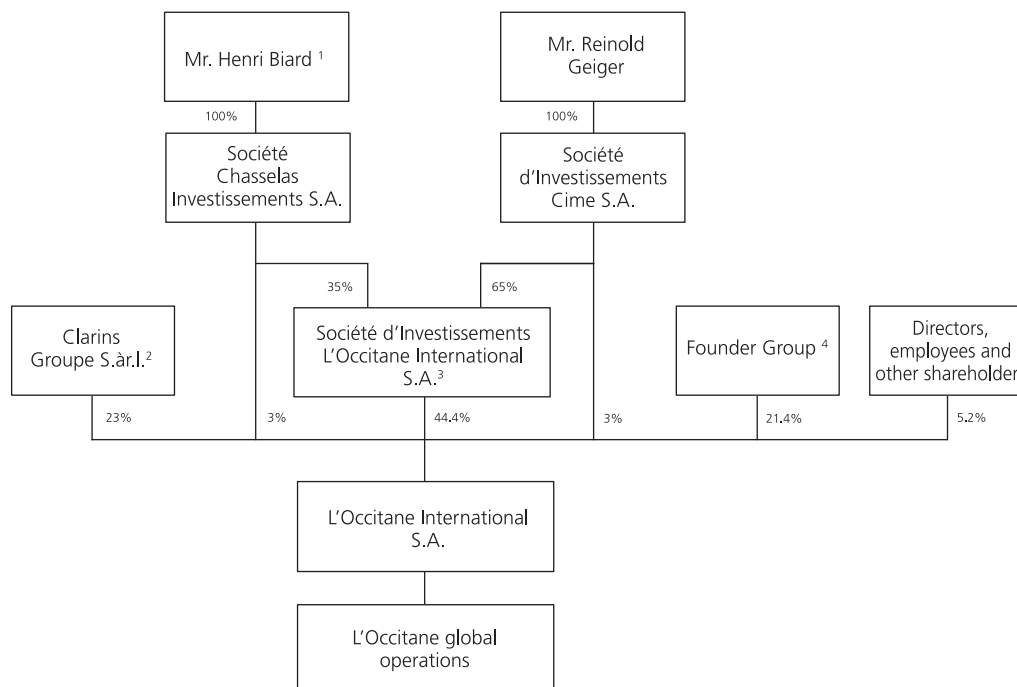
- On 7 July 2008, we acquired the entire issued share capital of Urban Design Sp.z.o.o. (renamed L'Occitane Polska Sp.z.o.o. on 4 February 2009), the company which distributes our L'Occitane products in Poland, for a consideration of approximately €1,773,000. The consideration was fully settled and was determined by arms' length negotiation with the vendors, Anar Hassam Michon and Adam Michon, who are independent third parties, by reference to the fair value of the equity interest acquired.
- On 28 July 2008, we transferred our 100% interest in L'Occitane Australia Pty. Ltd. to L'Occitane Singapore Pte Ltd., our wholly owned subsidiary, at a consideration of €3,143,683.13, being its net book value as of 31 March 2008. This transfer was made to reposition the Australia subsidiary within the Asia sub-group.
- On 14 October 2008, L'Occitane Singapore Pte Ltd., our wholly owned subsidiary, transferred its entire interest in the 50.1% equity interest in L'Occitane Taiwan Ltd to L'Occitane Australia Pty Ltd., our wholly owned subsidiary, for NT\$131,990,464, being its net book value as at 31 May 2008. This transfer was made as an internal reorganisation.
- On 31 March 2009, we disposed of our entire interest in Oliviers Importação e Comércio de Alimentos Ltda to a third party for a consideration of €114,000.
- On 14 May 2009, we acquired from Stroms' Enterprises Ltd. its business undertaking as a going concern for a consideration of approximately €4,684,000. Prior to the acquisition, Stroms' Enterprises Ltd. was our third party exclusive distributor in Canada and the business acquired consists of the business of the distribution of L'Occitane branded products in Canada through various channels including stores, wholesalers, retailers and online sales.
- On 3 June 2009, L'Occitane India Private Limited was incorporated in Delhi, India with an issued share capital of INR100,000. On 19 December 2009 L'Occitane Singapore Pte Ltd subscribed for 51% of the issued share capital of L'Occitane India Private Limited for INR51,000, and in December 2009 made an additional capital contribution of INR8,874,000 whilst maintaining an equity interest of 51%. L'Occitane India Private Limited will carry out the business of distributing L'Occitane products in India.
- On 16 November 2009, L'Occitane Holding Brasil LTDA, our wholly-owned subsidiary, acquired the remaining minority interests in L'Occitane Do Brasil S/A for a consideration of approximately €2,701,000.

Leveraged Management Buyout

We carried out the Leveraged Management Buyout in 2007 pursuant to which we effected a reorganisation of our shareholding structure.

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Immediately prior to the Leveraged Management Buyout, our simplified shareholding structure was as follows:



- (1) Mr. Henri Biard was a Director of our Company who resigned as a Director with effect from 30 September 2008. Mr. Biard is only a passive financial investor in LOG and in the past had not been involved in any operational, managerial or executive functions relating to our Group. Mr. Biard will therefore remain as a director of LOG.
- (2) Clarins Groupe S.à.r.l. (**Clarins**) first invested in our Company in April 2001 as a financial investor. On 20 April 2001, Clarins BV, a wholly owned subsidiary of Clarins, subscribed to (a) 785,916 shares (representing approximately 5.18% of the then total issued share capital) of our Company and (b) a convertible debenture loan in the amount of €11,433,750 convertible into shares in our Company. On 22 February 2005, Clarins further subscribed to a convertible debenture loan in the amount of €16,525,580 convertible into shares in our Company. These convertible debenture loans were exercised by Clarins, increasing its shareholding in our Company to 3,644,965 shares, representing approximately 23.33% of our then total issued share capital. Clarins holds a 49.9% minority interest in each of our subsidiaries in Korea, Mexico and Switzerland, which distribute our L'Occitane products in these countries. Clarins distributes L'Occitane products in the Netherlands (where they have a minority interest in our third party distributor) and Malaysia (through their subsidiary), where we do not have subsidiaries or our Own L'Occitane Stores. In Italy, we sell our products to Clarins on a wholesale basis, who in turn distribute them through their network of multi-brand retailers. We intend to discontinue this relationship to sell our products in Italy and have served notice to terminate the agreement on 30 June 2010. Other than such distribution arrangements, there were and are no other formal business or strategic cooperation between us and Clarins.
- (3) Société d'Investissements L'Occitane International S.A. was wound up in August 2007 as part of the process of completion of the Leveraged Management Buyout.

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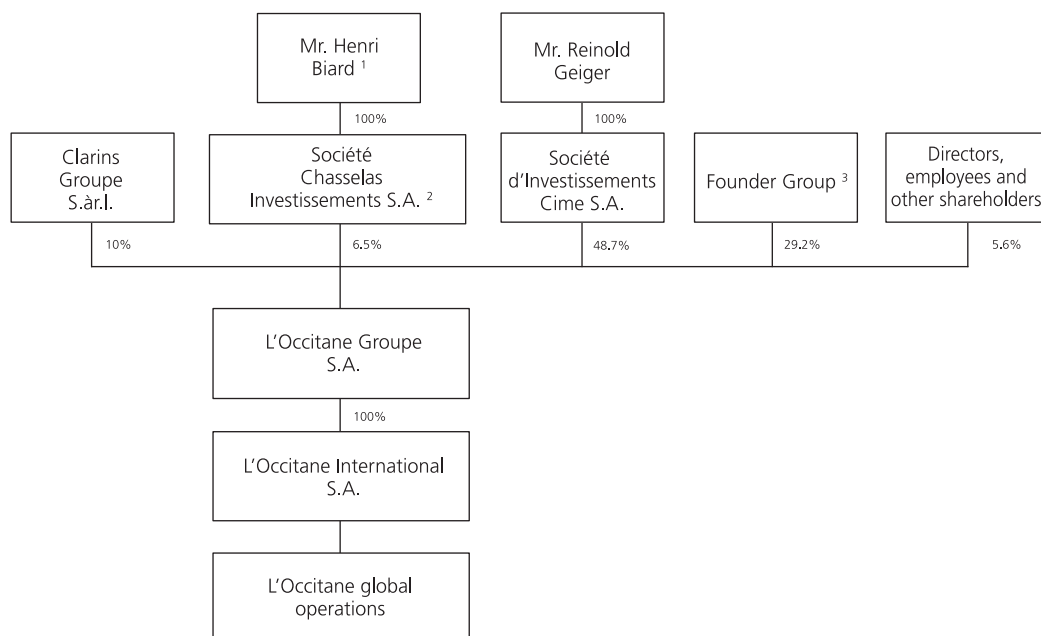
(4) Comprises the founders and other persons involved in the founding of the Group, namely:

	Approximate percentage shareholding
Provence Investment Pte Limited, a company controlled by our Director, Mr. André Hoffmann	10.02%
Mr. Olivier Baussan	3.42%
Lecorsier Finance S.A.	3.25%
Mr. Peter Reed, our Chief Financial Officer, Asia Pacific	1.53%
Mr. Emmanuel Osti, our Director	1.46%
Whitelight Serviços de Consultadoria Lda	1.60%
Ms. Dominique Maze-Sencier, the wife of our Chairman Mr. Reinold Geiger	0.10%

The principal purposes of the Leveraged Management Buyout were to allow certain of our then existing direct shareholders to monetise all or part of their shareholding in our Company. Further, the Leveraged Management Buyout created a shareholder profile of our Company which better reflects the managerial and operational roles of directors, managers and employees who are also our shareholders, because following the Leveraged Management Buyout the shareholding of our financial investors, namely Société Chasselas Investissements S.A. and Clarins Groupe S.àr.l, decreased from approximately 18.5% and 23% to approximately 6.5% and 10% respectively, whilst the shareholding of our Directors, employees and other shareholders increased from 5.2% to 5.6%.

OUR HISTORY, CULTURE AND CORPORATE STRUCTURE

For the purposes of implementing and achieving the objectives of the Leveraged Management Buyout, our current holding company, LOG, was newly established. Pursuant to and upon completion of the Leveraged Management Buyout, our then existing direct shareholders became shareholders of LOG, whilst LOG became our sole direct shareholder. Immediately following completion of the Leveraged Management Buyout in October 2007, our simplified shareholding structure was as follows:



-
- (1) Mr. Henri Biard was a Director of our Company who resigned as a Director with effect from 30 September 2008. Mr. Biard is only a passive financial investor in LOG and in the past had not been involved in any operational, managerial or executive functions relating to our Group. Mr. Biard will therefore remain as a director of LOG but has resigned as a Director of our Company.
- (2) Immediately prior to completion of the Leveraged Management Buyout, Société Chasselas Investissements S.A. held directly and indirectly in aggregate approximately 18.5% of the then issued share capital of our Company, of which (a) part of its holdings were contributed to LOG in return for the issue to Société Chasselas Investissements S.A. of 1,368,473 new LOG shares, representing approximately 6.5% of the enlarged issued share capital of LOG and (b) part of its holdings were transferred to LOG and the consideration for such transfer was settled by way of part cash and a subordinated loan of €100 million which is due for repayment by LOG in 2014.

OUR HISTORY, CULTURE AND CORPORATE STRUCTURE

(3) Comprises the founders and other persons involved in the founding of the Group, namely:

	Approximate percentage shareholding
Provence Investment Pte Limited, a company controlled by our Director, Mr. André Hoffmann	14.60%
Mr. Olivier Baussan	4.54%
Lecorsier Finance S.A.	4.83%
Mr. Peter Reed, our Chief Financial Officer, Asia Pacific	1.21%
Mr. Emmanuel Osti, our Director	1.50%
Whitelight Serviços de Consultadoria Lda	2.39%
Ms. Dominique Maze-Sencier, the wife of our Chairman Mr. Reinold Geiger	0.16%

The table below summarises the change in the approximate effective indirect percentage shareholding of the following shareholders in our Company following the Leveraged Management Buyout:

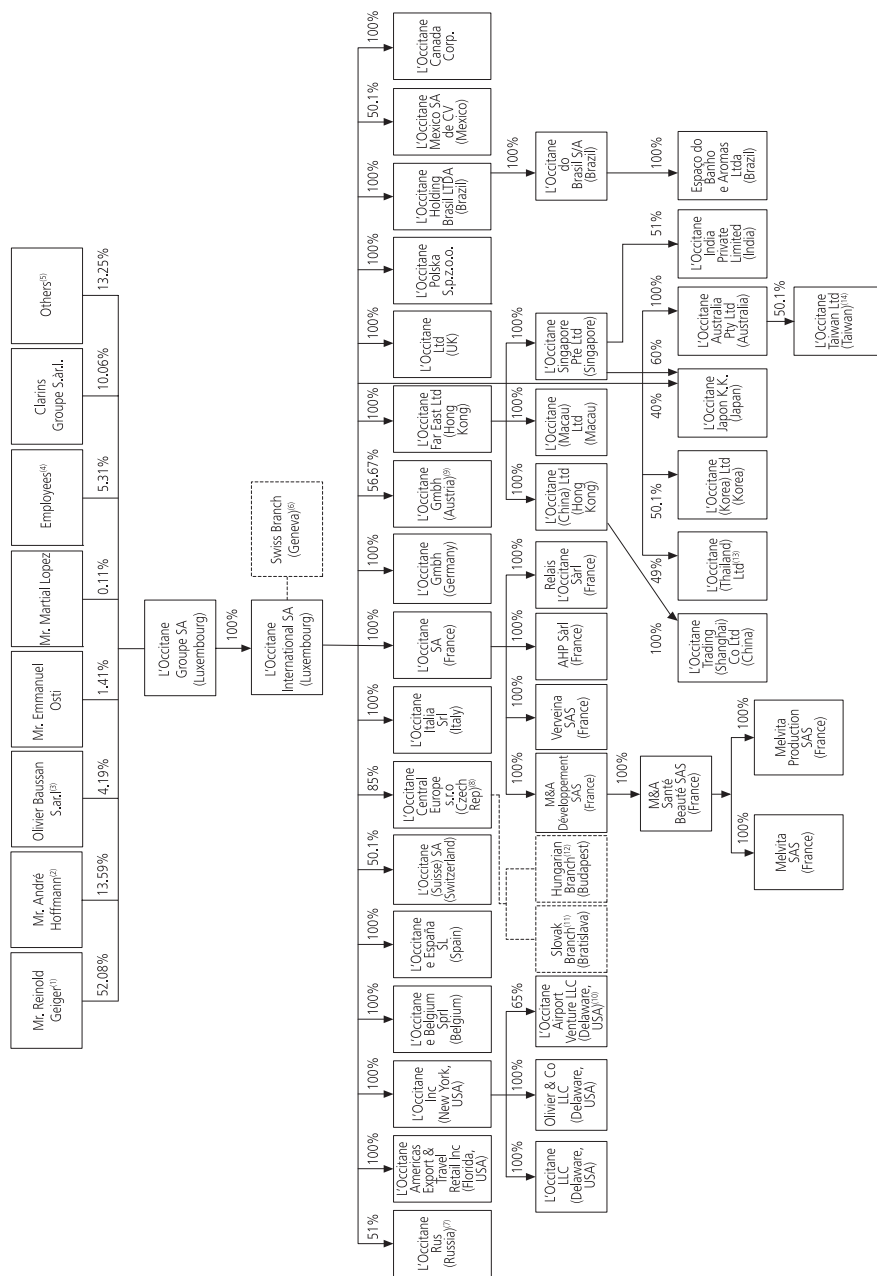
Name of shareholder	Approximate effective direct and indirect percentage shareholding in our Company immediately before the Leveraged Management Buyout	Approximate effective direct and indirect percentage shareholding in our Company immediately after the Leveraged Management Buyout
Mr. Henri Biard	18.5%	6.5%
Mr. Reinold Geiger	31.9%	48.7%
Clarins Groupe S.à.r.l	23.0%	10.0%
Founder Group	21.4%	29.2%
Directors, employees and other shareholders	5.2%	5.6%

The Leveraged Management Buyout took place from around May 2007. As at 31 March 2007, our Company's net asset value was €142,282,000. The aggregate consideration for the acquisition of our Company pursuant to the Leveraged Management Buyout was approximately €755.1 million, which was valued principally using the discounted cash flow method on the basis of various assumptions including growth potential and new store opening numbers. LOG settled the aggregate consideration by (i) the issue of LOG shares valued at fair value at approximately €462.0 million to the then existing shareholders of our Company and (ii) cash of approximately €293.1 million. The cash portion paid by LOG was financed by a combination of (i) a medium term senior credit facility in the amount of €205 million (of which €200 million had been drawn as of 31 December 2009) and (ii) a subordinated loan of €100 million from Société Chasselas Investissements S.A., a shareholder of our Company immediately prior to completion of the Leveraged Management Buyout but otherwise an independent third party to our Group.

OUR HISTORY, CULTURE AND CORPORATE STRUCTURE

At the same time, a capex facility of €50 million with a repayment term of seven years repayable in four equal instalments from the fourth year was granted by the same lending syndicate to us. Further, at the same time, a revolving credit facility of €25 million was granted to us. These facilities were granted to us for the purpose of our business and operations and were otherwise unrelated to the Leveraged Management Buyout. LOG had provided guarantees to the lending syndicate to secure, among other things, our repayment and other obligations under these facilities granted to us. The guarantees granted to secure our repayment and other obligations will be fully released upon or before completion of the Global Offering. LOG had also pledged the Shares held by it in favour of the lending syndicate in relation to the facilities described above. The share pledge will be released in respect of the Offer Shares upon or before completion of the Global Offering, and none of any remaining security interest over any of LOG's Shares will be held to secure any obligations of our Company or any of our subsidiaries.

The following diagram sets out our shareholding and corporate structure immediately prior to completion of the Global Offering:



- (1) Mr. Reinold Geiger indirectly holds 51.94% of LOG through a directly wholly owned company called Société d'Investissements Cime S.A., and is deemed under SEO interested in the shares in LOG held by his wife.
- (2) Mr. André Hoffmann indirectly holds 13.59% of LOG through a company controlled by him called Provence Investment Pte Limited.
- (3) Mr. Olivier Baussan, our founder and previously a Director who resigned with effect from 30 September 2008, has a majority shareholding in Olivier Baussan S.r.l.

- (4) Includes shares held by over 50 employees, including members of Senior Management set out in the section headed "Directors, Senior Management and Employees – Senior Management" other than Mr. David Boynton. Such members of Senior Management together hold approximately 3.85% of the issued share capital of LOG immediately prior to completion of the Global Offering and their approximate individual percentage shareholding in LOG immediately prior to completion of the Global Offering are as follows:
- | | |
|------------------------|-------|
| Peter Reed | 1.15% |
| Bernard Chevillat | 0.80% |
| Cécile de Verdelhan | 0.40% |
| Emmanuel de Courcel | 0.23% |
| Etienne de Verdelhan | 0.17% |
| Marcin Jasiak | 0.11% |
| Jean-Louis Pierrisnard | 0.04% |
| Olivier Ceccarelli | 0.26% |
| Shiho Takano | 0.48% |
| Christophe Amigorena | 0.08% |
| Philippe de Brugiere | 0.11% |
| Kenny Choy | 0.01% |
- (5) Represents shares held by (i) Société Chasselas Investissements S.A., Lecorsier Finance S.A. and Whitelight Serviços de Consultadoria Lda, each of whom individually hold less than 10% of LOG and each of whom is an independent third party; (ii) LS Holding Company Limited, our previous joint venture partner which previously owned 49% of our subsidiary, L'Occitane (China) Limited and (iii) our employee shareholding fund which holds shares in LOG and the beneficiaries of which are certain of our employees.
- (6) Manages the export (that is, sales outside France) business of our Group.
- (7) 49% of the issued share capital of L'Occitane Rus is held by our joint venture partner Mr. Anton Lyubimov, who is also a director of L'Occitane Russia but is otherwise an independent third party.
- (8) 15% of the issued share capital of L'Occitane Central Europe s.r.o. is held by our joint venture partner, Mr. Jozef Rams, who is a director of L'Occitane Central Europe s.r.o. but is otherwise an independent third party.
- (9) 43.33% of the issued share capital of L'Occitane GmbH (Austria) is held by our joint venture partner Ms. Elizabeth Hayek, who is also a director of L'Occitane GmbH (Austria) but is otherwise an independent third party.
- (10) 35% of the issued share capital of L'Occitane Airport Venture LLC is held by our joint venture partner Corliss Stone LLC, who other than its shareholding in L'Occitane Airport Venture LLC is an independent third party.
- (11) Manages and operates the distribution of L'Occitane products in the Slovak Republic, where we had two Own L'Occitane Stores as at 28 February 2010.
- (12) Manages and operates the distribution of L'Occitane products in Hungary, where we had seven Own L'Occitane Stores as at 28 February 2010.
- (13) 51% of the issued share capital of L'Occitane (Thailand) Ltd is held by our joint venture partners, Ms. Nunthinee Sudirak and Mr. Harald Link, who other than their Shareholding in L'Occitane (Thailand) Ltd are independent third parties. We have an option to acquire an additional 2% of the then total issued share capital from the other shareholders at an aggregate consideration of THB200 when we are entitled to do so under Thai laws, which currently do not permit an entity not incorporated in Thailand to hold a majority of the issued share capital of a Thailand-incorporated company. As we control the composition of its board of directors, L'Occitane (Thailand) Ltd is a subsidiary of our Company.
- (14) Of the remaining issued share capital of L'Occitane Taiwan Ltd, 13.13% is held by Albert Investment Ltd, 18.385% is held by Tu-Lian International Development Co., Ltd. and 18.385% is held by Hong Kuan Industrial Ltd, each an independent third party.

(15) Following completion of the Leveraged Management Buyout, there were some changes to the share capital of LOG, which resulted in minor changes in the percentage shareholding held by certain LOG shareholders. Following completion of such changes, the shareholding of LOG as at 31 March 2010 were as follows:

Société d'Investissements Cime S.A.	51.9%
Société Chasselas Investissement	6.0%
Société Provence Investissement	13.6%
Mr. Peter Reed	1.2%
Whitelight Servicios de Consultadoria Lda	2.2%
Ms. Dominique Maze-Sencier	0.2%
Mr. Emmanuel Osti	1.4%
Olivier Baussan Sarl	4.2%
Société Lecorsier Finance S.A.	4.4%
Clarins Groupe Sarl	10.1%
Employees & other management	4.8%
Total	100.0%

The organizational chart illustrates the corporate structure of L'Occitane International SA, starting from its shareholders and branching into various regional and functional subsidiaries.

- Shareholders:** L'Occitane Groupe SA (Luxembourg) and Other Shareholders.
- L'Occitane International SA (Luxembourg):**
 - Swiss Branch¹ (Geneva):** (Dashed box)
 - Regional Subsidiaries:**
 - L'Occitane Rus (Russia)²:** 51% ownership.
 - L'Occitane America Export & Travel Retail Inc. (Florida, USA):** 100% ownership.
 - L'Occitane Inc. (New York, USA):** 100% ownership.
 - L'Occitane Belgium Sprl (Belgium):** 100% ownership.
 - L'Occitane España SL (Spain):** 100% ownership.
 - L'Occitane (Suisse) SA (Switzerland):** 50.1% ownership.
 - L'Occitane Central Europe s.r.o. (Czech Rep)³:** 85% ownership.
 - L'Occitane Italia Srl (Italy):** 100% ownership.
 - L'Occitane SA (France):** 100% ownership.
 - L'Occitane GmbH (Germany):** 100% ownership.
 - L'Occitane GmbH (Austria)⁴:** 56.67% ownership.
 - L'Occitane Far East Ltd (Hong Kong):** 100% ownership.
 - L'Occitane Ltd (UK):** 100% ownership.
 - L'Occitane Polska S.p.z.o.o.:** 100% ownership.
 - L'Occitane Holding Brasil LTDA (Brazil):** 100% ownership.
 - L'Occitane Mexico SA de CV (Mexico):** 50.1% ownership.
 - L'Occitane Canada Corp.:** 100% ownership.
 - Functional Subsidiaries:**
 - L'Occitane (Delaware, USA):** 100% ownership.
 - Oliver & Co LLC (Delaware, USA):** 100% ownership.
 - L'Occitane Airport Venture LLC (Belgium, USA)⁵:** 65% ownership.
 - L'Occitane Trading (Shanghai) Co. Ltd (China):** 100% ownership.
 - L'Occitane (Thailand) Ltd (Thailand)⁶:** 49% ownership.
 - L'Occitane (Korea) Ltd (Korea):** 50.1% ownership.
 - L'Occitane Australia Pty Ltd (Australia):** 100% ownership.
 - L'Occitane Japon K.K. (Japan):** 60% ownership.
 - L'Occitane India Private Limited:** 51% ownership.
 - Espero do Banho e Aromas Ltda (Brazil):** 100% ownership.
 - L'Occitane Taiwan Ltd (Taiwan)⁷:** 50.1% ownership.
 - M&A Subsidiaries:**
 - M&A Développement SAS (France):** 100% ownership.
 - M&A Santé Beauté SAS (France):** 100% ownership.
 - M&A Melvira SAS (France):** 100% ownership.
 - M&A Melvira Production SAS (France):** 100% ownership.

- (1) Manages the export (that is, sales outside France) business of our Group.
- (2) 49% of the issued share capital of L'Occitane Rus is held by our joint venture partner Mr. Anton Lyubimov, who is also a director of L'Occitane Russia but is otherwise an independent third party.
- (3) 15% of the issued share capital of L'Occitane Central Europe s.r.o. is held by our joint venture partner, Mr. Jozef Rams, who is a director of L'Occitane Central Europe s.r.o. but is otherwise an independent third party.
- (4) 43.33% of the issued share capital of L'Occitane GmbH (Austria) is held by our joint venture partner Ms. Elizabeth Hayek, who is also a director of L'Occitane GmbH (Austria) but is otherwise an independent third party.
- (5) 35% of the issued share capital of L'Occitane Airport Venture LLC is held by our joint venture partner Corliss Stone LLC, an independent third party.
- (6) Manages and operates the distribution of L'Occitane products in the Slovak Republic, where we had seven Own L'Occitane Stores as at 28 February 2010.
- (7) Manages and operates the distribution of L'Occitane products in Hungary, where we had three Own L'Occitane Stores as at 28 February 2010.
- (8) 51% of the issued share capital of L'Occitane (Thailand) Ltd is held by our joint venture partners, Ms. Nunthinee Sudirak and Mr. Harald Link, independent third parties. We have an option to acquire an additional 2% of the then total issued share capital from the other shareholders at an aggregate consideration of THB200 when we are entitled to do so under Thai laws, which currently do not permit an entity not incorporated in Thailand to hold a majority of the issued share capital of a Thailand-incorporated company. As we control the composition of its board of directors, L'Occitane (Thailand) Ltd is a subsidiary of our Company.
- (9) Of the remaining issued share capital of L'Occitane Taiwan Ltd, 13.13% is held by Albert Investment Ltd, 18.385% is held by Tu-Lian International Development Co., Ltd. and 18.385% is held by Hong Kuan Industrial Ltd, each an independent third party.

OVERVIEW

The Company is a global, natural and organic ingredient-based cosmetics and well-being products enterprise with strong regional roots in Provence. We are committed to bringing products of the highest quality under the L'Occitane brand to our customers around the world. We design, manufacture and market a wide range of cosmetics and well-being products based on natural and organic ingredients sourced principally from or near Provence. Our L'Occitane products include:

- Body care: including body lotions and creams, body scrubs and sun protection lotions.
- Face care: including facial moisturisers and treatment products, face wash, face masks, face scrubs, sun protection lotions and lip glosses.
- Fragrances: including eau de toilette and eau de parfum.
- Hair care: including shampoos and conditioners.
- Toiletries: including soap bars, shower gels, bath products and deodorant for men and women.
- Men's grooming: including shaving creams, after shave balms, facial moisturisers and eaux de toilette.
- Home fragrances: including home perfumes and perfumed candles.

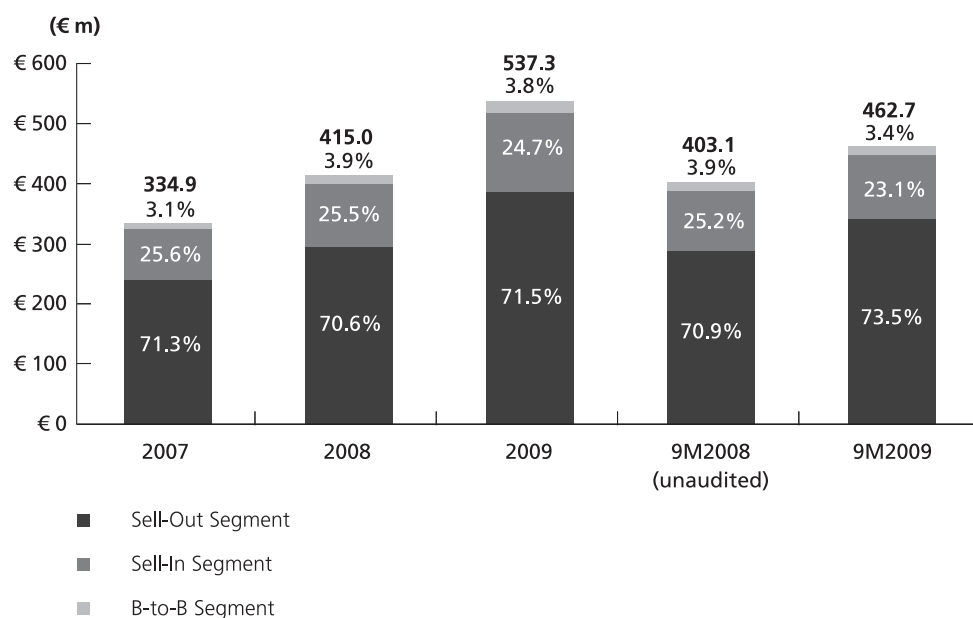
The L'Occitane brand and its first line of products was created in 1976 by our founder, Mr. Olivier Baussan. Mr. Baussan, who is still involved in our Company as our creative consultant, opened the first L'Occitane store in 1978 in Provence. Mr. Reinold Geiger took control of our business in 1996 and under his leadership, our sales and distribution have expanded significantly and our L'Occitane products are now sold in over 80 countries through over 1,500 retail locations which sell exclusively L'Occitane products and are decorated with a standardised L'Occitane design, of which as of 28 February 2010, 753 were our Own L'Occitane Stores, 470 were stores operated by third party distributors and 294 were operated by our airport and duty-free store customers. Our three largest markets in terms of sales for the nine months ended 31 December 2009 were Japan, the United States and France. For the year ended 31 March 2009 and the nine months ended 31 December 2009, we generated sales of approximately €537.3 million and approximately €462.7 million, respectively and profit attributable to equity holders of approximately €58.4 million and approximately €66.4 million, respectively.

We are committed to developing high quality products that are rich in natural ingredients and essential oils. Our research and development facilities and policies are focused on achieving this objective. We believe that one of the key attractions of L'Occitane products is the quality and the use of natural ingredients with traceable origins.

We develop almost all of our products ourselves and manufacture a significant portion of our products at our manufacturing plants in Manosque and Lagorce. We mainly sell our products directly to end customers through our Sell-Out Segment which principally comprises our Own L'Occitane Stores (being our own L'Occitane boutiques and department store corners which are directly managed and operated by us) but also includes our own internet-shopping websites, mail-

order, spas and cafés. For the nine months ended 31 December 2009, 73.5% of our sales were derived from sales made through our Sell-out Segment. Approximately 23.1% of our sales for the same period were made through our Sell-in Segment, which comprises sales of our products to resellers, including locations not managed and operated by us such as distributors, wholesalers, airports and duty free stores, department stores and home-shopping television networks. This segment also includes sales of products to corporate customers that use the products as gifts, for instance, to employees or customers. The remaining portion of our sales are made through our B-to-B Segment which comprises sales of our products to intermediates, such as hotels and airlines that provide our products as free amenities to their customers.

For the three years ended 31 March 2009, our compound annual growth rate, or CAGR, of net sales was 26.7%. The following diagram shows the proportion of sales generated by our Sell-Out Segment, our Sell-In Segment and B-to-B Segment for the three years ended 31 March 2009, and for the nine-month periods ended 31 December 2008 and 2009:



Our L'Occitane brand currently represents the core of our business, but we also have two other brands of cosmetics and personal care products, namely Melvita and Le Couvent des Minimes. Melvita is a leading brand in the organic and personal care market in France that we have started to launch internationally in order to capture the growth of the fast growing organic segment within the natural cosmetics market. Le Couvent des Minimes offers a short range of well-being products, based on natural ingredients, mainly distributed in France in multi-brand perfumeries that enables us to better cover the natural cosmetics market.

Sales from Melvita represented 3.6% and 3.3% of our Group's total net sales for the year ended 31 March 2009 and the nine months ended 31 December 2009, respectively, while sales from Le Couvent des Minimes represented 0.4% of our Group's total net sales for both of those periods. Although these brands do not currently contribute a significant portion of our total revenues and we currently consider ourselves to be a single-brand company marketing principally under the L'Occitane brand, we intend to develop these brands, as well as any other brands we may acquire

or create in the future, and increase their weight in our brand portfolio. Please see further details regarding our development strategies for these brands in the section headed “— Our Products — Our Other Brands” below.

COMPETITIVE STRENGTHS

Global brand with strong regional roots in Provence

We are a global brand of natural ingredient-based cosmetics and well-being products company that continues to be strongly rooted in our place of birth, Provence. Our brand has a strong emotional identity evocative of its roots in Provence. This connection to Provence is established and reinforced principally by the fact that for over 30 years, the fields of Provence and Provençal traditions and techniques have been the inspiration behind our products. To this day, a significant portion of our products are developed and produced in the small Provençal town of Manosque and we source most of our key ingredients from Provence and its surrounding areas. Our packaging and our store décor are designed to tell stories about the Provençal origins and traditions of the key ingredients used in our products. We believe that a combination of our marketing plans, our packaging and our store décor create a strong emotional connection between the uniqueness of the L'Occitane brand and our customers' desire to purchase products that are based on natural ingredients of traceable origins sourced from or near Provence.

We consider our L'Occitane brand to be strongly associated with these values and we believe that this distinguishes us from our competitors and enables us to charge premium prices and position our products towards the higher end of the market.

Integrated business model which facilitates an efficient product mix, speed to market and high quality products

We operate an integrated business model in which we closely control both our manufacturing and distribution network. We develop almost all of our products ourselves and manufacture a significant portion of our products at our own manufacturing plants in Manosque and Lagorce. We sell our products principally through our Own L'Occitane Stores.

A key element of our integrated business model is that we maintain a close dialogue between our frontline sales staff, our marketing team and our research and development team to allow us to quickly and effectively respond to changes in consumer demand and preferences. For instance, any trends or seasonal demands identified by our frontline sales staff at our Own L'Occitane Stores around the world are promptly and directly communicated to our management, including our marketing, research and development team, in France. For example, in 2007 we launched the Rose facial spray in Japan as a result of successful customer feedback.

We adjust our product portfolio, including by developing and launching new products, in response to such customer feedback. This is complemented by our strong product development capability, which allows us to develop a wide range of new products within a relatively short period of time, thereby enabling us to introduce new incremental products as well as to respond promptly to changes in market demand. In most countries, our vertically integrated business model enables us to have a relatively short time of approximately 10 to 12 months to market from conception of a product to its production and launch in most markets. This enables us to respond promptly to changes in market demand.

This close relationship between our sales, marketing, research and development and production teams, allows us to educate consumers promptly and directly about and create interest in novel products developed by us which are new to the market.

Our integrated business model is complemented by an effective inventory and supply chain management system, thereby enabling costs and inventory to be effectively managed and kept at acceptable levels.

High quality products made with ingredients of traceable origins and respect for the environment

Our research and development and marketing teams are dedicated to creating high quality products devoted to well-being and the pleasure of taking care of oneself. Our production methods follow strict internal guidelines. We require our raw material suppliers to harvest or manufacture our ingredients under strict rules and we conduct on-site inspection of some of our suppliers annually. We strive to use high quality, traceable, natural ingredients (*appellation d'origine contrôlée*, organic agriculture, local farming communities and sustainable program).

Occasionally, we may use synthetic or semi-synthetic ingredients such as emulsifiers, fragrances and preservatives when no reliable and effective natural alternative exists.

We develop our products according to the principles of phytotherapy and aromatherapy. We never use animal products or by-products as ingredients in our products, except for honey, royal jelly and propolis.

We create patented formulas and test our products under dermatological and medical supervision for safety. We believe that, from the texture to its fragrance, a L'Occitane product is devised to offer a moment of performance, well-being and sensory delight.

Strong network of Own L'Occitane Stores located at prime locations augmented by other complementary distribution channels

We sell our products principally directly to end customers through our Own L'Occitane Stores, being our own chain of L'Occitane boutiques and department store corners situated at prime retail locations which we directly manage and operate. For the year ended 31 March 2009 and the nine months ended 31 December 2009, approximately 66.5% and 67.9% of our revenue was derived from sales made through our Own L'Occitane Stores respectively. As at 28 February 2010, we had 753 Own L'Occitane Stores in 27 countries.

One of our key strengths is that we sell the majority of our products directly to end customers through our Own L'Occitane Stores, and supplement this network of own stores with other complementary distribution channels.

We directly operate and manage our Own L'Occitane Stores, which gives us total control over their setting and direct contact with our customers, thereby allowing us to optimise our marketing efforts directly to customers as well as directly instilling in our customers the L'Occitane brand image and atmosphere which we create and express through the setting of our stores. Further, we are able to train our sales staff directly to strengthen their skills and enhance their knowledge. This enables us to provide a consistent and high standard of service to our customers, which we believe is critical in maximising customer satisfaction. Our direct access to our customers provides us with

immediate feedback on customer preferences and needs, which are communicated to our marketing, research and development teams. This allows us to develop products which address our customers' demand and hence optimise our product mix. We also prefer opening our Own L'Occitane Stores and managing them directly because operating our own stores enables us to retain all of our profits.

Our other distribution channels are also important as they supplement our Own L'Occitane Store network to make our L'Occitane products readily available to customers worldwide. These other distribution channels include distributors, wholesalers, airport and duty free stores, department stores, our own internet-shopping websites and home shopping television networks. Our B-to-B customers such as hotels and airlines enables us to further promote the awareness and trial of our brand to targeted customers.

Extensive sales network around the world with controlled, profitability-driven growth

Our L'Occitane products are currently sold in over 80 countries through over 1,500 retail locations which sell exclusively L'Occitane products and are decorated with a standardised L'Occitane design, of which as of 28 February 2010, 753 were our Own L'Occitane Stores. Our worldwide presence enables our L'Occitane brand name to be easily recognised and established in new markets. Our presence in such a diverse number of locations also means that we are well positioned to be able to quickly respond to and take advantage of any expected strong economic growth or other positive market developments, such as any expected increase in consumer spending power or demand, in any particular region. We believe that certain countries, such as China, Brazil, India, Mexico and Russia present strong growth opportunities for us and our existing presence and knowledge of these national markets will allow us to more easily capture any growth opportunities. Our presence in various regions and national markets also means that we are not overly reliant on any particular market.

We adopt a systematic, profitability-driven expansion policy as opposed to an expansion policy primarily focused on increasing our market share. We adopt a stringent store opening policy, the effectiveness of which is reflected in the strong financial performance of our stores. Please see "Markets and Distribution — Description of Sell-Out Segment" below for a more detailed description of our new store opening policy. This systematic approach allowed us to successfully expand from approximately 448 Own L'Occitane Stores as of 31 March 2007 to 753 Own L'Occitane Stores as of 28 February 2010.

We also regularly monitor and appraise the performance of our existing network of Own L'Occitane Stores. We conduct such assessments at least annually, and focus principally on total sales contribution, total rental expense and total operating costs. Through such regular assessment, we are able to identify stores whose actual results do not meet our expectations or standards. We would explore with the managers of these stores methods to increase sales such as launching more advertising and marketing campaigns. If after such alterations a store still fails to achieve our pre-defined return targets, we might discontinue such store and re-evaluate other distribution methods to conduct business in a particular region.

Highly effective marketing directly to end customers creating a loyal customer base

We market our products to customers principally through marketing directly at our Own L'Occitane Stores. As our Own L'Occitane Stores are directly managed and operated by us, we are able to control directly the marketing and promotion of our products and our brand to our customers. This gives us a high degree of control over the development and reinforcement of our brand name and image, and enables us to educate our customers directly about our products and values.

We study the needs of our existing customers through our global retail management system and strive to bring to them high quality products that serve their needs. In Asia we operate a customer loyalty programme, and in our other key markets we maintain databases of our existing customers who have joined our mailing lists, which allow us to tailor our marketing to address the needs and preferences of these customers. We conduct marketing directly and promotions exclusively to our loyalty membership and mailing list customers. We believe that customised, targeted marketing to our loyalty membership and mailing list customers has enabled us to establish a strong brand loyalty from them. See "Sales and Marketing — Customer Loyalty Program".

We strive to give our existing and new customers a reason to visit or revisit our stores through carefully managed marketing campaigns and frequent introduction of new products. We introduced approximately 115 new products during the year ended 31 March 2009, of which 87 were completely new products which were never sold before (including for example Immortelle Very Precious Regenerating Concentrate, Citrus Verbena Body Sorbet and Almond Mist Concentrate), and approximately 28 were improved and/or altered versions of products which had previously been sold (including for example Aromachologie Repairing and Volumizing Shampoos and Conditioners, Shea Butter Ultra Rich Body Cream and Citrus Verbena Shower Gel). For the year ended 31 March 2009, these new products accounted for a significant part of new sales (a sale is counted as a new product sale in a financial year if such product is sold within 12 months after it is launched). Because we conduct a majority of our sales through our Own L'Occitane Stores, we can effectively deliver our marketing messages through controlled, frequent renewal of our own window displays and new product launches.

We also believe that launching marketing campaigns in our Own L'Occitane Stores offers us a competitive advantage as it eliminates the need to compete for advertising space or pay a premium for such space. Our specially designed store décor and our regular launch of new products, together with our frequent renewal of window displays, are designed to make shopping for cosmetics and well-being products an enjoyable Provençal shopping experience all year long, thereby encouraging new and repeated visits to our Own L'Occitane Stores.

Professional and experienced management team with proven track record of delivering sustainable growth and profitability

We have a strong management team which is characterised principally by its continued commitment to our Company, its culture of balanced entrepreneurship and professionalism, and the diversity of background and extensive experience of its members:

- **Continued commitment.** Our management team has shown a loyal, continued commitment to our Company. The members of our senior management have, on average, served our Company for over seven years. Our founder, Mr. Olivier Baussan, who founded L'Occitane in 1976, is still involved in our Company as our creative consultant and is actively involved in the

research and marketing of our products. Mr. Reinold Geiger, our Chairman, has led our Group since 1996 when he took control and, under his leadership, we have expanded internationally and experienced a period of strong growth.

- **Balanced entrepreneurship and professionalism.** Our management team is characterised by a culture of balanced entrepreneurship and professionalism, whereby our managers are encouraged to take calculated risks in our best interests, whilst always applying professional care and judgment to decision making.
- **Diverse background and extensive experience.** Our management team of professional managers with diverse ethnic and professional backgrounds as well as a variety of personal interests has nurtured a culture which encourages flexibility and open-mindedness in the development and delivery of consistently high quality products that answer our customers' needs and demands. Our management team is also responsible for instilling our customer-focused corporate culture with a respect for mankind and the environment throughout our operations globally. This has created a dedicated and united vision for the Group amongst not only our management but also our staff.

BUSINESS STRATEGIES

Further expand our L'Occitane brand distribution in high-growth emerging markets and in developed markets where our L'Occitane brand has not yet achieved a mature presence, through controlled, profitability-driven expansion of our own store network

We intend to expand our presence in high-growth emerging markets such as China, Brazil, Russia, India and Mexico. We also intend to further penetrate markets where L'Occitane has not yet achieved a mature presence such as, for example Japan, the US, the UK, Germany and Korea.

We will continue to adopt a systematic, profitability driven expansion policy whereby our principal consideration in deciding whether to establish a new store is the store's expected contribution to our profits. We intend to open new stores subject to expected rate of investment return, and would not normally establish a new store merely to gain market share.

In order to continue our effective strategy of marketing directly to customers, we will aim to expand our network through establishing our Own L'Occitane Stores. In parallel, we intend to expand and develop further our airport and duty free stores and our own internet-shopping distribution channels. We believe that as we continue to develop our brands globally through carefully planned marketing campaigns, our ability to offer our products to customers both on the internet and in airport and duty free stores at major airports worldwide will increase the access to our brand and generate sales at locations where we do not currently have a strong presence. More importantly, airport and duty free stores and the internet will increase our brand visibility to our existing and potential customers worldwide and will attract them to visit the L'Occitane stores that are closely located to them. We will also continue to experiment with non-traditional distribution strategies such as L'Occitane branded spas and cafés, which will enhance our brand image, raise customer awareness and increase market share.

Enhance, protect and maintain the unique identity of the L'Occitane brand and manage our product portfolio for future growth

We aim to continue to reinforce and promote our L'Occitane brand as a brand which emphasises quality, from raw materials to our finished products, and respect for mankind and the environment. Further, we intend to strengthen the unique association of our brand with our birthplace, Provence, through continued use of natural ingredients sourced in or around the area. We also aim to continue to create distinctive packaging for our products to complement and convey the image of our L'Occitane brand, thereby enhancing and reinforcing our brand identity.

We intend to leverage on our widely recognised brand name to expand in existing markets with growth potential, as well as enter into new markets. We will seek to conduct new product development diligently and in a manner complementary to such expansion, with the principal guiding factor for our research and development efforts being to introduce, in a timely manner, products that address prevailing and expected changes in customer demand in all our markets as well as complementary products to our current portfolio to better service our customers. In addition, we aim to continue to maintain flexibility in our product development, including moving into other product categories where appropriate.

Continue to develop new authentic products with superior quality and innovative applications of traditional ingredients, with a particular focus on face care products

We intend to continue to invest and leverage on our strong research and development capability and apply our expertise and experience in the research and development of natural ingredients for innovative applications to improve our existing product lines as well as create new products.

To this end, we will keep exploring Provence, its traditions and natural resources to develop new authentic products, and continue to maintain the close dialogue between our marketing team, research and development team and our frontline sales staff around the world so that their direct observations on customer behaviour and preference can be immediately integrated in new product development efforts.

We believe that face care is a growing market in all the regions where we operate. We also believe that it is one of the best markets to create brand loyalty. Our face care products have historically enjoyed higher average margins than most of our other products. We will therefore continue to place a particular focus on the face care segment and strive to further build our brand credibility by creating different and innovative products that will prove to be popular with our customers.

Strengthen our effective marketing efforts directly to customers by actively building our customer database and enhancing our customer loyalty program

We intend to continue strengthening our marketing efforts directly to customers. We plan to keep actively building our customer database and enhance our customer loyalty program tailor-made to our customers in our various markets. We also intend to continue to innovate and expand on the forms of marketing directly to customers and promotion of our products, as well as continue to reinforce the image and atmosphere associated with our L'Occitane brand through our store settings and atmosphere. We will also further improve the quality of our service in stores to enhance our customers' shopping experience.

Develop our portfolio of brands to capture the organic market through the international development of our newly acquired Melvita brand and other potential market opportunities by establishing, in the future, additional brands recognised for their own distinct characteristics

We intend to enter into other high growth cosmetics markets through natural growth and acquisitions. For example, we believe that the market for organic cosmetics has high growth potential. We have recently acquired Melvita, a leading brand of organic ingredient-based cosmetics and well-being products based in France. With over 25 years of experience in developing, manufacturing and selling organic ingredient based cosmetics and personal care products, Melvita is a leading brand on the French organic cosmetics and personal care market. We have started to develop Melvita internationally and turn it into one of our key brands, as well as leverage of M&A SAS' expertise in research and development to enhance our operations relating to our L'Occitane brand. With our acquisition of Melvita, we intend to transform our business from a single-brand of natural ingredient-based cosmetics and well-being products to a unique group of natural and organic ingredient-based cosmetics and well-being products under a number of brands. Please see the section headed "— Our Products — Our Other Brands — Melvita" for further details.

We also intend to develop our Le Couvent des Minimes brand in distribution channels where our L'Occitane brand is not present and which represent potential business opportunities, including principally perfumery chains and specialty stores, and department stores. By doing so we aim at protecting our L'Occitane brand from competition in distribution channels where it does not operate and increasing our global market share of the natural ingredient-based cosmetics and well-being products market.

Subject to market conditions and opportunities, we plan to acquire existing brands which we consider to be of high quality and to have potential for development and which have a product portfolio that is complementary to ours. Our L'Occitane, Melvita and Le Couvent des Minimes brands are complementary to each other through their distinctive characteristics and target customers. Moving forward, we will make sure to maintain and enhance each of these brands' distinctive and unique identity. We will apply the same principles and growth strategy as those applied successfully by us to the L'Occitane brand to achieve the growth that it enjoyed, suitably adapted to reflect the particular brand's own unique identity.

OUR PRODUCTS

Overview

We design, manufacture and market a wide range of cosmetics and well-being products under the L'Occitane brand based on natural ingredients sourced principally from or near Provence. Today, our L'Occitane brand is our key brand through which we derived the majority of our sales. In line with the high quality products associated with our L'Occitane brand, our L'Occitane brand is placed towards the high end of the natural cosmetics market.

L'Occitane products

We currently manufacture seven broad categories of products under the L'Occitane brand: face care, fragrances, body care, hair care, toiletries, men's grooming and home fragrances. Within each product category, we have different lines of products, many featuring a distinct principal ingredient and addressing a specific need or skin type. We develop and market our products based on these

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principal ingredients. We often choose natural ingredients that our competitors have not previously used as raw materials. We market each of our main lines of products with a story based on the raw materials used as the key ingredient for that product line. The following table shows the different lines of product produced in our main product categories:

	Face care	Fragrances	Body care	Hair care	Toiletries	Men's grooming	Home fragrances
Almond			✓		✓		
Almond Apple . .	✓						
Cade	✓				✓	✓	
Cherry Blossom . .		✓	✓		✓		✓
Green Tea		✓	✓		✓		✓
Honey and Lemon		✓	✓		✓		
Immortelle	✓		✓				
Lavender		✓	✓	✓	✓		✓
Olive	✓		✓	✓	✓		
Red Rice	✓						
Rose		✓	✓	✓	✓		
Shea Butter	✓		✓	✓	✓		
Verbena		✓	✓	✓	✓		✓
Shea & Cotton . .	✓						

Our L'Occitane products are targeted at male and female customers looking for natural well-being and who value a certain "art de vivre", with a core target on the 25 to 54 age group. L'Occitane customers generally belong to the middle to high income group.

Body care

Body care is currently the most important product category for L'Occitane in terms of retail sales. L'Occitane currently has five main body care lines. L'Occitane's most important body care line in terms of retail sales is the Shea Butter line.



The principal ingredient in the Shea Butter line is shea butter. Shea butter is derived from fat extracted from the fruit of the shea tree harvested in Burkina Faso pursuant to a fair-trade sustainable development program that we initiated in 1989. Our Shea Butter line of body care products is designed to provide nourishing care and protection for dry skin.

In line with our corporate culture which emphasises respect for mankind and the environment, we have also initiated social programs in Burkina Faso to improve the lives of local women. We believe that our Shea Butter products reflect our strong research and development expertise resulting in high quality products, as well as our goal of fulfilling our social responsibility.

L'Occitane's other main body care lines include Almond designed for firming of the body and softening the skin and Olive designed for moisturising of the skin and stimulating drainage and detoxification.

Face care

L'Occitane currently has six main face care lines. L'Occitane's most important face care line in terms of sales is the anti-ageing Immortelle line.



The principal ingredient in the Immortelle line is an essential oil extracted from the immortelle plant which grows principally in the wild in Corsica, an island off the Southeastern coast of France. In order to preserve the Corsican landscape and ensure our supply of immortelle essential oil, we helped to establish what we believe to be the first organically farmed immortelle field in Corsica in 2003. Our Immortelle line of face care products is designed to achieve anti-ageing effects and to promote an even complexion.

L'Occitane's other main face care lines include Shea & Organic Cotton designed for sensitive skin, Almond Apple designed for the first signs of ageing, Red Rice designed for combination skins, Olive designed for normal and dull skin and Cade designed for men's skincare.

Fragrances

L'Occitane currently has eight main fragrance lines: Rose, Cherry Blossom, Green Tea, Verbena, Lavender, Honey and Lemon Ruban d'Orange and Voyage en Méditerranée. L'Occitane also has fragrances for men, including Eau de L'Occitan and Eau des Baux. Other than Voyage en Méditerranée, each of our fragrance lines also offers a body lotion and/or shower gel in the same fragrance in addition to the eau de toilette.

Hair care

L'Occitane's hair care products based on aromatic scents are developed through aromachology whereby essential oils from lavender, cade or angelica are distilled and blended into different formulas for different hair types. Our other product lines also have hair care products, including our Shea Butter, Lavender, Verbena, Rose and Olive lines.

Toiletries

L'Occitane also produces a small range of toiletries, including soap bars, shower gel, bath foam and bath oils.

Men's grooming

L'Occitane's principal line of men's grooming products is the Cade line. The principal active ingredient in the Cade line of men's skincare products is an essential oil extracted from the cade plant grown in Vaucluse, Provence. Our Cade line of men's skincare products are designed to have anti-inflammatory properties, to protect the skin against free radicals and to stimulate epidermal renewal.

Home fragrances

L'Occitane currently has a small range of fragrance products for the home, including for instance, Lavender Perfumed Candle and Verbena Home Perfume.

Recognition and awards

Our L'Occitane products and stores have received numerous awards around the world, including:

- RealSimple.com "Best Facial Cleansers 2009 — Olive Daily Face Cleanser" USA
- Tyrashow.com "Best of Beauty — Almond Shower Oil", 2009 USA
- In Style "Best Beauty Buys — Shea Butter Foot Cream", 2009 USA
- ELLE "Green Stars — Verbena Body Salts", 2009 USA
- Instyle.com "Best Beauty Buys 2009 — Shea Butter Foot Cream" USA
- Trendshealth "Best Healthy Cosmetics Awards 2009, Best Body care award — Almond Delicious Paste" China
- Trendshealth "Best Healthy Cosmetics Awards 2009, Best Hand Care award — Shea Butter Hand Cream" China
- Cosmopolitan "Beauty Awards 2009, The Best Face Mask — Immortelle Very Precious Mask" China
- Instyle & YOKA.COM "Best Beauty Buys 2009, The Best Buy Hand Cream — Shea Butter Hand Cream" China
- Cosmopolitan "Best of the Best Awards 2009, The Best Body Care Brand of the Year Award — L'OCCITANE" Hong Kong
- Cosmopolitan "Best of the Best Awards 2009, The Best Body Exfoliator — Peach Blossom Shower Polishing Nectar" Hong Kong
- Cosmopolitan "Best of the Best Awards 2009, The Best Body Moisturizer — Peach Blossom Peachy Skin Moisture Gel" Hong Kong
- Cosmopolitan "Best of the Best Awards 2009, The Best Hand Care — Olive Organic Hand Cream" Hong Kong
- Fashion & Beauty "Perfect Brand Awards 2009, OL's most favorite hand cream — Bergamot Tea Hand Cream" Hong Kong
- she.com "she critiques 2009, The best body cleansing product — Honey Foaming Jelly" Hong Kong
- Senshukai — 2009 2nd half "Best Cosmetics Award" — best five products for "fragrance & hair care" category and best four products for "body care" category award Japan

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- Biteki monthly cosmetic magazine — 2009 “Best Cosmetics Award”, “daily use item” category — Rose Velvet Hand Cream ranked 1st, Rose Smooth Body Milk ranked 3rd and Shea Hand Cream ranked 5th Japan
- Maquia monthly cosmetic magazine — 2009 “Best Cosmetics Ranking” — Rose Smooth Body Milk ranked 2nd and Shea Soap Milk ranked 4th Japan
- PINKY “2009 Cosme Award” — Cherry Blossom Soft Hand Cream ranked 1st, Rose Smooth Body Milk ranked 3rd Japan
- Bijin Hyakka “2009 This Year’s Must-Buy” — Immortelle Brightening Cleansing Foam, Immortelle Essential Face Water, Immortelle Very Precious Cream, Immortelle Divine Cream Japan
- Metro “2009 Beauty Awards, “Save Face” — Almond Apple Sweet Peel” Philippines
- Metro “2009 Beauty Awards, “Skintelligence” — Shea Butter Ultra Rich Body Cream” Philippines
- Metro “2009 Beauty Awards, “Fingers and Toes” — Lavender Hand Cream” Philippines
- Herworld “Beauty Awards 2008, Hydrating Serum Readers’ Choice — Shea Cotton Ultra Comforting Serum” Malaysia
- Women’s Weekly “Best Beauty Buys 2009, Best Moisturizer — Cherry Blossom Shimmering Lotion” Malaysia
- Harpers Bazaar “Bazaar Beauty Awards, Best Readers’ choice — Almond Delicious Paste” Indonesia
- Cosmopolitan “09 Editor’s Extra Choices — Immortelle Brightening Concentrate” Taiwan
- Cleo Magazine “Beauty Hall of Fame 2009, Best Daily Moisturizer — Olive Moisturizing Face Lotion” Thailand
- Cleo Magazine “Beauty Hall of Fame 2009, Best Soothing Serum — Shea Cotton Ultra Comforting Serum” Thailand
- Cleo Magazine “Beauty Hall of Fame 2009, Best Hair Mask — Olive Healthy Hair Mask” Thailand
- Cleo Magazine “Beauty Hall of Fame 2009, Best Scent of Rose — Rose 4 Reines Bath & Shower Gel” Thailand
- Cleo Magazine “Beauty Hall of Fame 2009, Best Scrub to feel the earth — Almond Delicious Paste” Thailand
- Version Fémina “Prix Vénus du meilleur soin visage 2009 — Crème Précieuse Immortelle” France
- Marie Claire and Fragrance Foundation (best fragrance) “Grand Prix du Parfum France 2009 — Notre Flore — Eau de Parfum Jasmin” France
- Mme Figaro “ Prix Beauté Star 2009 — Ma Crème Nature” France
- Marie Claire and Fragrance Foundation (best fragrance) “Grand Prix du Parfum France 2008 — Notre Flore” France
- Parents Magazine “Grand Prix, les Etoiles de la Beaute 2008 — Red Rice Ultra Matte Face Fluid” France
- Prix Venus Femina 2007 “Best Face Care Award — Almond Apple Velvet Concentrate” France
- Cosmopolitan Magazine Best of the Best Beauty Awards 2007 “Best Body Care Brand of the Year — L’Occitane” Hong Kong

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- Harper's Bazaar Magazine Beauty Awards 2007 "Best Body Lotion — Shea Butter Ultra Rich Body Cream" Indonesia
- Her World Magazine Beauty Awards 2007 "Best Body Cleanser — Grape Shower Oil" Malaysia
- Cosmopolitan Magazine Beauty Awards 2007 "Winner — Multipurpose Dissolver — Immortelle Makeup Remover" Philippines
- Cosmopolitan Magazine Beauty Awards 2007 "Best Body Moisturiser — Shea Butter Hand Cream" PRC
- Harper's Bazaar Magazine Beauty Awards 2007 "Best Hair Treatment — L'Occitane Radiant Shine Mask" Singapore
- Marie Claire Magazine Top 100 Best Selling Beauty Products 2006 "Total Taiwan Body Care Top No. 2 — Shea Butter Hand Cream 150ml" Taiwan
- Cleo Magazine Beauty Hall of Fame Awards 2007 "Best Night Time Moisturisers — Immortelle Very Precious Cream" Thailand
- The Frontiers Magazine 2007 Award — Happy Hands Kit UK
- beautyheaven.com.au the Glosscars 2008 "Best New Body Moisturiser — Honey & Lemon Delightful Cream" and "Best New Body Exfoliant — Honey & Lemon Sweet Sugar Scrub" Australia
- The Westfield's Awards 2007 "Best Shop in a Westfield Mall" and "Best Merchandizing in a Westfield Mall" New Zealand
- Top Shop Wellington Awards 2007 "Best Health & Beauty Store in Wellington" and "Outstanding Customer Service Award in Wellington" New Zealand
- Top Shop Auckland Awards 2007 "Best Health & Beauty Store" and "Overall Top Shop Winner" New Zealand

Our other brands

Besides L'Occitane, which constitutes the core of our business and our number one priority, we have two other brands, Melvita and Le Couvent des Minimes.

Melvita is a leading brand in the organic cosmetics and personal care market in France that we have started to launch internationally in order to capture the growth of the fast growing organic segment within the natural cosmetics market. Le Couvent des Minimes offers a short range of well-being products, based on natural ingredients, mainly distributed in France in multi-brand perfumeries where our L'Occitane and Melvita brands are not present and enables us to better cover the natural cosmetics market.

Although these two brands currently contribute to only a small portion of our revenues, we intend to build them into key complementary brands within our Group.

Melvita

We acquired Melvita through the acquisition of M&A SAS in order to enter the organic cosmetics and personal care market. We acquired the entire issued share capital of M&A SAS, which is now our wholly owned subsidiary, in two stages, in June 2008 and March 2009. Please see the section headed "Our History, Culture and Corporate Structure — Corporate Structure" for further details relating to the acquisition.

M&A SAS is one of the leading manufacturers of organic ingredient-based cosmetics and personal care products in France. It principally manufactures and sells organic ingredient-based products under the brand “Melvita”. M&A SAS currently also derives a small portion of its revenues from manufacturing products for other well-known branded retailers. M&A SAS has valuable experience and strong research and development capabilities on the use of organic ingredients for beauty products, and develops its products in-house. M&A SAS’ production laboratory received its ECOCERT certification in 2002. M&A SAS also has a large manufacturing plant located in Lagorce, France, with potential for further expansion, where all Melvita products are manufactured. With the acquisition of M&A SAS, we intend to capture the growth of the organic market and develop Melvita into one of our key brands, as well as leverage off M&A SAS’s expertise in research and development to enhance our operations relating to our L’Occitane brand.

Melvita’s product range currently includes face care, body care, sun care, bath and shower products, hair care, and men’s grooming products, as well as a wide range of well-being products such as massage oils and food supplements. Melvita targets women, men and the entire family more generally, with a core target on the 25 to 54 age group, who belong to the middle to high income group, who seek natural well-being and health and are concerned with ecological issues and environmentally sustainable manufacturing practices.

Over 90% of Melvita sales are currently generated in France where Melvita is a leading brand distributed at over 2,000 stores specialized in natural and organic products and in over 600 pharmacies. As of 28 February 2010, Melvita products are also sold in France at four stores operated and managed by M&A SAS, as well as on the internet through the website www.melvita.com.

We believe that the organic cosmetics and personal care market is currently in an early stage of development and the growth prospects for such products are significant. We believe that the organic beauty products market will experience a strong growth due to various drivers:

- **Health and wellness.** An ageing global population is driving the health and wellness trend and demand for gentler, less invasive products.
- **Safety concerns.** Growing awareness of potentially harmful impacts of some chemicals used in consumables. This is being driven by coverage in the media and new regulations.
- **Ecological concerns.** Consumer demand for environmentally friendly and ethically produced products is growing in response to increasing awareness of pollution, climate change and corporate social responsibility. Environmental and ethical awareness impacts the entire production and sales chain for cosmetics and personal care, from the sourcing of organic, “green” ingredients to simpler methods of product manufacturing and environmentally-friendly packaging.

Please see the section headed “Industry Overview” for further details.

We have started to launch Melvita internationally by leveraging L’Occitanes worldwide presence and make it a leader in the organic cosmetics and personal care market.

- **International expansion.** Since we acquired Melvita, we have launched the brand in Croatia, Slovenia, Hong Kong, Germany and Russia. We also plan to introduce the brand in the United Kingdom and United States in 2010, and thereafter intend to expand the distribution of Melvita products to new markets in Europe, and Asia as well as Brazil.

In order to achieve the above mentioned expansion objectives, we have taken the following measures over the last year and a half:

- **Packaging and marketing.** We have recently reworked the packaging of our Melvita products to better suit the international market, such as including multilingual information, as well as to unify the image and style of their packaging with a view to strengthening brand recognition. We have also developed a new packaging and communication platform in order to better communicate the identity of the brand and its uniqueness to the targeted audience.
- **Melvita branded retail stores.** One of our key strategies for developing our Melvita brand is the development of Melvita branded retail stores. Leveraging on our expertise in international retail of our L'Occitane brand, we have developed a retail concept specifically for our Melvita brand with the objective of better displaying Melvita product offerings and enhancing the value of the brand for the customers. Under this new concept developed for our Melvita retail stores, we have already opened one store in Croatia, two stores in Slovenia, one store in Hong Kong, one store in Germany and one store in Russia. We intend to increase the number of these Melvita branded retail stores internationally.
- **Internet and wholesale.** We have recently launched revamped websites for Melvita which contains more information on the background of the brand. The design of the revamped website also conforms to the revised packaging described above with a view to strengthening brand recognition. The new websites offering retail sales were launched in France and the United States. We also intend to increase our wholesale sales to specialty stores specialised in selling organic products as well as to pharmacies.
- **Management and marketing team.** To position ourselves for the international development of the brand, we strengthened the Melvita marketing team, in particular in the area of operational marketing, merchandising and training. In each country in which we are launching the brand, a specific Melvita sales and marketing team has been recruited to lead the launch of the brand.
- **Improvement of plant.** We are planning to redesign our plant in Lagorce, where our Melvita products are manufactured, with the aim of optimising production flows within the plant and complying with future norms to be enforced for the production of cosmetics. Please see the section headed “— Production — Our Manufacturing Facilities” below for further details. We will also use the facility as a communication tool in order to educate customers to environmentally-friendly manufacturing practices, develop our brand image and its awareness as a leader of organic cosmetics and personal care products. In order to do so, we will implement a program to conduct a tour of the plant for customers ending with a visit to a Melvita retail store. We estimate that the overall capital expenditure needed for this project will amount to approximately €15.5 million, which we intend to finance using our proceeds from the Global Offering. Please see the section headed “Future Plans and Use of Proceeds” for further information.

Le Couvent des Minimes

We also sell natural ingredient-based cosmetics and personal care products under the “Le Couvent des Minimes” brand. Created and launched in 2004, Le Couvent des Minimes complements our two other brands, L’Occitane and Melvita, on the natural-based cosmetics and personal care products market. Its main purpose is to answer customers demand for such products in distribution channels where we are not distributed or present with L’Occitane and Melvita, and thus enhance our global market share.

Le Couvent des Minimes produces a range of 50 simple well-being products based on natural ingredients and focusing on body care, hair care, fragrances and bath products. Inspired by the story of a convent located in the southern French village of Mane, Le Couvent des Minimes perpetuates through its product offering the tradition of care practiced in this convent for centuries.

Le Couvent des Minimes body care and bath products include body lotions and creams, hand and foot creams, lip balms, shower gels, exfoliating scrubs, soaps and bath foams. The natural ingredients used in these products include principally honey, shea butter, vegetable oil, verbena, lemon, lavender and acacia. We also use some of these ingredients to produce eaux de toilette and a number of home products including scented candles and home fragrances under the Le Couvent des Minimes brand. Our hair care line includes shampoos, conditioners and fortifying masks based on ingredients such as rosemary, sage, mint and olive oil.

Our Le Couvent des Minimes products are targeted towards men and women consumers in the 25 to 54 age group with medium to high income who prefer to use natural ingredient-based cosmetics and appreciate the tradition, simplicity and natural properties of Le Couvent des Minimes range. Currently, the brand is sold through multi-brand perfumeries principally in France, Belgium and Holland.

Sales from Le Couvent des Minimes accounted for 0.4% and 0.4% of our total revenues for the year ended 31 March 2009 and the nine months ended 31 December 2009, respectively. In the coming years, we intend to develop and grow our Le Couvent des Minimes brand and increase its importance in our brand portfolio. However, we do not expect its sales to be material in terms of our total revenue over the next five years. Please see the section headed “— Business Strategies” above for further details. We firstly intend to strengthen our sales of Le Couvent des Minimes products in countries where the brand is currently distributed through common promotional efforts with retailing partners. We also intend to gradually expand the distribution of its products internationally to countries where it is currently not present, such as countries in Europe, but also in other regions of the world where we can build partnerships with experienced local retailers. We believe that Le Couvent des Minimes fulfils a market need for authentic natural ingredient-based cosmetic products, in particular in distribution channels where L’Occitane and Melvita are not present. Having Le Couvent des Minimes in such channels will help us increase our global market share.

Le Couvent des Minimes products are almost all developed by us and manufactured by third party subcontractors.

New products

We regularly develop and launch new products for our L'Occitane, Melvita and Le Couvent des Minimes brands to complement our current offering. This includes new product lines as well as new products within existing product lines, where appropriate.

We are planning to launch a Peony range (of make-up and fragrance) and a new men's line, Verdon (face care), for our L'Occitane brand in Spring 2010.

PRODUCTION

Overview

We employ a vertically integrated business model for our L'Occitane and Melvita products comprising product design and research and development, production, marketing and promotion and, for L'Occitane, principally our own distribution network. Using this operational model, we are able to effectively and promptly tailor our products to cater to trends we identify in the market.

Our manufacturing facilities

We produce a significant portion of our L'Occitane and Melvita products at our own manufacturing plants in Manosque and Lagorce. For the years ended 31 March 2009 and 2010, we manufactured more than 60% and more than 75% of our L'Occitane products respectively, and almost all of our Melvita products at our own manufacturing plants in Manosque and Lagorce, whilst under 40% and under 25% of our L'Occitane products were manufactured by sub-contractors respectively. We package and conduct quality testing on almost all of our products ourselves at our Manosque and Lagorce plants. During 2009, we have integrated our Lagorce plant. Moving forward, Manosque and Lagorce plants will keep producing respectively L'Occitane and Melvita products. However, as we are looking at drawing synergies, we have decided that all soaps for L'Occitane and Melvita will be produced in Lagorce and candles for both brands will be produced in Manosque.

As at 28 February 2010, we had 41 subcontractors: one in the PRC, one in Burkina Faso, two in Italy and the remaining 37 in France. We subcontract the production of certain formulas and product samples requiring specific expensive and specialised equipment. Given the relatively few formulas and product samples involved, we consider it more cost effective to outsource their production than to invest in the equipment required for their production. We also subcontract for additional production capacity when we need to supplement our own production capacity to meet market demands.

Although we have been working on a regular basis over the Track Record Period with several subcontractors, we have no long-term commitments with any of them. We place orders with them according to our needs after a case-by-case negotiation of the terms and conditions, notably prices and delivery dates. In some cases and depending on our needs and at our discretion, we may ask them to source their own necessary raw materials and components, based on our specifications. Further to their commitments in terms of prices and deliveries, our subcontractors are responsible for the quality and the traceability of the products that they deliver to us. They are also required to follow the Good Manufacturing Practices as defined by the ISO norm 22716. Such obligations of the subcontractors are listed in a "list of specifications" (*"Cahier des charges général sous-traitant"*) drafted by us. As at 30 September 2009, a majority of our subcontractors had confirmed in writing their compliance with the "list of specifications". Our subcontractors are independent from us and we have no common directors. We systematically evaluate all our subcontractors at least once every

three years on different criteria including their level of quality. Each subcontractor is requested to formally agree on technical specifications notably covering the subcontractors' obligations in terms of quality control including his obligation to allow us to perform quality audits. Quality audits are performed by our Quality Department in the following circumstances:

- At the time of engaging a new subcontractor
- At least once every three years for each of our significant subcontractors
- In case of our dissatisfaction at any particular audit
- Once a year for subcontractors which have an annual contract with us

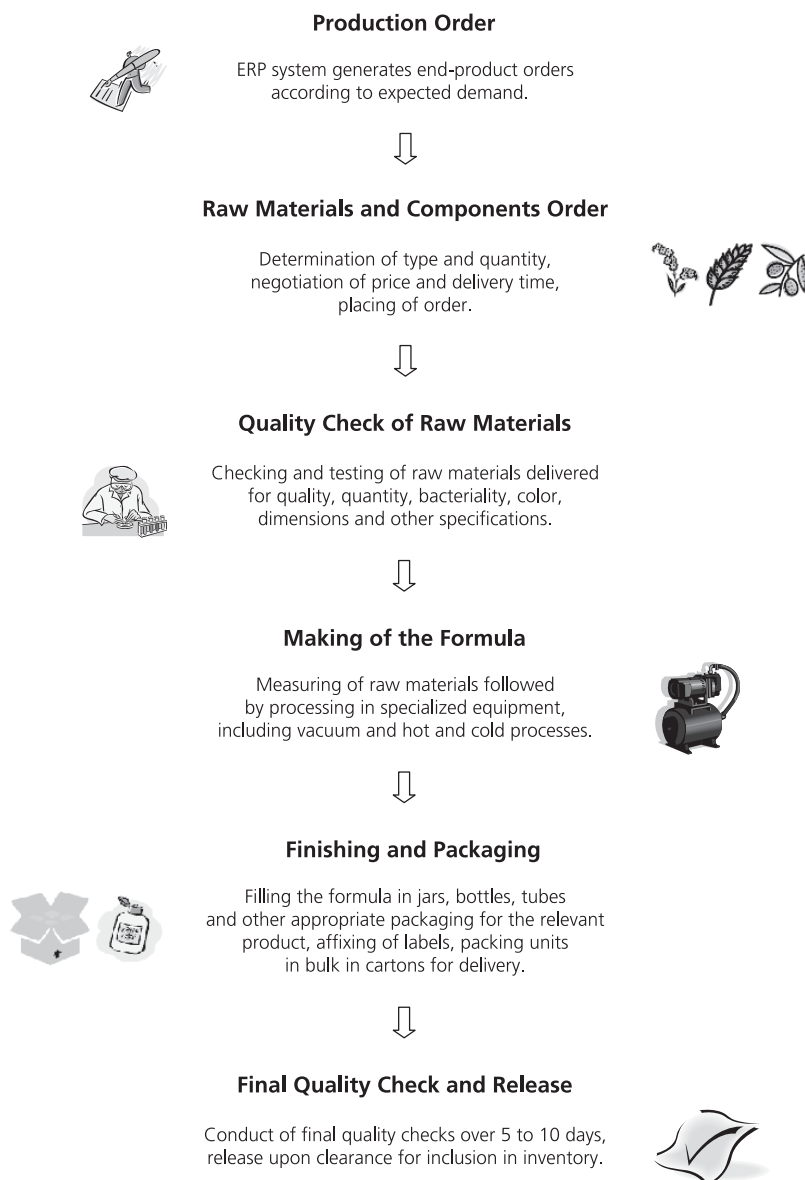
The quality audits follow a pre-defined procedure. The results of the audit are discussed with the subcontractors, corrective actions are agreed and followed-up during the next quality audit.

During the last two years, we have installed additional manufacturing equipment and established two new finishing lines at our own manufacturing plant in Manosque, and invested in two mixer tanks, one of ten tonnes in Manosque and one of three tonnes in Lagorce. We have been operating a new bottles line since February 2010. We also plan to increase the utilisation of our production capacity, notably of our filling and packing equipment, from approximately 60% in the year ended 31 March 2010 to more than 70% in the year ending 31 March 2012, while increasing our machine productivity. This means that we will discontinue the use of some outdated equipment for soap manufacture and jars filling and that our capacity investment would be limited to two new pieces of equipment, namely a tubes filling line and a bottles filling line. Subcontractors will only be used for technology and price reasons or where our internal utilisation targets have been reached. As a result of the foregoing, we may be relying less on subcontractors. Furthermore, we decided in September 2009 that we would in the future measure our penetration rate with our subcontractors to ensure that we do not represent an excessive share of their business.

In order to comply with the standards under ISO norm EN ISO 227216, which are expected to be mandatory in the European Union in 2012, our factories in Manosque and Lagorce need to be completely re-designed, notably to avoid any possible contamination of the products during the manufacturing process. We plan to take this opportunity to also improve our compliance with other regulations that evolved recently, such as the regulation on explosive atmospheres (AtEx) and the environmental regulations (ICPE). We anticipate that the cost of these improvements will be partially offset by the resulting benefits, principally in the form of better flow of raw materials and work-in-progress, resulting in reduced costs related to sub-standard quality and inventories management. Please see the section headed "Regulations" for further details regarding the regulations mentioned above.

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The following diagram shows the principal steps involved in the manufacture of our key L'Occitane products.



There are 14 production lines and 26 filling and packaging lines for our L'Occitane and Melvita products at our Manosque and Lagorce manufacturing plants. We believe that we have adequate production capacity at our Manosque and Lagorce manufacturing plants to support our future growth. The following table sets out the annual production capacity, volume produced per year and utilisation rate for the four years ended 31 March 2010, respectively, for each production line and each filling line.

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PRODUCTION EQUIPMENT			Production capacity per year				Volume produced per year				Utilisation rate			
Year of commencement of	Main products	Units	Year ended 31 March				Year ended 31 March				Year ended 31 March			
			2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
Manosque Plant														
2000	Emulsion	Tonnes	880	880	1,296	1,296	473	461	531	411	54%	52%	41%	41%
2003	Emulsion	Tonnes	1,320	1,320	1,944	1,944	722	937	1,066	666	55%	71%	55%	45%
2005	Emulsion	Tonnes	2,200	2,200	3,240	3,240	1,329	1,393	1,663	1,143	60%	63%	51%	46%
2007	Emulsion	Tonnes	330	330	330	330	83	135	260	129	25%	41%	79%	51%
2000	Personnel care	Tonnes	3,240	3,240	3,240	3,240	891	1,104	1,452	1,069	28%	34%	45%	43%
2004	Personnel care	Tonnes	3,240	3,240	3,240	3,240	1,029	1,057	909	1,020	32%	33%	28%	41%
2009	Emulsion	Tonnes	0	0	4,320	4,320	0	0	0	1,311	NS	NS	0%	39%
			11,210	11,210	17,610	17,610	4,527	5,087	5,881	5,749	40%	45%	33%	42%
Lagorce Plant														
2003	Personnel care	Tonnes	NS	NS	1,879	1,879	NS	NS	478	345	NS	NS	25%	24%
1998	Personnel care	Tonnes	NS	NS	454	454	NS	NS	54	17	NS	NS	12%	5%
1998	Personnel care	Tonnes	NS	NS	454	454	NS	NS	112	41	NS	NS	25%	12%
2007	Emulsion	Tonnes	NS	NS	583	583	NS	NS	310	179	NS	NS	53%	40%
2009	Emulsion	Tonnes	NS	NS	1,944	1,944	NS	NS	0	55	NS	NS	0%	4%
2001	Emulsion	Tonnes	NS	NS	259	259	NS	NS	82	66	NS	NS	32%	33%
2003	Oil	Tonnes	NS	NS	480	480	NS	NS	8	1	NS	NS	2%	0%
			NS	NS	6,053	6,053	NS	NS	1,044	704	NS	NS	17%	15%
Total Production			11,210	11,210	23,663	23,663	4,527	5,087	6,925	6,453	40%	45%	29%	35%
FILLING AND PACKING EQUIPMENT														
Manosque Plant														
1972 (second hand)	Perfumes	000 Units	3,450	3,450	3,450	3,450	2,481	2,802	2,970	2,530	72%	81%	86%	95%
2009	Bottles	000 Units	2,860	2,860	5,240	5,240	1,743	2,326	4,480	3,870	61%	81%	85%	96%
1999	Bottles	000 Units	3,690	3,690	3,690	3,690	3,562	2,850	1,570	1,596	97%	77%	43%	56%
2003	Bottles	000 Units	3,400	3,400	3,400	3,400	3,309	3,371	2,282	3,660	97%	99%	67%	140%
2008	Bottles	000 Units	0	0	3,100	3,100	0	0	1,281	1,290	NS	NS	41%	54%
2004	Bottles manuel	000 Units	2,580	2,580	2,580	2,580	1,287	2,161	2,580	2,059	50%	84%	100%	104%
2003	Tubes	000 Units	6,400	6,963	6,963	6,963	4,139	4,447	5,500	5,815	65%	64%	79%	109%
2006	Tubes	000 Units	6,560	6,963	6,963	6,963	1,795	1,930	3,375	8,104	27%	28%	48%	151%
2004	jars	000 Units	4,760	4,760	4,760	4,760	3,202	3,522	3,380	1,194	67%	74%	71%	33%
2008	jars	000 Units	4,760	4,760	4,760	4,760	0	0	606	1,543	NS	NS	13%	42%
1983	Soaps*	000 Units	4,400	4,400	4,400	4,400	3,934	4,126	3,310	419	89%	94%	75%	12%
1988 (second hand)	Soaps*	000 Units	7,260	7,260	7,260	7,260	5,183	5,112	6,900	3,583	71%	70%	95%	64%
1989 (second hand)	Soaps*	000 Units	7,590	7,590	7,590	7,590	6,716	7,443	3,316	621	88%	98%	44%	11%
1998 (second hand)	Candles	000 Units	1,760	1,760	1,760	1,760	967	1,745	1,556	896	55%	99%	88%	66%
2006	Candles	000 Units	1,760	1,760	1,760	1,760	897	985	996	923	51%	56%	57%	68%
			61,230	62,196	67,676	67,676	39,215	42,820	44,102	38,103	64%	69%	65%	73%
Lagorce Plant														
1998	Bottles	000 Units	NS	NS	3,280	3,280	NS	NS	623	921	NS	NS	19%	37%
1998	Bottles	000 Units	NS	NS	1,200	1,200	NS	NS	564	3,200	NS	NS	47%	347%
2000	Bottles	000 Units	NS	NS	3,300	3,300	NS	NS	1,393	342	NS	NS	42%	13%
2008	Bottles	000 Units	NS	NS	3,900	3,900	NS	NS	190	3,691	NS	NS	5%	123%
2003	Bottles	000 Units	NS	NS	1,910	1,910	NS	NS	454	235	NS	NS	24%	16%
1998	Tubes	000 Units	NS	NS	6,400	6,400	NS	NS	917	711	NS	NS	14%	14%
2006	Tubes	000 Units	NS	NS	6,400	6,400	NS	NS	248	675	NS	NS	4%	14%
2001	Jars	000 Units	NS	NS	3,930	3,930	NS	NS	976	805	NS	NS	25%	27%
1987	Soaps	000 Units	NS	NS	14,600	14,600	NS	NS	5,175	7,450	NS	NS	35%	66%
1990	Soaps	000 Units	NS	NS	7,200	7,200	NS	NS	1,864	1,496	NS	NS	26%	27%
1999	Soaps	000 Units	NS	NS	12,000	12,000	NS	NS	2,618	3,275	NS	NS	22%	35%
			NS	NS	64,120	64,120	NS	NS	15,022	22,801	NS	NS	23%	46%
Total Filling and Packing			61,230	62,196	131,796	131,796	39,215	42,820	59,124	60,904	64%	69%	45%	60%

Notes:

- * The soap manufacturing lines in Manosque ceased production on 4 December 2009.
- 1. Production capacity is the maximum production/filling capacity of each equipment assuming that there are three eight-hour shifts per day and five days per week.
- 2. Volume produced per year is the actual volume of cream/emulsions produced or filled by each equipment during a financial year.
- 3. Utilisation rate is calculated by dividing (a) the actual volume produced/number of units filled with (b) the maximum production/filling capacity of each equipment. Utilisation rates for production equipment are calculated excluding tests, trials and ramp-up for new formulas, as well as sanitation operations involving the whole facilities. Utilisation rates stated above are therefore lower than rates calculated including these principally non-revenue generating production. In calculating utilisation rates, actual volumes produced were used, including therefore units not produced for sale such as pre-launch press kits distributed to the press. Volumes produced during tests are negligible and were not included in calculating, nor would they affect, the utilisation rates stated above materially.

4. In the past, we would subcontract production either because our target utilisation rate is met or because we did not have the appropriate technology in-house or because our production cost would have been excessive, such as in the case of small sized bottles for the B-to-B market. At the beginning of our financial year ended 31 March 2009, we subcontracted production to increase production in anticipation of stronger sales than what actually happened. Since then, we have reduced our subcontracting during our financial year ended 31 March 2010, and we plan to have no subcontracting at all in our financial year ending 31 March 2011, except where our internal capacity utilisation targets have been reached or for technology and price reasons. Therefore, utilisation rates are expected to increase compared to that stated above.
5. Emulsions are not end-products but are a component of our cosmetics, toiletries and well-being products such as creams, lotions and other end-products. Our own production equipments therefore manufacture almost all of our products.
6. NS = not significant as we had not acquired Melvita yet.

Our production volume during the course of a year is subject to fluctuations caused by seasonal changes in demand for our different products. Please see the section headed “Financial Information” for a discussion of the effect of seasonal changes in demand on our financial performance. Seasonality in the demand for our products means that we may from time to time experience production capacity constraints. In this regard, we have established good relationships with a network of manufacturing subcontractors, which has enabled us to ramp up production capacity to meet fluctuations in demand. We have worked with the majority of our subcontractors for between three to five years. We believe that our own production capacity, increased recently by the addition of new mixer tanks and filling lines, together with the backup production capacity available to us through our subcontractors and our inventory management, will continue to be effective in enabling us to meet seasonal changes in demand.

Raw materials

The major raw materials used in the manufacture of our products are natural and organic ingredients and materials for packaging.

Key ingredients

L’Occitane products are grouped into product lines and marketed according to their key natural ingredients. Our products are developed from the principles of phytotherapy and aromatherapy, and we strive to use high-quality, traceable natural and organic ingredients of plant origin that are sourced from local farming communities and sustainable development programmes. Other than ingredients derived from beehives, such as honey, royal jelly and propolis, we do not use ingredients derived from animals. We also prefer to use plant oils rather than mineral oils in our face care formulas, and we limit the use of silicones, chemical sunscreens and paraben preservatives. We may use synthetic or semi-synthetic ingredients such as emulsifiers, fragrances and preservatives when no reliable and effective natural alternative exists.

Melvita products are grouped into product lines and marketed according to their organic ingredients following the ECOCERT certification.

The following are the key ingredients used in our products.

Shea butter. We source most of our shea butter from Burkina Faso pursuant to a sustainable development programme initiated by us in 1989. We have entered into one-year, renewable agreements with farming cooperatives in Burkina Faso to purchase shea butter produced by the local women. Please see the section headed “Our History, Culture and Corporate Structure” for further information on our sustainable development programme and our other contributions in

Burkina Faso. Purchases of shea butter directly from Burkina Faso represented approximately 68%, 79% and 87% of our total shea butter requirements for each of the three years ended 31 March 2009 respectively. Although we have not experienced any material shortages or delay in delivery of shea butter required for our production, we obtain the remainder of our shea butter requirements from an European-based supplier as a hedge against shortage of supply.

Immortelle essential oil. We source our immortelle essential oil from different farmers. The immortelle essential oil which we purchase is delivered to us in a form that is ready for inclusion as an ingredient in our products and does not require further refining or processing by us. We have entered into agreements with our principal immortelle essential oil suppliers, one of which has already committed to sell to us a fixed volume per year of immortelle essential oil at a fixed price for five years commencing 2007. However, we are not obliged to purchase any quantity of immortelle essential oil from these suppliers.

Perfume bases. Perfume bases are concentrated perfume and essential oil formulas and are used in all of our body care, skincare, hair care and fragrance products, except some products that are fragrance free, such as our Shea & Organic Cotton line. We currently source our perfume bases from four different suppliers in Provence. Perfume bases are widely available on competitive terms and we believe we could find alternative suppliers in addition to our current suppliers.

Soap chips. Soap chips are noodles of soap and are used with additional ingredients as a base for our soap production. We currently source our soap chips from two suppliers in Provence. Soap chips are widely available on competitive terms and we believe we could find alternative suppliers in addition to our current suppliers.

Other ingredients. Other ingredients used in our products include red rice, honey, almond and olive oil. These are available from numerous suppliers in Provence and surrounding areas.

Typically, our purchase of raw materials is subject to an average payment term of 2.5 months. Other than for shea butter and immortelle essential oil, we do not enter into long-term supply agreements with our suppliers of ingredients for our products. Our arrangements with our immortelle essential oil suppliers binds them to supply a minimum quantity to us, but does not oblige us to purchase any quantity from them. We have not experienced any shortages or delay in delivery of ingredients required for our production that had a material adverse effect on our operations or performance.

Packaging materials

We package our products in various sizes and varieties of paper, plastic and wooden boxes, glass jars, aluminum and plastic tubes and bottles, and plastic and fabric wrappers. Our packaging materials consist of two main types: packaging specifically designed for a particular product, such as the containers we use for our Immortelle line, and generic packaging which we use for several product lines by affixing to them labels corresponding to the different product lines. We also use paper shopping bags which we provide to our customers to carry our products sold through retail outlets. We purchase such materials from a variety of suppliers located worldwide. In line with our respect for the environment, we use paper and cardboard that according to our suppliers are made from sustainably managed forests. We strive to limit our use of packaging materials and where available and appropriate (including in terms of cost, design and conformity to the L'Occitane brand image), we will use recycled and recyclable materials.

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Most of our packaging is done at our manufacturing plants in Manosque and Lagorce.

Our five largest suppliers constituted in aggregate less than 20% of our cost of goods sold for each of the three years ended 31 March 2009 and the nine month period ended 31 December 2009.

Typically, our purchase of key ingredients and packaging materials is subject to an average payment term of 2.5 months.

MARKETS AND DISTRIBUTION

Our markets

Our L'Occitane products are currently sold in over 80 countries through over 1,500 retail locations which sell exclusively L'Occitane products and are decorated with a standardised L'Occitane design, of which as at 28 February 2010, 753 were our Own L'Occitane Stores. Please see "Property Valuation and Details of Leased Properties of the Group" in Appendix IV to this prospectus for details of where these stores are located.

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The table below shows the number of our own Retail Stores (which are managed and operated by us), as well as stores and store corners which are operated and managed by our third party distributors and duty free store operators, as at 31 March 2007, 2008 and 2009, 31 December 2009 and 28 February 2010.

	31 March			31 December	28 February
	2007	2008	2009	2009	2010
Number of stores and store corners selling exclusively L'Occitane products					
Own L'Occitane Stores (stores operated and managed by us)	448	539	673	749	753
Operated and managed by third party distributors or duty free store operators	398	506	584	746	764
	<u>846</u>	<u>1,045</u>	<u>1,257</u>	<u>1,495</u>	<u>1,517</u>
Of which, by geography:					
Europe ¹	349	445	554	671	677
Asia-Pacific	243	327	393	463	470
Americas	254	273	310	361	370
	<u>846</u>	<u>1,045</u>	<u>1,257</u>	<u>1,495</u>	<u>1,517</u>
Number of stores selling exclusively Melvita products					
Stores operated and managed by us	—	—	4	5	5
Operated and managed by third party distributors	—	—	—	3	3
	<u>—</u>	<u>—</u>	<u>4</u>	<u>8</u>	<u>8</u>
Number of stores selling exclusively Oliviers & Co. products²					
Stores operated and managed by us	11	10	10	9	5
	<u>11</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>5</u>
Total number of stores and store corners					
Retail Stores (operated and managed by us)	459	549	687	763	763
Operated and managed by third party distributors or duty free store operators	398	506	584	749	767
Total	<u>857</u>	<u>1,055</u>	<u>1,271</u>	<u>1,512</u>	<u>1,530</u>

Notes:

1. Including Middle East and Africa
2. In March 2010, we discontinued the operations of the remaining five stores in the United States where we had previously acted as third party retailer of a range of olive oils and foodstuff products under a supplier's brand, Oliviers & Co. Please see the section headed "Financial Information" in this prospectus for further information relating to our distribution of Oliviers & Co. products in the past.

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The table below shows a breakdown of our sales revenue based on the invoicing subsidiary of origin of our sales for the three years ended 31 March 2009 and the nine month period ended 31 December 2009.

Region	Year ended 31 March						Nine month period ended 31	
	2007		2008		2009		December 2009	
	Sales	Percentage	Sales	Percentage	Sales	Percentage	Sales	Percentage
	(€'000)	of total sales	(€'000)	of total sales	(€'000)	of total sales	(€'000)	of total sales
Japan	50,403	15.0	78,676	19.0	127,470	23.8	107,190	23.2
Hong Kong	24,360	7.3	35,552	8.6	43,312	8.1	36,190	7.8
Taiwan	25,254	7.5	24,758	6.0	24,163	4.5	19,526	4.2
France	46,313	13.8	53,781	13.0	77,136	14.4	61,592	13.3
United Kingdom	21,479	6.4	26,406	6.4	26,004	4.8	24,621	5.3
United States	89,046	26.6	89,928	21.7	90,872	16.9	70,580	15.3
Brazil	11,118	3.3	14,332	3.5	19,282	3.6	19,994	4.3
Other countries	66,976	20.0	91,532	22.1	129,096	24.0	123,001	26.6

Our five largest customers constituted in aggregate less than 10% of our total sales for each of the three years ended 31 March 2009 and the nine month period ended 31 December 2009.

Our distribution channels

We sell our L'Occitane products through distribution channels which we group into three principal business segments.

Sell-Out Segment. Our Sell-out Segment comprises sales of our products directly by us to end customers. These sales are made mainly through our Own L'Occitane Stores but also include sales through spas, mail-order and our own internet-shopping websites.

Sell-In Segment. Our Sell-In Segment comprises sales of our products to resellers, including retail locations not managed and operated by us such as distributors, wholesalers, department stores, home-shopping television networks and airport and duty free stores.

B-to-B Segment. Our B-to-B Segment comprises sales of our products to intermediaries, such as hotels and airlines that provide these products as free amenities to their customers.

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The following table sets out the sales derived from each business segment for the three years ended 31 March 2009.

Business segment	Year ended 31 March			Nine months ended 31 December
	2007	2008	2009	2009
	('000 Euros (% of total))			
Sell-Out Segment	238,834 (71.3%)	293,158 (70.6%)	384,406 (71.5%)	339,935 (73.5%)
Sell-In Segment.	85,726 (25.6%)	105,797 (25.5%)	132,561 (24.7%)	107,087 (23.1%)
B-to-B Segment.	10,389 (3.1%)	16,010 (3.9%)	20,368 (3.8%)	15,672 (3.4%)
TOTAL.	334,949 (100%)	414,965 (100%)	537,335 (100%)	462,694 (100%)

Description of Sell-Out Segment

Our own L'Occitane boutiques and department store counters

Our L'Occitane products are principally sold by us directly to end customers through our Own L'Occitane Stores operated by us. We lease all the premises for our own boutiques from third parties and do not own any of the properties at which our own boutiques are located. All our boutiques worldwide conform to a standard L'Occitane décor.

We also sell our products directly to end customers through department store corners we operate. We typically enter into agreements with the relevant department store owners, pursuant to which we would be granted a right to sell our products at a defined space within that department store. In Japan, 32 of our 70 Own L'Occitane Stores, as at 28 February 2010, are department store corners. In the department stores in which we are present in Japan, we are a leader in market share for cosmetics. For the 11-month period ended 30 November 2009, in the department stores in which we are present our market share of those stores considered in aggregate, by sales value, was 7.6%. Our competitors in these stores include both domestic brands such as Shiseido, Kanebo and Rumiko, and foreign brands such as Chanel, Lancôme, Christian Dior and MAC.

As at 28 February 2010, we operated 753 Own L'Occitane Stores in 27 countries. For the year ended 31 March 2009, approximately 71.5% of our net sales were generated from our Sell-Out Segment.

We adopt a systematic, profitability driven expansion policy. Our principal consideration when assessing a proposed new store is the store's expected contribution to our profits. We assess each potential new store on the basis of various factors, including expected period to achieve investment pay-back and expected return on investment. For each proposed new store, each of these criteria

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must meet our specified thresholds before we would decide to establish that store. We would not normally establish a new store merely to gain market share. Based on this systematic approach of opening new stores, we have successfully expanded our Own L'Occitane Stores network from 448 Own L'Occitane Stores as at 31 March 2007 to 753 Own L'Occitane Stores as at 28 February 2010. We set out below the geographical distribution of our Own L'Occitane Stores for each region:

	<u>31 March</u>			<u>31 December</u>	<u>28 February</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2010</u>
ASIA/PACIFIC					
Japan.	47	56	67	70	70
Hong Kong.	11	14	14	17	16
Taiwan.	41	44	47	48	50
China	21	31	38	45	46
Singapore.	5	6	6	8	8
Korea	6	11	18	23	24
Macau	—	1	1	1	1
Australia	16	22	27	28	28
Thailand.	—	—	23	25	25
India	—	—	—	1	2
Subtotal	<u>147</u>	<u>185</u>	<u>241</u>	<u>266</u>	<u>270</u>
AMERICAS					
USA.	155	163	166	169	168
Brazil.	23	26	30	33	33
Mexico.	4	8	16	19	19
Canada	—	—	—	12	12
Subtotal	<u>182</u>	<u>197</u>	<u>212</u>	<u>233</u>	<u>232</u>

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	31 March			31 December	28 February
	2007	2008	2009	2009	2010
EUROPE					
France	51	54	58	60	60
Spain	10	10	15	17	17
Germany	5	9	15	22	22
Belgium	5	8	10	11	11
UK	24	30	36	42	42
Russia	—	17	37	41	42
Switzerland	5	6	9	10	10
Italy	2	3	8	10	10
Slovakia	2	2	2	2	2
Hungary	2	3	6	7	7
Czech Republic	5	7	8	8	8
Austria	8	8	9	9	9
Poland	0	0	7	11	11
Subtotal	119	157	220	250	251
TOTAL	448	539	673	749	753

During the three years ended 31 March 2009 and the nine months ended 31 December 2009, we closed an aggregate of 31 Own L'Occitane Stores. Of these, 14 were closed as their performance did not meet our pre-defined investment return target, nine were closed as the lease for the premises was terminated or expired, four were closed as their lease was sold to a third party, three were sold as a move to a concession but continued to sell L'Occitane products and one was closed as the shopping mall in which it was located closed down.

During the same period we relocated 27 Own L'Occitane Stores, which means the closing of the original location and the opening of a new store in a location close to the original one (in the same mall or in the same street). In most cases the new location allows a better customer traffic and higher sales than the previous one.

Internet-shopping websites and mail order

Our products are available for purchase through our websites in Australia, Austria, Belgium, Canada, Colombia, the Czech Republic, France, Germany, Hong Kong, Hungary, Israel, Japan, Korea, Poland, New Zealand, Russia, Slovakia, Spain, Sweden, Switzerland, Taiwan, Turkey, the United Kingdom and the United States. Products are sold at the same retail price as that offered at physical sales outlets in the same country.

We also sell our products through mail order in the US, UK and Japan at the same prices as offered at physical sale outlets in the same country. Catalogues are mailed to our existing customers two or three times per year or to new customers in response to specific requests via our website or by telephone.

Spas and cafés

We currently supply a small portion of our L'Occitane products to spas operated by us as well as by third parties. These spas use and sell our L'Occitane brand of products, and we believe that such channels of distribution will increase our brand exposure and help strengthen our brand recognition. As at 31 December 2009, there were 14 L'Occitane spas worldwide that were operated by us — two in Hong Kong, three in Taiwan, two in Brazil, one in France, one in Korea, two in Russia, one in Czech Republic, one in the UK and one in Poland — at which L'Occitane products were exclusively used for treatments and sold. We also sell a small portion of our products to spas owned and operated by third parties where they would use and sell L'Occitane products. As at 31 December 2009, there were 14 third party spas which used and sold our L'Occitane products — three in France, seven in Brazil, three in Vietnam and one in Indonesia. We generally do not stipulate that these spas must be decorated to a L'Occitane décor since the majority of these third party spas are located within hotels and they would prefer their spa's design to be in line with that of the hotel. However, we would typically require that L'Occitane posters and product leaflets be prominently displayed at these spas. We currently do not require all of these third party spas to use and sell exclusively L'Occitane products. Our products are sold to such third party spas on a wholesale price basis as part of our Sell-Out Segment, and we do not charge them a royalty for the use of our products.

We also operate two cafés which share premises with two of our stores in Tokyo. We believe that these help increase customer traffic through our stores.

Distribution of Melvita and Oliviers & Co. products

We had five Melvita stores and nine Oliviers & Co. stores as of 31 December 2009, where we sell our Melvita and Oliviers & Co. products. As at 28 February 2010, in addition to our five own Melvita stores, there were three Melvita stores operated by our distributors — one in Croatia and two in Slovenia. We had entered into transition and assets purchase agreements with Oliviers & Co. S.A. Under these agreements, four of our stores selling Oliviers & Co. products were transferred to Oliviers & Co. S.A. as at 1 February 2010, while the remaining five stores have stopped selling Oliviers & Co. products in March 2010. We are currently considering changing these stores into Melvita stores or distributors.

Description of Sell-In Segment***Third party distributors***

A small portion of our products are also sold to end customers by third party distributors who operate their own L'Occitane boutiques and department store corners that are required to conform to a standard L'Occitane décor specified by us. These third party distributors comprise two broad types:

- **Exclusive distributors.** In countries where we do not have a subsidiary or where we consider that we could benefit from the local expertise and market knowledge of a local partner in a particular location, our products are sold to a local distributor who in turn sells our products to end customers. We typically grant these distributors an exclusive right to retail our products in their respective country(ies) for a period of approximately five years (although there are variations depending upon specific circumstances of each case), at the expiry of which they are not renewed automatically but only upon mutual agreement. The boutiques

operated by these distributors are established and operated at the distributor's own cost, and proceeds from retail sales are retained by these distributors, most of whom are free to set the retail price at which they would want to sell our L'Occitane products and we do not charge our distributors royalty or other similar fees for the use of our brand name. Ownership of the products passes to our distributors and we recognise revenue upon shipment of our products to these retailers. We grant to most of our distributors a credit term of 60 days. We set minimum thresholds in terms of annual purchase or turnover objectives (which apply contractually to most of our distributors). We control our distributors' marketing plans and the number of stores to be opened in each exclusive trading area. Typically, failure of the distributors to achieve such minimum thresholds can potentially lead to termination or non-renewal of their distribution contracts. Further, we retain the right to approve new store locations for all of our distributors. During the Track Record Period, we have not terminated the distributorship contracts of any of our third party distributors as a result solely of their failure to meet such minimum thresholds, although we have in the past decided not to renew a very small number of distribution contracts in cases which we considered that the overall performance of our third party distributors were not satisfactory or if we considered that the distributor did not demonstrate further potential to develop our brand. These cases of non-renewal involved our minor markets representing an immaterial portion of our sales only. Third party distributors are also required to spend an agreed percentage of their annual turnover on advertising and promotion in their exclusive trading area. These distributors are required to submit periodical reports to us on compliance with relevant terms of their distribution agreements, including achieving turnover objectives. Our distributors are responsible for ensuring that they comply with applicable local laws and regulations and we do not monitor them in this regard. We generally agree with our third party distributors to replace products delivered to them which are found to be defective. During the Track Record Period, the total value of products which we replaced was insignificant.

As at each of 31 March 2007, 2008 and 2009 and 31 December 2009, we had 60, 55, 50 and 50 exclusive distributors. As of 28 February 2010, our L'Occitane products are sold through exclusive distributors in the following places:

Europe.	Albania	Macedonia
	Bosnia	Netherlands
	Bulgaria	Norway
	Croatia	Portugal
	Cyprus	Romania
	Estonia	Serbia
	Finland	Slovenia
	Greece	Sweden
	Iceland	Ukraine
	Ireland	
	Latvia	
	Lithuania	

BUSINESS

Americas	Argentina	El Salvador
	Chile	Guatemala
	Colombia	Guyana
	Costa Rica	Panama
	Ecuador	Paraguay
		Peru
		Venezuela
Asia.	Indonesia	Pakistan
	Kazakhstan	Turkey
	Malaysia	Philippines
	New Zealand	Vietnam
Africa/Middle East	Azerbaijan	Oman
	Bahrain	Qatar
	Israel	Saudi Arabia
	Kuwait	Senegal
	Lebanon	South Africa
	Morocco	United Arab Emirates
Others	Guadeloupe	Réunion
	Madagascar	Saint Barthelemy
	Martinique	Saint Martin
	Mauritius	Tahiti
	New Caledonia	

- French distribution network.** In France, the cost of establishing and operating retail shops is much higher than in most of our other markets. At locations where we believe we would not be able to achieve our target minimum profit margins, but which independent distributors may nevertheless find acceptable, we sell our products to these distributors (whom we refer to as “concessionaires”) who in turn sell our products to end customers. We typically grant these distributors an exclusive right to retail our products in a pre-agreed geographical zone for a period of approximately five years, under a L’Occitane shop sign. The boutiques operated by these distributors are established and operated at the distributor’s own cost, and proceeds from retail sales are retained by these distributors in the same way that our exclusive distributors retain their proceeds from retail sales. We receive income from the sale of our products to these distributors. We grant to most of our distributors a credit term of 60 days. We would typically agree on performance targets that these distributors are required to achieve which gives us a degree of control over their operations. Typically, failure by our French distributors to achieve these performance targets will give us the right to termination. We have decided not to renew a very small number of concessionaires in cases where we considered that the overall performance was not satisfactory during the Track Record Period. The distributors are free to set the retail price at which they would want to sell our L’Occitane products. The distributors are expected to spend a percentage of their annual target as agreed between L’Occitane and the distributor on advertising and promotion in their exclusive trading area. The distributors are obliged to pay invoices issued by L’Occitane promptly. We generally

agree with these distributors to replace products delivered to them which are found to be defective. During the Track Record Period, the total value of products which we replaced was insignificant.

As at each of 31 March 2007, 2008 and 2009 and 28 February 2010, we had 54, 59, 66 and 67 “concessionaires” under our French distribution network.

Sales from this sub-segment within our Sell-In Segment during each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €25.2 million, €33.3 million, €31.0 million and €22.7 million, representing approximately 7.5%, 8.0%, 5.8% and 4.9% of our total sales, respectively.

Wholesale to multi-brand distributors

We sell a small portion of our products on a wholesale basis to third party multi-brand distributors, including department stores, pharmacies and chain stores which specialise in cosmetics. We currently make such wholesale sales in almost all countries in which we have a subsidiary.

Sales from this sub-segment within our Sell-In Segment during each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €30.0 million, €38.8 million, €57.4 million and €46.7 million, representing approximately 9.0%, 9.3%, 10.7% and 10.1% of our total sales, respectively.

Television shopping operators

We sell a small portion of our products on a wholesale basis to television operators who host television shopping channels. Television sales are available in the United States, Japan and the United Kingdom.

Sales from this sub-segment within our Sell-In Segment during each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €5.5 million, €6.8 million, €9.6 million and €8.4 million, representing approximately 1.7%, 1.6%, 1.8% and 1.8% of our total sales, respectively.

Airport and duty free stores

Airport and duty free stores encompass principally wholesale sale to duty free stores at airports for their retail sale to end customers. This also includes, to a lesser extent, wholesale sale to airlines for their in-flight sale to passengers.

Sales from this sub-segment within our Sell-In Segment during each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €13.9 million, €22.7 million, €29.0 million and €25.8 million, representing approximately 4.1%, 5.5%, 5.4% and 5.6% of our total sales, respectively.

Description of B-to-B Segment

B-to-B sales are wholesale sales to businesses, including principally international hotels and airlines, which in turn make available our products to their customers on a complimentary basis.

LOGISTICS AND INVENTORY MANAGEMENT**Inventory**

Our inventory comprises raw materials, semi-finished products such as mixed and unbottled formulas, finished products and packaging materials. We store our inventory in our warehouses at our site in Manosque and Lagorce. As at 28 February 2010, the total gross floor area comprising warehousing facilities maintained by us at Manosque and Lagorce was approximately 31,984 square metres. We also maintain our own warehousing facilities at properties rented by us in Austria, Brazil, Czech Republic, Taiwan, the United Kingdom and the United States. At other countries or regions where our L'Occitane products are sold through our Own L'Occitane Stores, we store our inventory of finished products at third party warehousing facility providers. We determine whether to maintain our own warehousing facilities or to use warehousing facilities provided by third parties principally on the bases of cost, sophistication of systems provided by professional third party warehousing providers and amount of management time saved. For each of the three years ended 31 March 2009 and the nine months ended 31 December 2009, our total expenses on warehousing facilities for L'Occitane products were approximately €12.2 million, €15.5 million, €20.8 million and €17.7 million respectively. Our warehouses in Manosque are temperature controlled in order to ensure the inventory is kept at its optimum temperature to preserve quality and shelf life. We currently plan to build a new central warehouse which will serve all of our L'Occitane, Melvita and Le Couvent des Minimes inventory in one rationalised common facility. As our current warehousing capacity is relatively limited, this is expected to assist in ensuring that we are able to deliver sufficient quantities of products to our customers to meet expected sales growth.

Third party distributors to whom we sell our L'Occitane products on a wholesale basis as part of our Sell-In Segment, that is our exclusive distributors in countries other than France and our "concessionaires" under our French distribution network, are responsible for their own warehousing of our products.

Our products generally have an average shelf life of approximately three years. A batch code is printed on each product which specifies its month of production, and products that are approaching their expiry date are closely monitored by us and will be sold at semi-annual discount sales. Any such products which are not sold are usually either offered to our staff or are destroyed. Our overall inventory levels are adjusted based on seasonal changes in demand, our sales and marketing plans (including the timing of any new product launches) as well as our warehousing and logistics resources. We collect sales information from our retail management system which enables us to monitor sales performance by product, and production volumes are adjusted accordingly.

We strive to maintain a safety inventory level for our finished goods of at least one month's production volume at our warehousing facilities. Our safety inventory levels will vary according to season and regional requirements communicated by our various sales offices.

We have established computerised retail management, warehouse management and enterprise resource planning systems which assist us in our inventory planning and management. We operate an extranet through which our wholesale customers and third party retailers can directly place orders for our products. For further information, please see the section headed “— Information Technology”.

Transportation

We transport all our finished goods to our Own L’Occitane Stores, as well as to our wholesale and airport and duty free store customers, by different third party logistics companies. Products sold through our own internet-shopping websites, mail order and home shopping television networks are delivered to end customers by postal or courier services.

In Asia, we maintain warehouse facilities normally operated by third party logistics companies where our finished goods are stored to delivery to our Own L’Occitane Stores, customers who made purchases through our own internet-shopping websites and mail order, our wholesale distributors and airport and duty free store customers.

Shipments to third party distributors in Asia are made directly from our manufacturing plants in Manosque and Lagorce to the relevant country at the distributors’ cost. Shipments to the US, UK, Brazil and Europe, where we have our own distribution centres, are made regularly from our manufacturing plants in Manosque and Lagorce to the relevant regional distribution centres according to our stock management policy.

SALES AND MARKETING

Marketing directly to customers and promotion

Our principal form of advertising is marketing directly to new and existing customers at our own boutiques. We operate approximately 15 marketing events at our own boutiques each year, which typically involve the launch of a new product. We spend approximately 10% of our annual sales revenue on our global marketing and promotional efforts.

We carefully manage our marketing campaigns and conduct frequent introduction of new products. We introduced approximately 115 products during the year ended 31 March 2009. Because we conduct a majority of our sales through our Own L’Occitane Stores, we can effectively deliver our marketing messages through controlled, frequent renewal of our own window displays and new product launches. Launching marketing campaigns in our Own L’Occitane Stores eliminates the need to compete for advertising space or pay a premium for such space in special periods of the year. We also conduct seasonal promotional activities. These typically take the form of in-store sales promotions, such as themed packages of our products, for example as Christmas gift sets. Our controlled, regular launch of new products, together with our frequent renewal of window displays, are designed to make shopping for cosmetics and well-being products a seasonal, pleasurable shopping experience, thereby encouraging new and repeated visits to our Own L’Occitane Stores. Making the majority of our sales through our Own L’Occitane Stores also allows us to discontinue products which prove to be less successful, as we control the inventory level maintained at Own L’Occitane Stores. This gives us a competitive edge in optimising our product mix.

We also provide sample products to our customers as a form of product promotion. We provide those sample products through our Retail Stores, direct mail, as attachments to magazines and through internet request.

We have also launched advertising campaigns on television and in print media such as newspapers and magazines.

Customer loyalty program

We study the needs of our existing customers through our global retail management system and strive to bring to them high quality products that serve their needs. For example, in Asia, we operate a customer loyalty programme whereby customers who spend beyond a pre-defined spending threshold receive a membership card. Membership gives customers an incentive to revisit our stores as points accrued based on actual spending can be used as credit for purchases of our products. In our other key markets, we maintain an extensive database of our existing customers who have joined our mailing lists. Based on the information supplied by our loyalty membership and mailing list customers, we tailor our marketing to address their needs and preferences. We conduct marketing directly to customers and promotions targeting our loyalty membership and mailing list customers.

We believe that our direct, tailored marketing to loyalty membership customers and mailing list customers is a key instrument that helps us to build a loyal customer base.

RESEARCH AND DEVELOPMENT

We have a dedicated research and development team responsible for developing and improving the range and quality of our products. Our product development process focuses on improving and developing our existing product lines, as well as identifying new products and product lines.

As of 31 December 2009, our research and development team is comprised of 53 professional staff, the majority of whom are educated in biology, chemistry or biochemistry. Our director of research and development, Bernard Chevillat, has over 20 years of experience in research and development of formulas based on natural and organic ingredients. We cooperate with certain universities, principally the Université de Provence and the Faculté de Médecine de Marseille, whereby from time to time we cooperate with their research laboratories in the development and improvement of formulas and in investigating applications of natural ingredients.

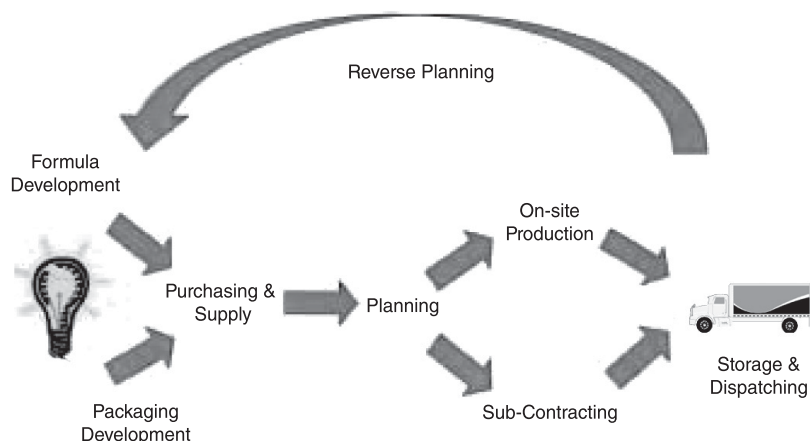
We develop our products and formulas according to the principles of phytotherapy and aromatherapy, and never test our products or the ingredients they contain on animals. We use active ingredients at an ideal concentration for optimal effectiveness. We believe that one of the key elements of making an effective product is the proportions of the key ingredients used. Therefore, disclosing ingredients on labels does not compromise our ownership of our know-how or technology, as proportions used are not disclosed.

Our research and development efforts are market driven, and our sales representatives from all markets maintain a close dialogue with our research and development team. This enables our research and development team to respond quickly to changes in consumer demand and product trends identified by our sales representatives and develop products that best cater to consumer demand and needs. Also, sales representatives can be regularly educated about new formulas and products developed by our research and development team so that they have a better

understanding of our products and thereby enabling them to more effectively market our products directly to end customers. Our marketing, packaging and research and development teams meet approximately every four weeks on average.

Our dedication to research and development has enabled us to launch for our L'Occitane brand for example 87 completely new products which were never sold before in the year ended 31 March 2009.

The following diagram illustrates our product development cycle:



QUALITY CONTROL

Research and development phase

Before launching, we do not conduct any tests of our products on animals. We test our products on volunteers prior to the launch of a new product. The principal tests which we conduct on our products are:

- **Ocular in-vitro test.** This tests for the presence of irritants and involves bringing the product in contact with cornea cells containing a colouring agent. The absence of a potential irritant is indicated by the stability of the cornea cells, which is evidenced by the non-release of the colouring agent.
- **Patch test.** This tests for any occurrence of irritation. The product is tested on around 20 volunteers by applying an occlusive patch to the forearm for 48 hours. Then the patch is removed, after which time a dermatologist ensures that no irritation occurs within the first 30 minutes.
- **In-use test.** This tests for skin tolerance and effectiveness of the product, and the occurrence of adverse reactions. This test involves actual use of the product by around 20 volunteers over a three- to four-week period under the monitor of a dermatologist and/or ophthalmologist to confirm that the product is well tolerated in actual use.

- **RIPT.** Repeated Insult Patch Testing is a study of the product to confirm compatibility with the skin and the absence of allergenic effects of the product after repeated use. This generally involves applying a total of ten patches of the product to new skin sites of 50 volunteers for 24 hours every other day. Each site is then examined for erythema and edema. After a two-week rest following the final application, a patch is applied for 24 hours and the results compared with the results of the earlier ten patches. The results are analysed by a dermatologist.
- **Phototoxicity.** This test is used on eaux de toilette for the evaluation of any phototoxic potential by cytotoxicity comparison with and without UVA.
- **Challenge test.** This tests for the anti-microbial efficiency of the preservative.

Our tests are handled by third-party test agencies which specifically provide this service. We are not involved in the recruitment of volunteers by these agencies.

Production phase

During the production phase, our quality control master plan provides, among other things, that:

- all raw materials are tested for their physical, chemical and biological characteristics prior to being used in production
- similar tests are run at different steps and at the end of the production process
- hygiene procedures, auto-controlling procedures, staff training and audits are put in place

We visit our main suppliers of shea butter, lavender oil and immortelle essential oil at least once a year in order to inspect the crops and harvest. We conduct quality control of our other key ingredients suppliers by visiting them every two years.

INFORMATION TECHNOLOGY

We utilise various computer systems to complement our business and assist us in managing inventories, sales orders, e-commerce, supply chain and financial reporting:

- **Retail management system.** This system covers store sales, promotions, CRM activities, store inventories and replenishment.
- **Enterprise Resource planning.** This system controls purchasing, supply chain management, planning, manufacturing, subcontracting as well as general and analytical accounting ledgers.
- **Warehouse management system.** This system provides detailed inventory management functions, controls the order preparation process and covers transportation and delivery.
- **E-commerce.** We have a central web platform which implements our e-commerce operations in 24 countries, both for our subsidiaries and our third party distributors. This platform also implements institutional websites for certain of our subsidiaries and third party distributors. This is run centrally and the hosting of the platform is outsourced in France. It is strongly

integrated with our retail management system to allow coherent multi-channel customer relationship management (**CRM**) between our retail and web customers. The development, maintenance and hosting of our Japanese e-commerce website is outsourced locally.

- **Extranet.** We have also developed an extranet for our subsidiaries and distributors to access merchandising, marketing and training materials and to place orders directly with us.
- **Operational and financial reporting.** This system allows access to operational reporting on matters including sales performance, supply chain and CRM. It also implements budget realisation, financial reporting and statutory financial consolidation functions.

In addition, we are in the process of implementing worldwide SAP as our ERP (Enterprise Resource Planning) to support, in an efficient and integrated way, our supply chain and financial processes. We started to work on this in September 2008 and selected SAP software to support this business improvement project in April 2009. The general design phase commenced recently and is targeted to launch in 2010, covering our Company and our wholly-owned subsidiary in the United Kingdom. Thereafter we have a roll out scheduled for our main distribution subsidiaries (Japan, Hong Kong, US and Continental Western Europe) as well as for our manufacturing plants (in Manosque and Lagorce) in 2011 and 2012. We have eight persons experienced in the various business processes who are fully dedicated to this project. The estimated overall expenses relating to the SAP project amounts to approximately €12 million over a period of 36 months for the first roll out phase, that includes the headquarters, production, central distribution and the main distribution subsidiaries. We plan to fund the estimated overall expenses of €12 million through our internal resources and/or from bank borrowings, as necessary. Our total cash outflow is expected to be approximately €3.8 million, €3.5 million, €4.2 million and €0.7 million for the years ended 31 March 2010, 2011, 2012 and 2013 respectively, for the period of 36 months starting in June 2009.

After the roll-out of the project described above, depending on its successful and timely implementation and not earlier than 2013, we estimate that we will be able to expand the new system to a larger number of our distribution subsidiaries. The related scope, timing and possible investment amounts will be defined at a later stage.

INTELLECTUAL PROPERTY

Our most valuable intellectual property is the L'Occitane brand. We have registered this trademark in more than 100 countries, in some cases in several alphabets or characters such as in Latin, Cyrillic, Chinese and Arabic characters. The design of the packaging of our products is an important element of the enhancement of our brand image. Therefore, where possible and economically reasonable, we have registered figurative trademarks in order to protect our original labels and design patents in respect of some of our packaging.

We have registered patents over the "Immortelle", "Cade", "Olive", "Almond" and "Apple" formulas and we have applied for a patent over the "Red Rice" formula.

We further protect our intellectual property through confidentiality agreements which we are increasingly including in our employment contracts and in our agreements with sub-contractors and other business partners to whom our formulas, designs or business information may be made available. We also regularly monitor the market for infringement of our L'Occitane brand, and will vigorously pursue and defend our rights against third parties whom we believe have infringed upon

our intellectual property rights. For example, we noticed that a third party in the US has been selling cosmetics whose packaging and is deceptively similar to those of our L'Occitane products. We therefore commenced legal proceedings in the US and obtained a settlement agreement leading to withdrawal of the products from the US market. We also monitor the trademark registers of many countries and oppose any application that is similar to the L'Occitane trademark. Due to repeated infringements against our intellectual property rights in China, we started to pursue Chinese companies in the past, even filing lawsuits, whenever legally and commercially reasonable. In the future, we will intensify our fight against illicit copying of our brand and/or our products.

So far, we have not experienced any material difficulties in protecting or infringement of our intellectual property rights due to the lack of proprietary rights protection in a particular jurisdiction.

We have never had any material action brought against us by any third party claiming we have infringed any third party intellectual property rights. However, from time to time we may be involved in minor disputes relating to intellectual property rights belonging to or asserted by third parties. Currently we are involved in the following two minor claims brought against us by third parties for alleged infringement of their trademarks.

We previously used the words "*jardin biologique*", which is a generic descriptive phrase meaning "biological garden" in French, on our ECOCERT — certified organic products with ingredients such as olives and tomatoes. A third party claiming to be the registered owner of the trademark "*jardin biologique*" recently commenced legal proceedings against us for unauthorised use of their mark. The claim amount is €50,000 only, and we have already discontinued the sale of those products.

Also, we launched a new Immortelle product "*Immortelle Crème Divine*" in September 2009. In French, "*divine*" is a generic descriptive adjective with a similar meaning to the English word "divine", and is often used to mean "godly". A third party claiming to be the registered owner of the trademark "DIVINE" recently commenced legal proceedings against us for unauthorised use of their mark in France only. The claimant did not make a claim for a specific sum, but sought an interdiction of the commercialisation (similar to a cease and desist order) in France of any product with the name "Divine", although they were not successful in obtaining an injunction against us. In the event of any future claims forbidding us from using the word "Divine" in our products, we believe that using another word in the name of that product will not affect our sale of that product in any materially adverse way given that the product is very new to the market and there would not be a significant or material marketing goodwill attached to that particular name yet, and in any event our products are marketed for their principal ingredients, and the word "*divine*" was not included nor intended to indicate the ingredients of that product. Further, we have filed a claim against the registered owner of the trademark "DIVINE" to seek to have their registration of that mark for its use in relation to cosmetic products removed, on the basis that they do not, to our knowledge, use that trademark for cosmetic products.

We therefore believe that these claims are immaterial and will not materially affect our results of operation.

ENVIRONMENTAL PROTECTION

We have a deep respect for the environment and we commonly use paper and cardboard that according to our suppliers are made from sustainably managed forests. We strive to limit our use of packaging materials and where available and appropriate we will use recycled and recyclable materials.

Our manufacturing process produces a minimal amount of waste products since we purchase our raw materials in a form ready to be combined in our products without further processing.

Our facilities in France are subject to the ICPE regulation (Installations Classées pour la Protection de l'Environnement) pursuant to the European directive 1996/61/CE and the PPRI regulation (Plan de Prévention du Risque Inondation) (together, the *Regulations*) which are implemented to manage the risks of flooding. The cost of complying with these regulations over the Track Record Period was approximately €0.4 million per year. As the obligations under the Regulations have been reinforced, the cost of compliance will be increased to €0.6 million per year.

We are not in any material breach of any specific environmental regulations applicable to our business.

EMPLOYEES

As at 31 December 2009 we employed 4,682 full-time employees.

As at 31 December 2009, our employees by function was as follows:

Management and Administration	429
Sales and Marketing	940
Research and Development.	53
Production	429
Frontline sales staff	<u>2,831</u>
Total	<u><u>4,682</u></u>

Some of our employees are members of various local trade unions. We believe we maintain good relationships with these trade unions through effective, regular communication. We have not experienced any material labour disputes or strikes.

We provide training to our frontline sales staff locally and tailored to each country. This training includes sales and customer service techniques, operational skills, orientation into our Company and our products, and specific face care and make-up workshops. We provide additional training for each new product launch. Our shop managers are provided with specific training linked to their management role. We also hold motivational events for our local management, including visits to our manufacturing plant at Manosque.

The key aim of our various training programmes is to familiarise our employees with our business and philosophy so as to create an involved community within our Company and enable them to become dedicated and loyal ambassadors of our L'Occitane and other brands.

PROPERTY INTERESTS

The only properties owned by our Group are certain properties which are used as our manufacturing plants and warehouses, are located in Manosque and Lagorce. The Group's manufacturing plant and warehouses situated in Manosque are deemed to be owned properties under both accounting and property valuation perspectives, although part of the manufacturing plant and warehouses may be held under a finance lease from a third party bank. As of 28 February 2010, the Group also leased the property at which its manufacturing facilities for Melvita are situated in Lagorce, France (the **Melvita Lease**). On 30 March 2010, which is after the property valuation date of 28 February 2010, we acquired the Group's manufacturing facilities situated in Lagorce, France (the **Melvita Property**). Also on 30 March 2010, we 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. The Melvita Property is deemed to be an owned property under both accounting and property valuation perspectives, although it is held under a finance lease from a third party bank.

We lease the premises at which we operate our Retail Stores from third parties. As at 28 February 2010, these comprised 753 Own L'Occitane Stores in 27 countries, five stores at which we sell our Melvita products, five stores at which we previously distributed "Oliviers & Co" products and one own spa each in Hong Kong, Taiwan, France and Brazil. We also lease 78 properties in 24 countries which we use as office premises, warehousing facilities and staff quarters. The terms of our leases range from a minimum of one year to no time limitation. The majority of such leases prohibit our alienation or assignment thereof without the prior written consent of the landlord.

The average monthly rent paid by the retail outlets in Hong Kong on Hong Kong Island/in Kowloon and elsewhere outside Hong Kong Island (being the aggregate rent paid on a yearly basis divided by 12), including outlets that are situated on streets and inside shopping malls, was approximately HKD1,531,000, HKD2,255,000, HKD2,647,000 and HKD3,218,000 for the three years ended 31 March 2009 and the nine months ended 31 December 2009 respectively. The average monthly rent paid by the retail outlets in mainland China (being the aggregate rent paid on a yearly basis divided by 12), including outlets that are situated on streets and inside shopping malls, was approximately RMB920,000, RMB1,661,000, RMB2,411,000 and RMB3,212,000 for the three years ended 31 March 2009 and the nine months ended 31 December 2009 respectively.

Please see the section headed "Exemptions from the Hong Kong Companies Ordinance and Waivers from the Listing Rules" in this prospectus in relation to a waiver we obtained from strict compliance with the Listing Rules and certificate of exemption from the requirements of the Hong Kong Companies Ordinance regarding property valuation.

The Joint Sponsors and our Directors are of the opinion that, as of 28 February 2010, none of the leased properties (other than the Melvita Property) is individually material to our Group in terms of total net sales and total rent and occupancy expenses.

The Company confirms that, save for the Melvita Property, there were no further acquisitions or disposals of the properties since 28 February 2010.

BUSINESS

Set out below is a summary of the property interests of the Group as at 31 December 2009:

	Properties of the Group which have been valued (being properties in group I to V in the valuation report set out in Appendix IV)	Properties of the Group which have not been valued (being other leases of the Group including retail, office and warehouse)
Book value of assets attributable to these properties ⁽¹⁾ .	€12,926,000	0
Percentage of total assets represented by these properties	2.7%	0%

⁽¹⁾ This does not include leasehold improvements.

We lease the premises at which we operate our Retail Stores from third parties. As set out in note 7.4 to the Accountant's Report, as at 31 December 2009, the net book value of leasehold improvements related to the stores was €29,070,000, representing 6.1% of total assets.

As at 28 February 2010, the total number of properties of the Group which have been valued (being properties in group I to V in the valuation report set out in Appendix IV) was 39 and the properties of the Group which have not been valued (being other leases of the Group including retail, office and warehouse) was 810.

COMPETITION

Please see the section headed "Industry Overview — Competition" for the state of competition in our industry

INSURANCE

We maintain a range of insurance cover in relation to our business that are customary for our industry, including without limitation property damage and business interruption insurance, product liability insurance and carriage of goods insurance.

We have not made any material claims on any insurance policy maintained by us during the period beginning 1 April 2006 to the Latest Practicable Date.

LEGAL AND REGULATORY MATTERS

Regulatory compliance

After due and careful enquiry, we are of the opinion that all members of our Group have obtained and currently maintain all necessary permits and licenses which are material to our Group's production and sales activities actually being conducted. The main permits required for our production are a fork lift truck driving license, an electricity permit and health and safety permits. Every year we organise training for new employees if they do not already have the required qualifications and we also provide refresher courses for our existing staff.

Further, there were no findings notified to us by any regulating authority in the jurisdictions in which we operate of any material non-compliance with any rule, regulation or law to which our business is subject, or any irregularities as a result of periodic visits and audits, during the Track Record Period.

Litigation

We are not involved in any material litigation.

We are occasionally involved in routine litigation matters that are common for our industry, such as minor employment disputes and contractual disagreements with our suppliers and/or service providers, none of which we believe has been material. Further, during the Track Record Period, no member of the Group has been sanctioned by any relevant authority for not having obtained or, to its knowledge, investigated as to whether it has obtained, all necessary permits and licences required for its respective production and sales activities as conducted.

In the year ended 31 March 2007, Posada Sanchez, a Spanish limited company, initiated legal action before the courts of Madrid against our Company and L'Occitane SA, our wholly owned subsidiary, on the basis of wrongful termination of a concession agreement and of an exclusive wholesale agreement, with a claim for damages in the amount of approximately €1,500,000. Even though we are of the opinion that the non-renewal of the wholesale agreement was in accordance with the notice periods and that the concession agreement was consequently rightly terminated, the competent court in Spain made a judgement obliging us to pay an amount of €296,206. This amount has been settled by us. Nevertheless, we filed an appeal against the aforementioned judgement. On 1 December 2009, the Court of Appeal has increased the compensation to the plaintiff to €329,000. Although we still disagree with the decision of the court, we decided not to file an appeal against this decision before the Spanish Supreme Court. In addition, a former business partner in Kuwait in charge of the importation of L'Occitane products filed a lawsuit against us and claimed an amount of €350,000. This importer lost the legal case in the first instance but filed for an appeal. The legal proceedings are still pending. Our Directors do not expect that the claimant will succeed nor do they expect that the outcome of these proceedings will have a material adverse effect on our consolidated financial position, income statements or cash flow.

Please see the section headed “— Intellectual Property” for details relating to two minor disputes relating to intellectual property rights belonging to or asserted by third parties.

Please also see Note 30.1 to the Accountant's Report set out in Appendix I to this prospectus for details relating to other minor legal proceedings which we are currently involved in.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering, LOG will own 75% (assuming no exercise of the Over-allotment Option) or approximately 71.8% (assuming full exercise of the Over-allotment Option) of our outstanding issued share capital. Further, immediately following completion of the Global Offering, our Chairman, Mr. Reinold Geiger, through his controlling interest in LOG, will control more than 30% of our issued share capital. Neither LOG nor Mr. Geiger carries on or is otherwise interested in any business which competes, or is likely to compete, either directly or indirectly, with our business.

No competition and clear delineation of business

LOG is an investment holding company whose principal asset is its shareholding in our Company.

The only other material asset owned by LOG is a 25% equity interest in Les Minimes SAS, a company whose sole asset is a hotel located in Mane, a small village in the South of France. The remaining equity interest in Les Minimes SAS is owned by Mr. Geiger as to 25% and by independent third parties as to 50%.

The hotel commenced business in June 2008, and is managed by Les Minimes SAS. Management and operation of the hotel constitute the sole operations of Les Minimes SAS. All aspects of the operations of Les Minimes SAS are completely separate and independent from us, including their management and other personnel, accounting and financial reporting systems and office premises and facilities. We own the trademark "Le Couvent des Minimes" and allow Les Minimes SAS to use that trademark as the name of its hotel, "Le Couvent des Minimes Hôtel & Spa". We distribute our Le Couvent des Minimes and L'Occitane products at the hotel.

By contrast, our principal business is the development, manufacture and distribution of cosmetics and well-being products, and we do not carry out any activities which involve the ownership, management or operation of a hotel. Our businesses are completely different and there is therefore a clear delineation and no competition between our business and that of Les Minimes SAS.

Independence from LOG

Having considered the following factors, we are satisfied that we have been, and following completion of the Global Offering will be, able to conduct our business independently from LOG.

Management independence

Our Board consists of ten Directors, of whom four are executive Directors, three are non-executive Directors and three are independent non-executive Directors. Three of our executive Directors, namely our Chairman, Mr. Reinold Geiger, Mr. Emmanuel Osti and Mr. André Hoffmann, are also directors of LOG. However, LOG is an investment holding company whose principal asset is its shareholding in our Company, and its only other material asset is its 25% equity interest in Les Minimes SAS. Save for Mr. Geiger who is a member of the strategic board of Les Minimes SAS, none of Mr. Geiger, Mr. Osti or Mr. Hoffmann holds any executive position in, or otherwise participates in any way in the management or operations of, Les Minimes SAS.

Our daily management and operations are carried out by our senior management team. Save for Mr. Geiger who is a member of the strategic board of Les Minimes SAS, none of the members of our senior management team holds any board or other executive position in LOG or Les Minimes SAS.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Under applicable Luxembourg laws, any Director having an interest in a transaction presented to our Board for consideration and approval which conflicts with that of our Company must disclose such interest to the Board and may not take part in the deliberations or vote in respect of the matter. At our next general meeting, a special report is required to be made of such transactions, detailing any such conflict. Under Luxembourg law, the above mentioned procedures are not applicable where the decision of our Board relates to routine operations entered into under normal conditions.

Further, the decision-making mechanism of our Board is set out in our articles of association, which include provisions to avoid conflicts of interests by providing, among other things, that (i) our Board may validly debate and act only if the majority of its members are present in person or by proxy; (ii) all decisions of our Board shall be made by a majority of the votes cast by Directors present in person or by proxy at the relevant meeting; (iii) a Director shall declare the nature of any direct or indirect material interest of his in any contract, proposed contract or any transaction of the Company at the earliest meeting of our Board of which it is practicable for him to do so; and (iv) a special report of transactions, including routine operations entered into under normal conditions, in which our directors had an interest which conflicted with ours shall be made at our next general meeting following the relevant Board meeting. Please see the section headed “E. Amendments to the Articles of Association — 9. Declaration of interests by directors” in Appendix V to this prospectus for details relating to disclosure requirements on directors’ interests under Luxembourg and Hong Kong laws and our Articles of Association.

Finally, following listing, our Board will be required to comply with the Listing Rules, including provisions thereunder relating to corporate governance, which require (among other things) that a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest, nor shall he be counted in the quorum for the meeting.

Operational independence

LOG is an investment holding company and does not actively carry on any business activities. We have our own independent access to sources of raw materials and other supplies required for our operations. Neither LOG nor Mr. Geiger has any interest in any of our suppliers of raw materials and other supplies required for our operations. We independently manage and operate our manufacturing facilities in Manosque and Lagorce. We have independent access to our customers. Neither LOG nor Mr. Geiger has any interest in any of our corporate customers.

Financial independence

All the amounts due to and from LOG, and all guarantees, indemnities and other securities provided by LOG for the benefit of our Group, will be fully settled or released before the Listing Date. Other than the aforesaid amounts due, guarantees, indemnities and other securities which will all be released, neither LOG nor Mr. Geiger provides us with any direct or indirect financing for our operations.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

CONNECTED TRANSACTIONS

We have entered into transactions in the ordinary course of our business with certain of our connected persons which we expect to continue following our listing on the Hong Kong Stock Exchange. Some of these connected transactions are entered into with the associate of our ultimate controlling shareholder, Mr. Reinold Geiger, whilst others are entered into with our other connected persons.

Exempt continuing connected transactions

The following continuing connected transactions are exempt from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

Provision of independent legal advice by Ms. Maze-Sencier

Ms. Dominique Maze-Sencier, the wife of our Chairman, Mr. Reinold Geiger, is a qualified lawyer in France engaged in private practice as a sole practitioner, and she is instructed by us from time to time for the provision of independent legal advice. We pay Ms. Maze-Sencier an agreed annual fee for the provision of legal advice to us upon our instructions from time to time. The aggregate amount of legal fees paid to Ms. Maze-Sencier by us for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were €30,000, €42,000, €42,000 and €30,000 respectively. On the basis of the current understanding between us and Ms. Maze-Sencier, we estimate that the amount of legal fees payable by us to Ms. Maze-Sencier for each of the three years ending 31 March 2013 will not exceed €50,000, €50,000 and €50,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the provision of independent legal advice to us by Ms. Maze-Sencier, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

Employment of certain connected persons

Ms. Cecile de Verdelhan, the spouse of Mr. Emmanuel Osti, an executive Director of our Company, is employed by us as a marketing director. The amount of remuneration paid to Ms. de Verdelhan by us for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were €126,106, €147,878, €156,402 and €121,000 respectively. On the basis of our current remuneration policy, we estimate that the amount of remuneration payable by us to Ms. de Verdelhan for each of the three years ending 31 March 2013 will not exceed €189,000, €208,000 and €230,000 respectively.

Mr. Daniel Gambin, the brother of Ms. Silvia Gambin, a former director until 20 November 2009 of L'Occitane Do Brasil S.A., our subsidiary, is employed by another of our subsidiaries Espaco Do Banho e Aromas Ltda, as a manager. The amount of remuneration paid to Mr. Gambin by us for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €20,747, €11,670, €30,991 and €21,831 respectively. Since Ms. Gambin ceased to be a director of L'Occitane Do Brasil S.A. on 20 November 2009, Ms. Gambin, and accordingly Mr.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Gambin, will cease to be connected persons of the Company on 20 November 2010. On the basis of our current remuneration policy, we estimate that the amount of remuneration payable by us to Mr. Gambin for the year ending 31 March 2011 will not exceed €35,000.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the employment of each of Ms. de Verdelhan and Mr. Gambin, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

Engagement of La Société d'Investissement CIME S.A. as liquidity guarantor of our employee shareholding fund

We have established a shareholding fund which holds shares in LOG, the beneficiaries of whom are certain employees of some of our French subsidiaries. Pursuant to relevant French regulations, a fund of this nature is required to afford its beneficiaries a certain minimum degree of liquidity in their investment. La Société d'Investissement CIME S.A. (**CIME**) has agreed to act, and was accordingly appointed by the manager of the fund, an unrelated third party, as liquidity guarantor of our employee shareholding fund. CIME is wholly owned by Mr. Reinold Geiger, our Chairman, executive Director and ultimate controlling shareholder. Mr. Geiger does not, whether directly or indirectly, have any interest in our employee shareholding fund.

Pursuant to an Agreement for the Liquidity of the Common Investment Fund for L'Occitane Shares (*Convention de Liquidité du Fonds Commun de Placement <L'Occitane Actionnariat>*) entered into between the manager of the fund, CIME and L'Occitane S.A., our wholly owned subsidiary, on 18 December 2007 (the **Liquidity Agreement**), CIME has agreed to act as liquidity guarantor whereby it would purchase such number of LOG shares at certain regular times as may be requested by the manager in order to comply with the minimum liquidity requirements under relevant French regulations, and L'Occitane S.A. has agreed to pay CIME an annual fee representing 0.125% of the net asset value of the fund for so acting as liquidity guarantor.

The annual fee paid by us to CIME for the two years ended 31 March 2009 and the nine months ended 31 December 2009 was €1,800, €2,600 and €0 respectively. On the basis of the agreed fee arrangement under the Liquidity Agreement, we estimate that the annual fee payable by us to CIME for acting as liquidity guarantor of our employee shareholding fund in each of the three years ending 31 March 2013 will not exceed €2,500, €3,000 and €3,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the appointment of CIME as liquidity guarantor for our employee shareholding fund, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Supply of L'Occitane products to SOI Spa Operator International, a company controlled by Ms. Silvia Gambin

Ms. Silvia Gambin is a former director until 20 November 2009 of our subsidiary, L'Occitane Do Brasil S.A. Ms. Silvia Gambin controls, through one of her daughters, SOI Spa Operator International, a company which distributes spa products. Our subsidiary, Espaco do Banho e Aromas Ltda, supplies L'Occitane products to SOI Spa Operator International which resells our L'Occitane products to spas in Brazil. The aggregate amount of sales of L'Occitane products made by us to SOI Spa Operator International for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €10,606, €2,903, €21,527 and €39,507 respectively. Since Ms. Gambin ceased to be a director of L'Occitane Do Brasil S.A. on 20 November 2009, Ms. Gambin will cease to be a connected person on 20 November 2010. We estimate that the aggregate amount of sales of L'Occitane products that will be made by us to SOI Spa Operator International for the year ending 31 March 2011 will not exceed approximately €60,000.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the transactions with companies controlled by Ms. Silvia Gambin viewed in aggregate, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

Rental of certain properties in Taiwan from certain connected persons

We lease the premises located at each of 3/F, 4/F and 5/F of No. 11, Ave 45, Section 2, Zhong Shan Road North, Taipei, Taiwan (the **Taiwan Properties**) for use as offices from Mr. Wang Tzu Wei, Ms. Wang Chen Tsai-Hsieh and Mr. Wang Yuan Hong respectively. Mr. Wang Yuan Hong is the chairman of L'Occitane Taiwan Ltd, our subsidiary. Ms. Wang Chen Tsai-Hsieh and Mr. Wang Tzu Wei are the wife and son, respectively, of Mr. Wang (together, the **Wang Landlords**). The aggregate amount of rental payments made by us to the Wang Landlords for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €65,660, €76,996, €80,000 and €58,000 respectively. On the basis of the current understanding between us and the Wang Landlords, we estimate that the aggregate rental payable by us to the Wang Landlords for the Taiwan Properties for each of the three years ending 31 March 2013 will not exceed approximately €80,000, €80,000 and €80,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the lease of the Taiwan Properties from the Wang Landlords, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Sale of L'Occitane products to companies controlled by certain connected persons

Shiatzy Fashion and Accessories Co. Ltd. (夏姿服飾有限公司) and Shiatzy International Co., Ltd. (the **Shiatzy Companies**) are companies controlled by Ms. Wang Chen Tsai-Hsieh, the mother of Mr. Wang Tzu Wei, and in which Mr. Wang Tzu Wei also has a shareholding. The Shiatzy Companies purchase L'Occitane products from our subsidiary, L'Occitane Taiwan Ltd for their own use. The aggregate amount of sales of L'Occitane products made by us to the Shiatzy Companies for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €42,000, €50,000, €40,000 and €23,000 respectively. We estimate that the aggregate amount of sales of L'Occitane products that will be made by us to the Shiatzy Companies for each of the three years ending 31 March 2013 will not exceed €50,000, €50,000 and €50,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the sale of L'Occitane products to the Shiatzy Companies, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

Sharing of administrative services

We understand that Clarins Korea Ltd and Clarins de Mexico, S.A. de C.V. are each a subsidiary of Clarins BV, a substantial shareholder of our subsidiaries, L'Occitane (Suisse) S.A., L'Occitane (Korea) Limited and L'Occitane Mexico S.A. de C.V.. Clarins S.A., is a subsidiary of Clarins International Holdings SAS. Each of Clarins S.A., Clarins Korea Ltd and Clarins de Mexico, S.A. de C.V. is therefore an associate of Clarins BV and a connected person of our Company.

We share certain administrative office services and overhead expenses with each of Clarins S.A., Clarins Korea Ltd and Clarins de Mexico, S.A. de C.V. on an equal basis at cost for our operations in Switzerland, Korea and Mexico respectively. These administrative office services are the sharing of office premises owned by Clarins except for Korea where they are rented from third party landlords and of electricity and other related overhead costs, the sharing of office equipment such as fax machines and computers, and the sharing of administrative staff and the related salary expenses. Such sharing of administrative office services on an equal basis at cost is exempt from the reporting, announcement and shareholders' approval requirements under Rule 14A.31(8) of the Listing Rules.

Provision of financial consulting services by Esprit-fi Eurl, a company wholly owned by Mr. Martial Lopez

We have engaged Esprit-fi Eurl, a company wholly owned by Mr. Martial Lopez, a non-executive Director of our Company, as financial consultant to our Group in return for a financial consulting service fee. Our Group recorded expenses for these financial consulting services for €96,000 for the nine months ended 31 December 2009. These fees were not paid to Mr. Martial Lopez as a Director and were not in the nature of Director's emoluments. On the basis of the current understanding between us and Esprit-fi Eurl, we estimate that the amount of financial consulting services fees payable by us to Esprit-fi Eurl for each of the three years ending 31 March 2013 will not exceed €300,000, €300,000 and €300,000 respectively.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the provision of financial consulting services to us by Esprit-fi Eurl, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

Sale of products to Les Minimes SAS

We sell to Les Minimes SAS, a company indirectly owned by LOG as to 25% and by Mr. Reinold Geiger, our Chairman, as to 25%, our L'Occitane and Le Couvent des Minimes products. The sales made by us of such products for the year ended 31 March 2009 and the nine months ended 31 December 2009 were €62,000 and €35,000 respectively. These sales were carried out in the normal course of business of the Group and we estimate that the aggregate sales made of such products for each of the three years ending 31 March 2013 will not exceed €100,000, €120,000 and €140,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the aggregate revenues received by us from such sales of products to Les Minimes SAS, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

Provision of communication and marketing services by Les Minimes SAS

One of our French subsidiaries, L'Occitane SA, has engaged Les Minimes SAS, a company indirectly owned by LOG as to 25% and by Mr. Reinold Geiger, our Chairman, as to 25% for the provision of communication and marketing services. The amount of fees for these communication and marketing services charged to us by Les Minimes SAS for the year ended 31 March 2009 and the nine months ended 31 December 2009 were €455,000 and €91,000 respectively, resulting in payables amounting to €411,000 and €25,000 as at 31 March 2009 and 31 December 2009 respectively. On the basis of the current understanding between us and Les Minimes SAS, we estimate that the amount of communication and marketing services fees to be charged to us by Les Minimes SAS for each of the three years ending 31 March 2013 will not exceed €50,000, €50,000 and €50,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the aggregate amount of communication and marketing services fees payable by us to Les Minimes SAS, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

Non-exempt continuing connected transactions

The following continuing connected transactions are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Shareholders' loans and payment of interest to us and our joint venture partner, Clarins BV, in respect of shareholders' loans

Clarins BV is the holder of 49.90% of the issued share capital in each of our subsidiaries, L'Occitane (Suisse) S.A., L'Occitane (Korea) Limited and L'Occitane Mexico S.A. de CV. Clarins BV is therefore a connected person of our Company. Each of our subsidiaries, L'Occitane (Suisse) S.A., L'Occitane (Korea) Limited and L'Occitane Mexico S.A. de CV (the **Connected Clarins Subsidiaries**) is also a connected person of our Company. We and Clarins Groupe Sarl have made shareholders' loans to these subsidiaries in equal shares, as further described below (the **Clarins Shareholders' Loans**). The Clarins Shareholders Loans are therefore connected transactions of our Company.

Pursuant to loan contracts dated 22 December 2008 and 18 December 2009 and promissory notes dated 18 December 2008 and 18 December 2009, we and Clarins Groupe Sarl each contributed, in both Swiss Francs and Euros, the Euro equivalent of approximately €1,261,000 and €1,190,000 respectively, amounting to an aggregate of approximately €2,451,000, to our subsidiary, L'Occitane Suisse SA, as a shareholders' loan. For the three years ended 31 March 2009, 2008 and 2007 and the nine months ended 31 December 2009, the Euro equivalent of €64,000, €61,000, €45,000 and €38,000 was paid to us and the Euro equivalent of €48,000, €54,000, €67,000 and €30,000 was paid to Clarins Groupe Sarl respectively as interest payment. Outstanding principal loan amounts payable by L'Occitane Suisse SA to us and Clarins Groupe Sarl were the Euro equivalent of €1,259,000 and €1,165,000 respectively as at 31 December 2009. Both our and Clarins Groupe Sarl's portion of the loans are due for repayment on 20 December 2010.

Pursuant to loan contracts dated 17 December 2008 and 16 October 2009 and promissory notes dated 16 October 2008, 17 December 2008 and 16 October 2009, our Company, our wholly owned subsidiary L'Occitane Singapore Pte Ltd and Clarins Groupe Sarl each contributed €1,220,000, €288,000 and €1,502,000 respectively, amounting to an aggregate of €3,010,000, to our subsidiary, L'Occitane (Korea) Limited, as shareholders' loans. For the three years ended 31 March 2009, 2008 and 2007 and the nine months ended 31 December 2009, €57,000, €38,000, €19,000 and €56,000 was paid to us and L'Occitane Singapore Pte Ltd and €64,000, €39,000, €17,000 and €56,000 was paid to Clarins Groupe Sarl respectively as interest payment. Outstanding principal loan amounts payable by L'Occitane (Korea) Limited to us and L'Occitane Singapore Pte Ltd, in aggregate, and Clarins Groupe Sarl were €1,508,000 and €1,502,000 respectively as at 31 December 2009. The loans made by us and L'Occitane Singapore Pte Ltd are due for repayment on 15 October 2010 and 14 April 2010 respectively, and the loans made by Clarins Groupe Sarl are due for repayment on 14 April 2010 and 18 October 2010.

Pursuant to loan contracts dated 22 December 2008, 5 January 2009, 23 March 2009 and 22 December 2009 and promissory notes dated 22 December 2008, 22 October 2009 and 22 December 2009, we and Clarins Groupe Sarl each contributed in US dollars the Euro equivalent of approximately €2,315,000 and €2,303,000 respectively, amounting to an aggregate of approximately €4,618,000, to our subsidiary, L'Occitane Mexico S.A. de CV, as shareholders' loans. For the three years ended 31 March 2009, 2008 and 2007 and the nine months ended 31 December 2009, the Euro equivalent of €101,000, €88,000, €26,000 and €70,000 was paid to us and the Euro equivalent of €65,000, €87,000, €26,000 and €38,000 was paid to Clarins Groupe Sarl respectively as interest payment. Both our and Clarins Groupe Sarl's portion of the loans are

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

due for repayment on 22 December 2010. Outstanding principal loan amounts payable by L'Occitane Mexico S.A. de CV to us and Clarins Groupe Sarl were the Euro equivalent of €2,266,000 and €2,246,000 respectively as at 31 December 2009.

For each of the three years ended 31 March 2009 and the nine months ended 31 December 2009, the aggregate principal amount owing and annual interest paid by the Connected Clarins Subsidiaries to us and L'Occitane Singapore Pte Ltd and Clarins Groupe Sarl in respect of the Clarins Shareholders' Loans were approximately €5,906,000, €6,493,000, €9,966,000 and €10,234,000, respectively. In accordance with the contractual terms of the Clarins Shareholders' Loans and assuming that these loans will be renewed, and having considered the potential additional cash requirements of the Connected Clarins Subsidiaries in the future, we estimate that the aggregate principal loan amount owed by the Connected Clarins Subsidiaries and the aggregate amount of interest to be paid by the Connected Clarins Subsidiaries to us and L'Occitane Singapore Pte Ltd and Clarins Groupe Sarl in respect of the Clarins Shareholders' Loans for each of the three years ending 31 March 2013 will not exceed (that is, will be capped at) €11,220,000, €12,450,000 and €12,230,000 respectively. The Clarins Shareholders' Loans are subject to normal commercial terms.

The following continuing connected transactions are exempt from the independent shareholders' approval requirement and subject to the reporting and announcement requirements under the Listing Rules.

Sale of products to Courtin-Clarins Associates

We understand that Clarins Canada Inc., Clarins Sdn Bhd and Monarimport SpA are each a subsidiary of Clarins BV, a substantial shareholder of our subsidiaries, L'Occitane (Suisse) S.A., L'Occitane (Korea) Limited and L'Occitane Mexico S.A. de CV. Further, Clarins BV holds 40% of the equity interest in L'Occitane Nederland BV (a company in which we do not have any direct or indirect shareholding interest). Each of Clarins Canada Inc., Clarins Sdn Bhd, Monarimport SpA and L'Occitane Nederland BV (together, the ***Courtin-Clarins Associates***) is therefore an associate of Clarins BV and a connected person of our Company.

We sell to the Courtin-Clarins Associates our L'Occitane products, including our regular products as well as samples and products to be distributed as gifts and L'Occitane branded carry bags and similar packaging products. The Courtin-Clarins Associates (other than Clarins Canada Inc.) are our distributors for our L'Occitane products in Malaysia, Italy and the Netherlands respectively, and sales of products to the Courtin-Clarins Associates represent sales made in our Sell-In Segment. We have in the past sold our products to Clarins Canada Inc., who would then distribute them in Canada to retailers such as department stores. However, with effect from 31 March 2010, we no longer conduct such sales to Clarins Canada Inc. and will ourselves do so, through the entire business undertaking and operations of our then exclusive distributor, Stroms' Enterprises Limited, which we acquired on 14 May 2009. For each of the three years ended 31 March 2009 and the nine months ended 31 December 2009, the aggregate sales made by us of such products to the Courtin-Clarins Associates were approximately €2.98 million, €3.98 million, €3.41 million and €2.52 million respectively. We entered into a distribution agreement with Clarins Sdn Bhd on 1 January 2003, as amended by an amendment agreement dated 20 August 2008, which governs the sale of products by us to Clarins Sdn Bhd. Such distribution agreement will terminate on 31

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December 2010 and is therefore for a term of less than three years. We have also entered into a distribution agreement with Monarimport SpA on 14 July 2009, which governs the sale of products by us to Monarimport SpA. Such amended distribution agreement is for a remaining term of less than three years as we have served notice on 22 December 2009 to terminate the agreement on 30 June 2010. In addition, on 16 April 2010, we entered into a distribution agreement with L'Occitane Nederland BV to govern the sale of products by us to L'Occitane Nederland BV following listing. The distribution agreement comes into force from the Listing Date and has a term not exceeding three years.

The table below sets out (1) the aggregate sales revenue from our sales of products to the Courtin-Clarins Associates for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 and (2) the maximum aggregate sales revenue from our sales of products to the Courtin-Clarins Associates for the three years ending 31 March 2013.

Historical Transaction Amounts						
Year ended 31 March			Nine months ended 31 December	Proposed Annual Cap Year ending 31 March		
2007	2008	2009	2009	2011	2012	2013
(€'000)				(€'000)		

Revenue from sale of products to the Courtin-Clarins Associates	2,981	3,978	3,410	2,520	3,686	2,756	3,183

In arriving at the proposed annual caps, our Directors have considered, among other matters, our historical sales to the Courtin-Clarins Associates and the benefit to our business, for continued distribution of our products through them.

Waiver application for non-exempt continuing connected transactions

Our non-exempt continuing connected transactions are summarised in the table below.

Year ended 31 March			Nine month period ended 31 December	Year ending 31 March		
2007	2008	2009	2009	2011	2012	2013
(€'000)			(€'000)	(€'000)		

Sale of Products to Courtin-Clarins Associates	2,981	3,978	3,410	2,520	3,686	2,756	3,183
Principal amount owing and payment of interest under the Clarins Shareholders' Loans	5,906	6,493	9,966	10,234	11,220	12,450	12,230

In respect of the Sale of Products to Courtin-Clarins Associates, as the highest applicable ratio as set out in Rule 14.07 of the Listing Rules, where applicable, is in each case on an annual basis expected to be more than 0.1% but less than 2.5%, such transactions are exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules. In respect of the Principal amount owing and payment of interest under the Clarins Shareholders' Loans, as the highest applicable ratio as set out in Rule 14.07 of the listing Rules, where applicable, is in each

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case calculated by reference to loan amounts repayable as a lump sum at maturity and the annual interest payments, and expected to be above 2.5 per cent, such transactions are subject to the reporting, announcement and independent shareholders' approval requirements set out in Rules 14A.45 to 14A.48 of the Listing Rules.

Accordingly, we have requested the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with the reporting, announcement and independent shareholders' approval requirements (as the case may be) otherwise applicable to continuing connected transactions under the Listing Rules in respect of the above non-exempt continuing connected transaction.

In respect of the above non-exempt continuing connected transactions, we will comply with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

Confirmation from our Directors

Our Directors, including our independent non-executive Directors, are of the opinion that each of the continuing connected transactions have been entered into on normal commercial terms and in the ordinary and usual course of our business, and are fair and reasonable and in the interests of our shareholders as a whole. Our Directors, including our independent non-executive Directors, are also of the view that the proposed annual caps for the non-exempt continuing connected transactions set out above are fair and reasonable and in the interests of our shareholders as a whole.

Confirmation from the Joint Sponsors

The Joint Sponsors have reviewed the relevant information and historical figures prepared and provided by us relating to the non-exempt continuing connected transactions described above and have also conducted due diligence by discussing with us and our advisers and have obtained the necessary representations and information from us. Based on the Joint Sponsors' due diligence, the Joint Sponsors are of the view that the non-exempt continuing connected transactions have been entered into in the ordinary and usual course of our business, on normal commercial terms that are fair and reasonable and in the interests of our Shareholders as a whole, and the respective annual caps set for the non-exempt continuing connected transactions are fair and reasonable and in the interest of our shareholders as a whole.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

GENERAL

Our Board currently consists of ten Directors, comprising four executive Directors, three non-executive Directors and three independent non-executive Directors.

Save as disclosed in this prospectus, none of our Directors has any other directorships in listed companies.

DIRECTORS

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

Name	Age	Position
Reinold Geiger	62	Executive Director, Chairman and Chief Executive Officer
Emmanuel Laurent Jacques Osti	45	Executive Director and Managing Director
André Joseph Hoffmann. .	53	Executive Director and Managing Director
Thomas Levilion	50	Executive Director and Group Deputy General Manager, Finance and Administration
Karl Guenard	42	Non-Executive Director
Martial Thierry Lopez . . .	49	Non-Executive Director
Pierre Maurice Georges Milet	67	Non-Executive Director
Charles Mark Broadley . . .	46	Independent Non-Executive Director
Susan Saltzbart Kilsby . . .	51	Independent Non-Executive Director
Jackson Chik Sum Ng . . .	49	Independent Non-Executive Director

Mr. Reinold Geiger was appointed as an executive Director with effect from 22 December 2000 and is and our Chairman and Chief Executive Officer. Mr. Geiger is primarily responsible for our Group's overall strategic planning and the management of our Group's business. Mr. Geiger joined our Group in 1996 as Chairman and controlling shareholder. Mr. Geiger is a director and managing director ("*administrateur délégué*") of our Company and LOG, a director of L'Occitane (Suisse) S.A., L'Occitane Inc., L'Occitane Australia Pty Ltd., L'Occitane Japon KK, L'Occitane Rus and L'Occitane Mexico S.A. de C.V., a member of the board of managers of L'Occitane LLC and Oliviers & Co. LLC, a member of the strategic board ("*conseil stratégique*") of Les Minimes SAS and a director ("*membre du conseil d'administration*") of the Fondation d'entreprise L'Occitane. Since joining L'Occitane, Mr. Geiger has developed our Group from a largely domestic operation based in France to an international business. He has spent time travelling to our worldwide locations in order to

implement this growth strategy, where he has established our subsidiaries and strong relationships with the local management. In June 2008, Mr. Geiger was awarded the accolade of “INSEAD entrepreneur of the year” for his international development strategy of our Group. Mr. Geiger began his career at the American Machine and Foundry Company in 1970. In 1972 he left to start his own business, involved in the distribution of machinery used in the processing of rubber and plastic, which he sold in 1978. Mr. Geiger then established and developed AMS Packaging SA, which specialised in packaging for the high end perfumes and cosmetics market. This company was floated on the Paris stock exchange in 1987 and Mr. Geiger left the company entirely in 1990. Between 1991 and 1995, he worked for a packaging company with operations primarily based in France and developed it into an international business. Mr. Geiger graduated from the Swiss Federal Institute of Technology in Zürich, Switzerland with a degree in engineering in 1969 and from INSEAD in Fontainebleu, France with a master’s in business administration in 1976.

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

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

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

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

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

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

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Factor, serving successively as chief financial officer and president of their French subsidiary from 1975 to 1982. Mr. Milet has a masters degree in business administration from Ecole des Hautes Etudes Commerciales (France) where he majored in finance.

During 1986 to 1996, Mr. Milet held the title of chairman and chief executive officer (*président directeur général*) of Paracom S.A., a company which procured printing services on behalf of and for the City of Paris. In 1996, the new mayor of Paris alleged that the use of Paracom S.A. by the City of Paris and its designated company for the procurement of printing services and that amounts in invoices rendered by Paracom S.A. were not properly authorised. In March 2002, an investigating magistrate commenced investigative proceedings against Mr. Milet, in his capacity as chairman and chief executive officer of Paracom S.A., and other parties. Such proceedings could result in civil and/or penal sanctions against Mr Milet. Mr. Milet has advised us that he received written notice in May 2009 from the investigating magistrate that the investigation process in relation to this case is completed and that findings from the investigation process have been passed on to the public prosecutor, who will recommend (among other things) the type of charge(s) (if any) that may be made against Mr. Milet. Mr. Milet confirmed that he is not aware of whether or not, and if so when, relevant authorities will further pursue, make charges, further investigate such allegations and findings from the investigation process or conclude that there are no grounds for prosecution. Paracom S.A. is not a connected person of our Company.

Mr. Charles Mark Broadley was appointed as an independent non-executive Director with effect from 30 September 2008. Mr. Broadley is currently a founder and partner of Voyager Partners Limited, a private equity firm focused on the hotel and leisure industry. He is also an independent non-executive director of Société Fermière du Casino Municipal de Cannes, a listed French company, where he also chairs the audit committee. Mr. Broadley was the finance director of The Hong Kong and Shanghai Hotels Limited, which owns the Peninsula Hotels, between November 2003 and March 2008. Prior to this, Mr. Broadley worked in the investment banking industry in the UK and Hong Kong. He began his career at Philips & Drew, and then was subsequently at HSBC Investment Banking and N M Rothschild & Sons. Mr. Broadley has a master of arts degree in law from Cambridge University, UK.

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

Mr. Jackson Chik Sum Ng was appointed as an independent non-executive Director of the Company with effect from 25 January 2010. Mr. Ng has extensive experience in accounting and financial management. He is currently the chief financial officer of Modern Terminals Limited. Mr. Ng previously worked at Coopers & Lybrand and also served as group financial controller of Lam Soon Group, as finance director of East Asia of Allergan Inc., a United States pharmaceutical company. Mr. Ng is a fellow of both the Association of Chartered Certified Accountants and the

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Hong Kong Institute of Certified Public Accountants. Mr. Ng was a non-executive director of Tradelink Electronic Commerce Limited and is currently an independent non-executive director of Computech Holdings Limited. He holds a master of science degree in Finance from the Chinese University of Hong Kong and a master's degree in business administration from Hong Kong University of Science and Technology.

Save as disclosed in this prospectus, there is no other information in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Name	Age	Position
Peter Young Reed	59	Chief Financial Officer, Asia-Pacific
Bernard Chevilliat	57	Head of Research and Development
Jean François Gonidec . . .	53	Deputy General Manager, Supply Chain
Cécile de Verdelhan	37	Head of Marketing
Emmanuel de Courcel . . .	37	General Manager, Continental Western Europe
Etienne de Verdelhan. . . .	39	Head of Information Technology
Marcin Jasiak	42	Managing Director International
Jean-Louis Pierrisnard. . . .	51	Scientific Director and Communication R&D
Olivier Ceccarelli	47	Head of Strategy
Ingo Dauer	39	Group Legal Director
Shiho Takano	45	Head of Japan operations
David Boynton	47	Head of UK operations
Christophe Amigorena . . .	43	SAP Project Worldwide Managing Director
Philippe de Brugiere	55	Head of B-to-B operations

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Mr. Peter Young Reed is our Chief Financial Officer for Asia-Pacific. Mr. Reed joined our Group in June 1995 and is primarily responsible for overseeing the financial and commercial operations of our Group's business in Asia-Pacific. Mr. Reed is an executive director of L'Occitane (Far East) Limited and a director of L'Occitane Singapore Pte. Limited, L'Occitane Trading (Shanghai) Co Limited, L'Occitane Australia Pty. Limited, L'Occitane Taiwan Limited, L'Occitane (China) Limited and L'Occitane (Macau) Limited. Mr. Reed is also a director of Pacifique Agencies (Far East) Limited, which was a joint venture partner with the Company for the distribution of L'Occitane products in the Asia-Pacific region between 1995 and 2004. Mr. Reed came to Hong Kong in 1976 and worked at Price Waterhouse for over three years. He also gained eight years' experience in the retail and distribution sector whilst working at the GA Pacific Group, a business specialising in the investment in and management of retailing, wholesaling, trading, manufacturing and distribution operations and the hotel and tourism trade in the Asia-Pacific region. Mr. Reed has been a member of the Institute of Chartered Accountants of Scotland since 1975.

Mr. Bernard Chevilliat is the Managing Director of Melvita and M&A SAS. Mr. Chevilliat is primarily responsible for the management and development of the Melvita and M&A SAS sub-group of our Company. Mr. Chevilliat joined our Group in June 2008 when we acquired Melvita. Mr. Chevilliat has extensive experience in the natural and organic cosmetics industry, having founded M&A SAS in 1983. He also founded Laboratoire Ardéchois de Cosmétiques SAS, a company specialising in the labelling of cosmetics and soaps for major companies, in 1986. Mr. Chevilliat is president and a member of the strategic board ("conseil stratégique") of M&A SAS and president of M&A Santé Beauté, Melvita SAS and Laboratoire Ardéchois de Cosmétiques SAS, now Melvita Production SAS. Mr. Chevilliat was president of Cosmébio, a French association of professionals involved in the ecological and organic cosmetics industry, between December 2007 and June 2008, when he became vice-president. Between 1977 and 1987 Mr. Chevilliat was a professional beekeeper with SCA de Rimbeau. Mr. Chevilliat graduated from the University of Bordeaux, France in 1976 with a master's degree in biology.

Mr. Jean François Gonidec is our Deputy General Manager (*Directeur Général Adjoint*) principally in charge of supply chain management. Mr. Gonidec joined our Group in March 2009 and has extensive experience in project management and in managing a production plant and its supply chain. In addition, he has also assumed responsibilities in field "controlling" in the course of his career. After having worked in different functions and for different legal entities of the Danone Group during a time period of 18 years, he gained further experience at other organisations including the Group Madrang (Limoges) between March 2007 and February 2009 and at Pierre Fabre Dermo Cosmétique (Tarn) between March 2001 and February 2007. Mr. Gonidec graduated from L'INSA LYON with a degree in engineering in 1981.

Mrs. Cécile de Verdelhan is our Head of Marketing and is primarily responsible for L'Occitane's worldwide marketing strategy. Mrs. de Verdelhan has been our international marketing, communications and merchandising director since March 2001, when she joined our Group. Mrs. de Verdelhan has over 14 years' experience in the cosmetics industry, having spent four years as a product manager at Beiersdorf AG and three years as an international product manager in charge of product development for Yves Rocher S.A. prior to joining our Group. Mrs. de Verdelhan graduated from the *Ecole des Hautes Etudes Commerciales* in Paris, France with a master's degree in business administration in 1994. Mrs. de Verdelhan is the spouse of Mr. Emmanuel Osti and the cousin of Mr. Etienne de Verdelhan.

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Mr. Emmanuel de Courcel is our general manager for Continental Western Europe and is primarily responsible for our Group's business and strategy in Continental Western Europe. Mr. de Courcel joined our Group in September 2004 as director of operational marketing in Continental Western Europe, prior to becoming general manager for the region in 2005. Mr. de Courcel is a manager ("*gérant*") of L'Occitane Belgium Sprl and Relais L'Occitane S.à.r.l., the sole administrator of L'Occitane España SL, a director ("*Geschäftsführer*") of L'Occitane GmbH and a *managing director* ("*consigliere delegato*") of L'Occitane Italia Srl. Between 1996 and 2004, Mr. de Courcel worked as a consultant in the retail sector at The Boston Consulting Group. He was based in New York for two years and Paris for six years during which time he spent two years as a recruiting director. In 1996, Mr. de Courcel graduated from the ESSEC Business School in Paris, France. Mr. de Courcel sits on the board of directors of Tudo Bom, a company selling fair trade clothes produced in Brazil.

Mr. Etienne de Verdelhan is our Group's Head of Information Technology and is responsible for our Group's worldwide I.T. operations. Mr. de Verdelhan has been our Group's head of I.T. since July 2001. Between 1994 and 2000, Mr. de Verdelhan gained seven years' experience as a business consultant in the management consulting division of PricewaterhouseCoopers. He graduated from *Supélec*, France with a master's of science degree in 1993. Mr. de Verdelhan is the cousin of Mrs. Cécile de Verdelhan.

Mr. Marcin Jasiak is our Managing Director International. He is primarily responsible for overseeing the export and travel retail divisions of our Group and supervises the following subsidiaries of our group: Brazil, Russia, Central Europe, Mexico, Poland and Canada. Mr. Jasiak joined our Group in March 2003 as director for export in Geneva and subsequently became managing director in Geneva in 2005. Mr. Jasiak is a director of L'Occitane International S.A. (Swiss branch), L'Occitane Rus and L'Occitane Americas Export and Travel Retail Inc., a director and secretary of L'Occitane Mexico S.A. de CV., chairman of L'Occitane Canada Corp. and president of the Board of L'Occitane Polska Sp.z.o.o.. Prior to joining our Group, Mr. Jasiak was a junior consultant at KPMG specialising in due diligence and audit. He joined Procter & Gamble, Inc. in 1993 for ten years, based in Poland, Germany and Switzerland, where he served as a brand manager for Poland, Central Europe and Western Europe and as a category manager for cosmetics export, working in Poland, Germany and Switzerland. Mr. Jasiak graduated from the University of Warsaw, Poland with two master's degrees, in English philology and management and marketing, respectively, and from the University of Illinois at Urbana-Champaign, US with a master's in business administration.

Mr. Jean-Louis Pierrisnard is our Scientific Director and Communication R&D. Mr. Pierrisnard joined our Group in October 1986 as a chemical engineer, working in our research and development, quality and regulation laboratory. He was promoted to a quality and regulation manager and research and development adviser in 1993, and to our director for research and development, quality and regulation in 2002. Mr. Pierrisnard holds a master's degree in organic chemistry.

Mr. Olivier Ceccarelli is our Head of Strategy. He joined our Group in December 2003. In December 2004, he became managing director of AHP S.à.r.l. and in May 2008 became director of strategy and development for L'Occitane S.A.. Mr. Ceccarelli has around 20 years' experience in the marketing of cosmetics industry. He worked at L'Oréal Paris as a product manager between 1992

and 1994, as marketing director for L'Oréal Tokyo between 1994 and 1999 and as marketing director in charge of the hair colour market at L'Oréal New York between 1999 and 2002. Mr. Ceccarelli graduated from *Ecole des Hautes Etudes Commerciales* in Paris, France with a degree in business administration in 1986.

Mr. Ingo Dauer is our Group Legal Director. Mr. Dauer is primarily responsible for overseeing the legal division of our Group's business. Mr. Dauer has been our Group's legal director since 1 July 2009, when he joined our Group. Prior to that, he was the head of the legal department and the corporate secretary of ESCADA AG, a group specialising in the manufacturing and the worldwide marketing of high quality ladies' outer wear and accessories under the brand "ESCADA" and other brands. He spent four years at ESCADA AG where he has also been appointed as member of the board of directors of several of its affiliated companies. Mr. Dauer also has experience in other industry sectors, including being the Head of the Legal Department of the Region EMEA (Europe, Middle East, Africa and Russia) at Panalpina AG and as Corporate counsel at Dachser GmbH & Co. KG. Mr. Dauer graduated from the University of Augsburg, Germany in the year 1996 and passed his bar examination after the compulsory training period of around two years.

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

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

Mr. Christophe Amigorena is our SAP Project Worldwide Managing Director. He joined our Group in January 2003 as operations director for L'Occitane S.A.. Mr. Amigorena became vice president of retail in 2005 and subsequently a director, vice president and secretary of L'Occitane, Inc. in February 2006 and a member of the management committee of L'Occitane Airport Venture LLC in March 2006. Mr. Amigorena returned to France in September 2009 to head our SAP project. Prior to joining our Group, Mr. Amigorena worked for ten years at Häagen-Dazs in Europe and as their

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

regional operations director for two years. Mr. Amigorena holds a diploma from the Geneva hotel school — in Geneva, Switzerland and a master's degree in business administration from Cornell-Essec Business School.

Mr. Philippe de Brugiére is director of our B-to-B business and is primarily responsible for our Group's strategic B-to-B planning and management. Mr. de Brugiére joined our Group in February 2004 as our international project development director, and became our B-to-B director in October 2005. He has been responsible for the Group's growth of the B-to-B business over the last three years and has been involved in our ecological packaging concept programme promoting the use of environmentally friendly materials in packaging. Mr. de Brugiére recently co-founded "The BeautiFull Club", an international think tank comprising business executives which promotes ethics, innovation and sustainable development in the global cosmetics industry. Prior to joining our Group, Mr. de Brugiére gained over 25 years' experience in the cosmetics and perfumes packaging industry, having held various senior management positions at Qualipac, Attractive Packaging Inc., API Manufacturing, AMS Packaging in France and the US, including as international sales director at Qualipac SAS and as president and partner at Qualipac Corp. He graduated from EEMI in Paris, France with a master's in engineering in 1977 and from IAE, Paris XIII, France with a master's degree in business administration in 1978.

COMPANY SECRETARY

Company Secretaries

Mr. Choy Yee Hing Kenny, aged 42, is our joint Company Secretary. Mr. Choy joined Pacifique Agencies (Far East) Limited as a finance and systems manager in November 1999. In January 2004 Mr. Choy became a financial controller of Pacifique Agencies (Far East) Limited and he was promoted by L'Occitane (Far East) Limited in January 2007 to regional financial controller for Asia. Prior to joining our Group, Mr. Choy was an internal auditor and finance manager at Wellcome supermarkets between July 1993 and December 1996, and was a finance manager at Dairy Farm International Holdings Limited in Hong Kong from January 1997 to September 1999. Mr. Choy became an associate member of the Hong Kong Institute of Certified Public Accountants in 1997. Mr. Choy holds a bachelor's degree in economics from The University of Hong Kong and master's degrees in business administration and information systems management from The Hong Kong University of Science and Technology.

Mrs. Sylvie Duvieusart-Marquant, aged 45, is our joint Company Secretary. Mrs. Duvieusart-Marquant has been the Company Secretary of the Company since January 2008 and is responsible for monitoring general legal compliance. Between 1988 and 1990, she worked in the legal department of Fiduciaire Moores Rowlands Luxembourg where she administered and incorporated Luxembourg and offshore companies. Between 1990 and 1997, Mrs. Duvieusart-Marquant worked at Crédit Européen S.A., Luxembourg in the financial engineering department and subsequently as a tax and legal adviser. Mrs. Duvieusart-Marquant spent one year at Ascot Luxembourg S.A. and ten years as a part time director at Acierco S.A., where she was responsible for the daily management of these companies, including monitoring legal and fiscal compliance and relationships with banks and local authorities. Mrs. Duvieusart-Marquant graduated with a master's degree in Law from the *Université Catholique de Louvain-La-Neuve* in 1987.

AUDIT COMMITTEE

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The audit committee consists of two independent non-executive Directors, being Mark Broadley, with the appropriate professional qualifications who shall serve as chairman of the committee and Jackson Ng and one non-executive Director, being Martial Lopez. The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board.

REMUNERATION COMMITTEE

We have established a remuneration committee with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of two independent non-executive Directors, being Mark Broadley and Susan Kilsby and one executive Director, being Emmanuel Osti, who is the chairman of the remuneration committee. The primary duties of the remuneration committee are to evaluate the performance and make recommendations on the remuneration package of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements.

NOMINATION COMMITTEE

We have established a nomination committee with written terms of reference as recommended under the Code on Corporate Governance Practices, set out in Appendix 14 to the Listing Rules. The nomination committee consists of two independent non-executive Directors, being Mark Broadley and Susan Kilsby and one executive Director, being André Hoffmann, who is the Chairman of the nomination committee. The primary function of the nomination committee is to make recommendations to our Board on the appointment and removal of Directors of our Company.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of our Directors is determined by our Board which, following listing, will receive recommendation from our Remuneration Committee. Under our current compensation arrangements, our executive Directors receive compensation in the form of salaries and bonuses subject to performance targets. Our non-executive Director and consultant, Mr. Martial Lopez, receives a consultancy fee whilst our other non-executive Directors, Mr. Karl Guenard and Mr. Pierre Milet, does not receive any remuneration. We intend to pay our independent non-executive Directors a fee for their services in the future.

The remuneration our Directors have received (including fees, salaries, discretionary bonus, share-based payments, housing and other allowances, and other benefits in kind) for the three years ended 31 March 2009 and the nine months ended 31 December 2009 were €1,897,000, €2,151,000, €2,348,000 and €2,021,000, respectively.

The above remuneration does not include pension contributions which, during the periods referred to above, were insignificant.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The aggregate amount of fees, salaries, discretionary bonus, share-based payments, housing and other allowances, and other benefits in kind paid to our five highest paid individuals of our Company, including certain Directors, for the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €1,954,000, €2,241,000, €2,335,000 and €1,862,000, respectively.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the three years ended 31 March 2009. Further, none of our Directors have waived any remuneration during the same period.

Save as disclosed above, no other payments have been paid or are payable, in respect of the three years ended 31 March 2009, by us or any of our subsidiaries to our Directors. We expect to pay an aggregate amount of approximately €3,119,000, including benefits and contributions, to our Directors as remuneration by us, excluding any discretionary bonus payable to our Directors, in respect of the year ended 31 March 2010, according to the present arrangements.

INCENTIVE SCHEMES FOR EMPLOYEES

Within the context of our international development and for the purpose of incentivisation of our staff, we have in the past implemented stock-options grants and employees reward schemes in respect of shares in LOG to the staff of our various subsidiaries located in relevant jurisdictions.

These schemes are currently under review by us with a view of, among other things, optimising the tax implications to us under different tax regimes, laws and regulations of the granting and/or the vesting under such stock-options grants and employees reward schemes in respect of shares in LOG. We intend to determine the most appropriate measures in order to adjust, and amend if necessary, said grants and schemes in accordance with the applicable laws and regulations of all relevant jurisdictions. We expect that such process will be time consuming given the diversity of applicable regulations depending on the jurisdictions of the relevant subsidiaries. However, at this stage we do not anticipate any material adjustment either to the grants or schemes referred to above or to our financial performance. We will formally update investors and our shareholders of any material developments when appropriate in due course.

Further, we have in the past implemented an incentive scheme pursuant to which options over Shares in our Company were granted to relevant employees. All options granted under such scheme have been exercised, there are no outstanding options over any of our Shares, and we will not grant any further options over our Shares under such scheme in the future. If we decide to establish any schemes for the grant of options over our Shares in the future, these will comply with applicable provisions of the Listing Rules.

Please see Note 18.3 to the Accountant's Report set out in Appendix I to this prospectus for further details relating to the above plans.

COMPLIANCE ADVISER

We have appointed Kingsway Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviated from any estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

BUSINESS INTEREST OF CERTAIN DIRECTORS

1. Mr. André Hoffmann and Pacifique Agencies

Mr. André Hoffmann, an executive Director, and Mr. Peter Reed, our Chief Financial Officer, Asia-Pacific, are the beneficial owners of 90% and 10%, respectively, of Pacifique Agencies (Far East) Limited (**Pacifique Agencies**). Each of Mr. Hoffmann and Mr. Reed is a director of Pacifique Agencies. However, Mr. Hoffmann and Mr. Reed are not involved in Pacifique Agencies' daily operations, which are carried out by an independent management team. Mr. Hoffmann and Mr. Reed devote most of their time on managing our business.

Pacifique Agencies is principally engaged in the import and distribution of fragrances, colour cosmetics and skincare under designer fashion brands. Pacifique Agencies distributes such products in Hong Kong through multi-brand department stores, perfumeries and duty free shops, and in respect of one of the brands of fragrances, in-flight sales on Asia Pacific routes. The scale of operations of Pacifique Agencies is not significant, and is decreasing, relative to our business. By way of illustration, for each of the three years ended 28 February 2009 and ten months ended 31 December 2009, sales of Pacifique Agencies represented only approximately 2.8%, 2.2%, 1.8% and 1.0% respectively of our sales revenue for each of the three years ended 31 March 2009 and nine months ended 31 December 2009. The Group's revenue from sales in Hong Kong of colour cosmetics, fragrances and skin and body care products represented an insignificant amount of the Group's total revenue from sales of those products worldwide for the year ended 31 March 2009 and the nine month period ended 31 December 2009. By contrast, sales from these products in Hong Kong represented almost all of Pacifique Agencies' total revenue during the same periods.

For the three years ended 31 March 2009 and the nine month period ended 31 December 2009, the Group's net sales in Hong Kong⁽¹⁾ accounted for approximately 7.3%, approximately 8.6%, approximately 8.1% and approximately 7.8% of the Group's total net sales, respectively.

No material competition and clear delineation of business

We and our Directors are of the opinion that the business of Pacifique Agencies had not competed and does not and is not likely to compete directly or to any material extent with our principal business for reasons including the following:

- **Clearly distinct product categories.** Our principal product categories are natural and organic skin care and body care products. By contrast, Pacifique Agencies' principal product categories are fragrances and colour cosmetics, which are clearly different product categories which we are not focused on.
- **Clearly distinct brand positioning and marketing.** Our brands are principally associated with and marketed as using natural and organic ingredients. By contrast, the brands distributed by Pacifique Agencies are principally associated with designer fashion and aesthetics, with far less reference to the ingredients used.
- **Clearly distinct geographical markets.** Our L'Occitane and Melvita products are distributed globally. By contrast, Pacifique Agencies only distribute in Hong Kong (principally through perfumeries and department stores) and through in-flight sales on Asia Pacific routes.
- **Clearly distinct distribution channels.** Our principal channel of distribution is retail sales through our own Retail Stores directly operated and managed by us. By contrast, Pacifique Agencies' principal channels of distribution are perfumeries and department stores.

In addition to the foregoing factors which distinguish our business from that of Pacifique Agencies, Pacifique Agencies is not engaged in any way in the research, development and manufacture of any products.

On the basis of the foregoing, we are of the view that our businesses are significantly different and there is therefore a clear delineation and no direct or material competition between our business and that of Pacifique Agencies.

Our historical relationship with Pacifique Agencies

Pacifique Agencies (formerly known as Wiseson Investment Limited) was established on 23 October 1987 by Mr. Hoffmann, who was joined in 1990 by Mr. Reed. Pacifique Agencies was initially principally engaged in the import and distribution of fashion accessories and cosmetics in Hong Kong through travel retail points of sale and duty free stores. At that time, we did not have any presence in and had not begun selling our L'Occitane products in Hong Kong. Subsequently, we decided to establish a presence in Hong Kong in order to expand into the Asian market and in 1992 we formed a joint venture with an independent third party to begin retail sales of our L'Occitane products in Hong Kong. We did not experience much growth and in 1995 after our Chairman, Mr. Reinold Geiger, invested in us we acquired the interest of our previous joint venture partner and formed a joint venture with Pacifique Agencies for the distribution of L'Occitane products in Hong Kong. Mr. Geiger had known Mr. Hoffmann for several years and was aware of

(1) Includes sales from Macau

the business of Pacifique Agencies, and wanted to leverage upon the relevant industry expertise and experience of Mr. Hoffmann and Mr. Reed in our development in the region. L'Occitane (Far East) Limited was at that time held in equal shares between Pacifique Agencies and us. As we expanded in the region, we wished to consolidate our holdings in our subsidiaries, and in 2004 we acquired Pacifique Agencies' interest in L'Occitane (Far East) Limited, whereupon it became our wholly owned subsidiary. In consideration of the transfer to us of their indirect interest in L'Occitane (Far East) Limited, Mr. Hoffmann and Mr. Reed were issued shares in us in return. Such shareholding was subsequently, as a result of the Leveraged Management Buyout, changed to a shareholding in LOG.

Initially, as part of our joint venture arrangement, Pacifique Agencies provided administrative, management services to us in return for an annual fee. The annual fee paid by us to Pacifique Agencies during each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were HK\$4,440,000, HK\$4,800,000, €0 and €0 respectively. The management services which Pacifique Agencies provided to us were:

- **Supervision of finance functions.** These included preparation of accounts, banking, cash management and inventory control.
- **Supervision of shipping functions.** These included order placement and processing through delivery to warehouses.
- **Provision of warehousing facilities.** These included storage, maintenance of inventory records and delivery to retail stores.
- **Provision of other general facilities.** These included office premises, administrative services, computer hardware and software, email and telephone equipment.

The provision of such management services to us by Pacifique Agencies was being gradually phased out as our own performance, operations and resources in the region grew and we wished to operate independently of Pacifique Agencies. The phasing out of the provision of management services to us by Pacifique Agencies was completed by 31 March 2008 and as of 1 April 2008 our operations were completely segregated and independent from that of Pacifique Agencies. To ensure a smooth transition for us, the gradual phasing out and segregation involved the retention by us of assets and other resources previously provided to us, and almost all of the Pacifique Agencies personnel who previously provided the above management services to us have been transferred to us and are now our own employees. This did not involve our managerial and frontline sales staff in Hong Kong, all of whom were from the outset our own employees. The phasing out was carried out gradually over time as we wished to allow Pacifique Agencies sufficient time to find suitable replacement of such assets, resources and personnel.

Independence from Pacifique Agencies

Having considered the following factors, we are satisfied that we are, and following completion of the Global Offering will be, able to conduct our business independently from Pacifique Agencies.

Management independence

Although Mr. Hoffmann and Mr. Reed are also directors of Pacifique Agencies, they are not involved in Pacifique Agencies' daily operations, which are carried out by Pacifique Agencies' own independent management team. Mr. Hoffmann and Mr. Reed devote most of their time to managing our business. None of our other Directors or members of senior management team holds any board or other executive position in Pacifique Agencies.

Under applicable Luxembourg laws, any Director having an interest in a transaction presented to our Board for consideration and approval which conflicts with that of our Company must disclose such interest to the Board and may not take part in the deliberations or vote in respect of the matter. At our next general meeting, a special report is required to be made of such transactions, detailing any such conflict. Under Luxembourg law, the above mentioned procedures are not applicable where the decision of our Board relates to routine operations entered into under normal conditions.

Further, the decision-making mechanism of our Board is set out in our articles of association, which include provisions to avoid conflicts of interests by providing, among other things, that (i) our Board may validly debate and act only if the majority of its members are present in person or by proxy; (ii) all decisions of our Board shall be made by a majority of the votes cast by Directors present in person or by proxy at the relevant meeting; (iii) a Director shall declare the nature of any material direct or indirect interest of his in any contract, proposed contract or other transaction of the Company at the earliest meeting of our Board at which it is practicable for him to do so; and (iv) a special report of transactions, including routine operations entered into under normal conditions, in which our directors had an interest which conflicted with ours shall be made at our next general meeting following the relevant Board meeting. Please see the section headed "E. Amendments to the Articles of Association — 9. Declaration of interests by directors" in Appendix V to this prospectus for details relating to disclosure requirements on directors' interests under Luxembourg and Hong Kong laws and our Articles of Association.

Finally, following listing, our Board will be required to comply with the Listing Rules, including provisions thereunder relating to corporate governance, which require (among other things) that a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest, nor shall he be counted in the quorum for the meeting.

Operational independence

Pacifique Agencies has its own operational staff and management team. Further, Pacifique Agencies does not carry on any manufacturing activities. We have our own independent access to sources of raw materials and other supplies required for our operations, including our operations in Asia. None of Pacifique Agencies, Mr. Hoffmann and Mr. Reed has any interest in any of our suppliers of raw materials and other supplies required for our operations, including our operations in Asia. We independently manage and operate our manufacturing facilities in Manosque and Lagorce as well as our distribution related operations in Asia. We have independent access to our customers. None of Pacifique Agencies, Mr. Hoffmann and Mr. Reed has any interest in any of our corporate customers, including our corporate customers in Asia. As discussed above, as of 1 April 2008, our operations were completely segregated and independent from that of Pacifique

Agencies. There are currently no transactions between us and Pacifique Agencies and we do not expect there to be any after listing. We are therefore operationally independent from Pacifique Agencies.

Financial independence

All amounts due to and from Pacifique Agencies will be fully settled before the Listing Date. There are no guarantees, indemnities or other securities provided by Pacifique Agencies in favour of us or vice versa, and neither Pacifique Agencies or we provide the other with any direct or indirect financing for the other's operations.

2. Mr. Pierre Milet and Clarins

Mr. Pierre Milet is a non-executive Director of our Company. Mr. Milet has been a member of the executive board and managing director of Clarins from 1988 until 10 March 2010. Mr. Milet continues to be a board member of many of the Clarins' subsidiaries. On 8 February 2010, Mr. Milet was appointed deputy managing director of Financière FC, the holding company of Clarins and as the representative of Financière FC, in its capacity as a member of the supervisory board of Clarins. Clarins is a French cosmetics company that was listed on the Paris Stock Exchange from 1984 to 2008, and is now a privately owned company controlled by the Courtin-Clarins family and is no longer listed on any stock exchange. Neither Mr. Milet nor any of his associates currently holds any shares in Clarins or any of its subsidiaries.

Potential competition

Clarins is a French cosmetics company whose products and business may compete with ours in certain respects. Please see the section headed "Industry Overview — Competition" in this prospectus for further details relating to the ways in which Clarins' products and business may compete with ours.

Our relationship with Clarins

Clarins first invested in our Company in April 2001 as a financial investor and, following the Leveraged Management Buyout, became a shareholder of LOG, our holding company, and no longer directly holds any Shares in our Company. Clarins currently holds and immediately following completion of the Global Offering is expected to hold approximately 10.06% of the issued share capital of LOG. Please see the section headed "Our History, Culture and Corporate Structure" in this prospectus for further details relating to Clarins' shareholding in LOG.

As a result and as part of our relationship with Clarins, we cooperate with Clarins in relation to a small number of aspects of our respective business operations. Details of such arrangements are set out in the section headed "Relationship with our Controlling Shareholders and Connected Transactions — Connected Transactions" and are summarised below:

- **Sharing of administrative services.** We share certain administrative office services and overhead expenses on an equal basis at cost with Clarins S.A., Clarins Korea Ltd., and Clarins de Mexico, S.A. de C.V., each a subsidiary of Clarins, for our operations in Switzerland, Korea and Mexico respectively. These administrative services are the sharing of office premises owned by Clarins except for Korea where they are rented from third party landlords and of electricity and other related overhead costs, the sharing of office equipment such as fax machines and computers, and the sharing of administrative staff and the related salary expenses.

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- **Provision of shareholders' loans to our JVs in equal shares.** Clarins is our joint venture partner and the ultimate holder of 49.90% in each of our subsidiaries L'Occitane (Suisse) S.A., L'Occitane (Korea) Limited and L'Occitane Mexico S.A. de C.V. Clarins and us have extended shareholders' loans to these subsidiaries of our Group in proportion to their respective shareholding to finance working capital needs.
- **Distribution of our products by Clarins Canada Inc., Clarins Sdn Bhd, Monarimport SpA and L'Occitane Nederland BV (the *Courtin-Clarins Associates*).** Clarins Canada Inc., Clarins Sdn Bhd and Monarimport SpA are each a subsidiary of Clarins Group. Further, Clarins Group holds 40% of the equity interest in L'Occitane Nederland BV (a company in which we do not have any direct or indirect shareholding interest). The Courtin-Clarins Associates (other than Clarins Canada Inc.) are our distributors for our L'Occitane products in Malaysia, Italy and the Netherlands respectively. In the past we sold products to Clarins Canada Inc. in Canada. However, with effect from 31 March 2010, we no longer sell our products in Canada to Clarins Canada Inc. as we began to conduct all our sales in Canada ourselves through a business undertaking which we acquired in May 2009.

The Directors are of the view that the above arrangements have been carried out under normal commercial terms in the ordinary and usual course of our business and are fair and reasonable and in the interests of our shareholders as a whole.

Separate management from Clarins

Apart from Mr. Milet, who is in any event a non-executive Director, there is no other common director or member of senior management between Clarins and our Company.

Potential conflicts of interest adequately addressed

The decision-making of our Board is regulated by various corporate governance requirements imposed by law, the Listing Rules and our Articles of Association. These are described in the section above headed "— Management Independence". Mr. Milet will be subject to these corporate governance requirements and procedures and, among other things, shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest, nor shall he be counted in the quorum for the meeting.

Independence from Clarins

On the basis of the foregoing, our Directors believe that we are capable of carrying on our business independently of, and at arms length from, the business of Clarins.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following completion of the Global Offering, have interests or short positions in our Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of shareholder	Shares immediately prior to completion of the Global Offering	Approximate percentage of total issued shares immediately prior to completion of Global Offering	Number of Shares immediately after completion of the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of total issued shares immediately after completion of the Global Offering (assuming no exercise of the Over-allotment Option)	Number of Shares immediately after completion of the Global Offering (assuming full exercise of the Over-allotment Option)	Approximate percentage of total issued shares immediately after completion of the Global Offering (assuming full exercise of the Over-allotment Option)
Mr. Reinold Geiger ⁽¹⁾	1,274,396,391	100%	1,092,336,391	75%	1,065,027,391	71.8%
Société d'Investissement Cime S.A. ⁽²⁾	1,274,396,391	100%	1,092,336,391	75%	1,065,027,391	71.8%
LOG ⁽³⁾	1,274,396,391	100%	1,092,336,391	75%	1,065,027,391	71.8%

Notes:

1. Mr. Reinold Geiger is the beneficial owner of the entire issued share capital of Société d'Investissement Cime S.A., which in turn is the beneficial owner of approximately 51.94% of the entire issued share capital of LOG. Mr. Reinold Geiger is therefore deemed under the SFO to be interested in all the Shares registered in the name of LOG, which immediately before and after completion of the Global Offering will hold 1,274,396,391 and 1,092,336,391 (assuming no exercise of the Over-allotment Option) or 1,065,027,391 (assuming full exercise of the Over-allotment Option) Shares respectively. Ms. Dominique Maze-Sensier, Mr. Geiger's wife, is also deemed under the SFO to be interested in shares in LOG in which Mr. Geiger is interested.
2. Société d'Investissement Cime S.A. is the beneficial owner of approximately 51.94% of the entire issued share capital of LOG, which immediately before and after completion of the Global Offering will hold 1,274,396,391 and 1,092,336,391 (assuming no exercise of the Over-allotment Option) or 1,065,027,391 (assuming full exercise of the Over-allotment Option) Shares respectively. Société d'Investissement Cime S.A. is therefore deemed under the SFO to be interested in all the Shares registered in the name of LOG, which immediately before and after completion of the Global Offering will hold 1,274,396,391 and 1,092,336,391 (assuming no exercise of the Over-allotment Option) or 1,065,027,391 (assuming full exercise of the Over-allotment Option) Shares respectively.
3. Shares held by LOG are the subject of pledge in favour of Crédit Agricole Corporate and Investment Bank (formerly Calyon), HSBC France and other lenders to secure a loan granted to LOG principally to finance LOG's obligations under the Leveraged Management Buyout. The share pledge will be released in respect of the Offer Shares upon or before completion of the Global Offering, and none of any remaining security interest over any of LOG's Shares will be held to secure any obligations of our Company or any of our subsidiaries. Please see the section headed "Our History, Culture and Corporate Structure — Corporate Structure — Leveraged Management Buy out" for further details.
4. The approximate percentage shareholdings in the share capital of LOG stated above are calculated on the basis of the total number of 23,037,362 LOG shares issued to persons other than LOG, but do not take into account 254,060 LOG treasury shares that are held by LOG itself.
5. All interests stated are long positions.

Save as disclosed above and in the section headed "Our History, Culture and Corporate Structure — Corporate Structure", our Directors are not aware of any person who will, immediately following completion of the Global Offering, have interests or short positions in our Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying voting rights to vote in all circumstances at general meetings of an other member of our Group.

The Cornerstone Placing

We have entered into a cornerstone investment agreement with Best Investment Corporation (the **Cornerstone Investor**) which has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with an aggregate amount of US\$50 million. Assuming an Offer Price of HK\$13.98, the mid-point of the estimated Offer Price range set forth in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investor would be 27,753,750 Shares, representing approximately 1.9% of our issued and outstanding share capital after the Global Offering (assuming that the Over-allotment Option is not exercised) and approximately 7.6% of the total number of shares offered under the Global Offering (assuming that the Over-allotment Option is not exercised). The Cornerstone Investor is an independent third party and not connected with us. The Cornerstone Investor will not subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investment agreement. Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any board representation in our Company and will not become a substantial shareholder of our Company. The shareholding of the Cornerstone Investor will be counted towards the public float of our Shares. Details of the number of Shares allocated to the Cornerstone Investor will be set out in the announcement of result of allocation — see the section headed “Expected Timetable” in this prospectus for further details.

The Offer Shares to be subscribed for by the Cornerstone Investor will not be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the “Structure of the Global Offering”.

Our Cornerstone Investor

The Cornerstone Investor is a wholly owned subsidiary of China Investment Corporation (**CIC**). CIC is an investment company incorporated under the PRC Company Law and headquartered in Beijing. CIC is operated on a commercial basis, seeking long-term, risk-adjusted financial returns.

Restrictions on the Cornerstone Investor’s Investment

The Cornerstone Investor has agreed that, without the prior written consent of the Company and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any of the Shares subscribed for by it pursuant to the cornerstone investment agreement (or any interest in any company or entity holding any of the Shares), other than transfers to any wholly-owned subsidiary or affiliate (as the case may be) of the Cornerstone Investor provided that such wholly-owned subsidiary or affiliate undertakes in writing to, and the Cornerstone Investor undertakes to procure that such wholly-owned subsidiary or affiliate will, abide by the restrictions on disposals imposed on the Cornerstone Investor.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company as at the date of this prospectus and immediately after completion of the Global Offering:

As at the date of this prospectus

	€
Authorised share capital	1,500,000,000
Issued share capital:	
1,274,396,391 Shares of €0.03 each	38,231,892

Immediately after completion of the Global Offering

	€
Authorised share capital:	
50,000,000,000 Shares of €0.03 each	1,500,000,000
Existing issued share capital:	
1,274,396,391 Shares of €0.03 each	38,231,892
Issue of Shares as part of the Global Offering (Note 1):	
182,060,000 Shares of €0.03 each	5,461,800
Total issued Shares on completion of the Global Offering (Note 1):	
1,456,456,391 Shares of €0.03 each	43,693,692

Note 1: assuming no exercise of the Over-allotment Option

ASSUMPTIONS

The tables above assume the Global Offering becomes unconditional and is completed in accordance with the relevant terms and conditions. It takes no account of (a) any of the new Shares which may be issued upon the exercise of the Over-allotment Option; (b) any Shares which may be issued under the general mandate given to our Directors for the issue and allotment of Shares; or (c) any Shares which may be repurchased by us pursuant to the general mandate given to our Directors for the repurchase of Shares. We currently have no concrete plan to establish any option scheme, nor do we plan to issue any options under any scheme previously established, in respect of our Shares after listing. There are currently no option schemes in respect of Shares, nor outstanding options over Shares.

RANKING

The Hong Kong Offer Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed “Structure of the Global Offering — Conditions of the Hong Kong Public Offer”, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or any scrip dividend scheme or similar arrangements, or any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our shareholders) with an aggregate nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering; and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will remain in effect until:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required by any applicable law or our Articles of Association to be held; or
- (c) it is varied or revoked by an ordinary resolution of our shareholders in general meeting, whichever is the earliest.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed “Structure of the Global Offering — Conditions of the Hong Kong Public Offer”, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares (Shares which may be listed on the Hong Kong Stock Exchange or on any other stock exchange and Shares which are recognised by the Securities and Futures Commission and the Hong Kong Stock Exchange for this purpose) with a total nominal value of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following completion of the Global Offering.

This mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which our Shares are listed (and which is recognised by the Securities and Futures Commission and the Hong Kong Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Repurchases of our own Shares” in Appendix VI.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required by any applicable law or our Articles of Association to be held; or
- (c) it is varied or revoked by an ordinary resolution of our Company’s shareholders in general meeting.

FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operation is based on the financial information set forth in the Accountant's Report. Accordingly, you should read this section in conjunction with our audited consolidated financial information as of and for the years ended 31 March 2007, 2008 and 2009, and the nine month period ended 31 December 2009 including the notes thereto, set forth in the Accountant's Report. The Accountant's Report has been prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board ("IFRS"), which differ in certain material respects from generally accepted accounting principles in other jurisdictions, including the United States.

In addition to historical information, the following discussion and other parts of this prospectus contain forward-looking statements that involve risks and uncertainties. Our future financial condition may differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Unless otherwise indicated, all references to years in this Financial Information section refer to the respective financial year ended 31 March; for example, "FY2009" refers to the financial year ended 31 March 2009.

OVERVIEW

Founded in 1976, L'Occitane is one of the fastest growing prestige beauty companies in the world, and a leader by sales and consumer awareness of natural and organic-based cosmetics and personal care products. We design, manufacture, market and sell under the L'Occitane brand body care, face care, fragrances, hair care, toiletries, men's grooming and home fragrance products based on natural ingredients. We also market other cosmetic and personal care products under the trademark Le Couvent des Minimes and our newly purchased brand Melvita. Between 31 December 2009 and 31 March 2010, we discontinued the operations of nine stores in the United States, where we were acting as a third-party retailer of a range of olive oils and foodstuff products under a supplier's brand, Oliviers & Co.

Our net sales increased by €80.0 million, or 23.9%, from FY2007 to FY2008, and by €122.4 million, or 29.5%, from €415.0 million in FY2008 to €537.3 million in FY2009, representing a CAGR of 26.7% for net sales from FY2007 to FY2009. For the nine month period ended 31 December 2009 our net sales increased by €59.6 million, or 14.8%, compared to the corresponding period in 2008, to €462.7 million. Likewise, our operating profits increased by €21.0 million or, 40.3%, from FY2007 to FY2008, and by €7.4 million, or 10.1%, from €73.1 million in FY2008 to €80.5 million in FY2009. For the nine month period ended 31 December 2009, our operating profit increased by €34.1 million, or 57.2%, compared to the corresponding period in FY2008, to €93.7 million.

Despite the recent global economic downturn caused by the financial crisis, our business continued to expand. We believe that the recent global economic downturn did not have a significant impact on our overall sales and financial position. The impact on our sales and financial position was relatively limited compared to other companies since the vast majority of our sales are made directly to end customers. Since September 2009, our sales have gradually recovered, including in markets

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that were especially affected by the crisis, such as the United States. Moreover, despite the tightening of credit generally, we have not encountered financing difficulties and have benefited from lower interest rates.

In anticipation of a global economic recovery, we have continued to invest in marketing our products and in expanding our operations. We have continued to strategically open new Retail Stores, resulting in a net opening of 64 stores from 31 March 2009 to 28 February 2010. Furthermore in April 2009, we acquired 12 additional stores through the acquisition of the net assets of our Canadian distributor.

We have a broad distribution network. As at 28 February 2010, we sold our products in over 80 countries through over 1,500 retail locations that exclusively sell our products. Of such locations, 763 are our own **Retail Stores**, including the Melvita stores and Oliviers & Co. Stores. We utilise a distinctive marketing strategy with our retail-based multi-channel distribution model to serve a variety of consumers worldwide. Although we mainly sell our products through our own Retail Stores, we also sell our products through intermediaries such as premium wholesalers and home-shopping television as well as to the travel industry, including hotel and airline companies. We believe that this strategy enhances our brand recognition and allows us to reach a broad spectrum of consumers.

We operate our business through three business segments reflecting our customer focus and primary reporting format:

- Our Sell-out Segment (**Sell-out**) comprises sales of our products directly by us to end customers. These sales are made mainly through our own Retail Stores but also include sales through spas, mail-order and our own Internet-shopping websites. In FY2009 and for the nine month period ended 31 December 2009, 71.5% and 73.5%, respectively, of our net sales were derived from this segment.
- Our Sell-in Segment (**Sell-in**) comprises sales of our products to resellers, including retail locations not managed and operated by us, distributors, wholesalers, department stores, home-shopping television networks and duty free stores. This segment also includes sales of products to corporate customers that use the products as gifts, for instance, to employees or customers. In FY2009 and for the nine month period ended 31 December 2009, 24.7% and 23.1%, respectively, of our net sales were derived from this segment.
- Our business-to-business Segment (**B-to-B**) comprises sales of our products to intermediaries, such as hotels and airlines that provide these products as free amenities to their customers. In FY2009 and for the nine month period ended 31 December 2009, 3.8% and 3.4%, respectively, of our net sales were derived from this segment.

We also evaluate our business from a geographic perspective. We show our net sales for each significant country in which we operate as a secondary reporting format. Our geographic areas are based on the invoicing subsidiary of origin of our sales and comprise Japan, Hong Kong, Taiwan, France, the United Kingdom, the United States, Brazil and Other Countries. As at 31 December 2009, other countries are China, Korea, Singapore, Australia, Thailand, Mexico, Luxembourg, Spain, Germany, Belgium, Switzerland, Italy, Austria, Slovakia, Hungary, Czech Republic, Russia, Poland, India and Canada (collectively, **Other Countries**).

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATION

New Products

In order to meet the demands of consumers, we continuously introduce and market new products under the L'Occitane brand and phase out existing products that no longer meet the needs of our customers or our sales requirements. Our continuing ability to develop, launch and market new products not only impacts our image and perception among consumers but also has a significant effect on our net sales, operating profit and growth each year. We currently manufacture seven broad categories of products under the L'Occitane brand and as of 28 February 2010, we had a total of over 400 L'Occitane brand products that we sold in our Own L'Occitane Stores. We introduced approximately 115 new products during FY2009, of which 87 were completely new products which were never sold by us before and approximately 28 were improved and/or altered versions of products which had previously been sold.

Expansion of Retail Network

Our ability to increase our sales and our profitability is directly affected by the total number of retail locations selling our products as well as the number and proportion of such retail locations that we operate as our own Retail Stores with the Sell-out Segment generally commanding a higher gross profit margin (and also higher operating expenses) as compared to our other channels. Moreover, our ability to continue to secure prime retail locations at costs that allow us to maintain our target profit margins is a key factor to our success. During the Track Record Period, we expanded from 459 Retail Stores as at 31 March 2007 to 549 Retail Stores as at 31 March 2008 to 687 Retail Stores as at 31 March 2009. As at 28 February 2010, we further expanded to 763 Retail Stores. In particular, we have successfully targeted our expansion in the Asia-Pacific region, as well as in emerging markets such as Brazil and Russia where we expect relatively higher economic growth as compared to more mature markets such as the United States and Western Europe. In the Asia-Pacific region, including China, we expanded by 159 Retail Stores over the Track Record Period, and in Brazil and Russia, we expanded by 56 Retail Stores over the same period. Over the Track Record Period, the increase in the number of our own Retail Stores in the Asia-Pacific region, Brazil and Russia accounted for about 56% of all our new Retail Stores during that period. Globally, increases in Non-comparable Store Sales (as defined below) in FY2008 and FY2009 represented 45.8% and 58.2% of our overall net sales growth, respectively, excluding foreign currency translation effects. Increases in Comparable Store Sales (as defined below) represented 19.2% and 5.7% of our overall net sales growth in FY2008 and FY2009, respectively.

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As at 28 February 2010, we had 763 Retail Stores, and the following table gives a breakdown by geographic area of our number of Retail Stores:

	Retail Stores 31 March 2007 to 28 February 2010								
	31 March 2007	31 March 2008	2007– 2008 Change	31 March 2009	2008– 2009 Change	31 December 2009	31 March– 31 December 2009 Change	28 February 2010	31 December 2009 – 28 February 2010 Change
Japan	47	56	9	67	11	70	3	70	—
Hong Kong ⁽¹⁾	11	15	4	15	—	19	4	18	(1)
Taiwan	41	44	3	47	3	48	1	50	2
France ⁽²⁾	51	54	3	62	8	64	2	64	—
United Kingdom	24	30	6	36	6	42	6	42	—
United States ⁽³⁾	165	173	8	176	3	178	2	173	(5)
Brazil ⁽⁴⁾	24	26	2	30	4	33	3	33	—
Other Countries	96	151	55	254	103	309	55	313	4
All Countries	459	549	90	687	138	763	76	763	—

(1) Includes 1 L'Occitane store in Macau from December 2007 and 1 Melvita store in December 2009.

(2) Includes 4 Melvita stores from 1 June 2008 to 31 December 2009.

(3) Includes 10 Oliviers & Co. stores in the U.S. through 31 March 2009, 9 stores as of 31 December 2009 and five stores as of 28 February 2010.

(4) Includes 1 Oliviers & Co. store in Brazil up to 31 March 2007.

Exchange Rate Fluctuations

We conduct our business globally in several major international currencies. In the nine month period ended 31 December 2009, about 27% of our total net sales were denominated in Euros; about 25% of our total net sales were denominated in US dollars or in currencies pegged to the US dollar; and about 24% of our total net sales were denominated in Japanese Yen. As our operations and production are primarily in France, a major portion of the costs of our production and purchases are denominated in Euros, our reporting currency. Approximately 46% of our total costs (cost of goods sold and operating expenses) incurred in the nine month period ended 31 December 2009 were denominated in Euro; about 21% of our total costs were denominated in US dollars or in currencies pegged to the US dollar and about 17% of our total costs were denominated in Japanese Yen.

Fluctuations in the exchange rates between the Euro and other non-Euro currencies, primarily the US dollar and Japanese Yen, affect the translation into Euro of the financial results of our consolidated entities whose functional currency is not the Euro and, therefore, affect our consolidated financial results. These fluctuations also affect the value of any distributions that our foreign subsidiaries located outside the Euro zone make to us. Exchange rate fluctuations also affect our consolidated balance sheet. Changes in the Euro values of our consolidated assets and liabilities resulting from exchange rate fluctuations may cause us to record foreign currency exchange gains and losses.

As our reporting currency is the Euro, foreign exchange movements have a significant impact on our consolidated sales figures. In the following discussion of our financial performance and year on year analysis, we have therefore shown the performance of each of our geographic areas and business segments based on the local currencies recorded from our global operations excluding

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foreign currency translation effects. For further details regarding how the exclusion of foreign currency translation effects is calculated, see Description of Selected Income Statement Line Items — *Net Sales*.

During the Track Record Period, the strength of the Euro against a number of other major world currencies, especially with respect to the U.S. dollar, had a significant impact on our reported net sales and profitability. We experienced foreign exchange losses of €2.1 million in FY2007 and €7.0 million in FY2008, but experienced foreign exchange gains of €1.7 million in FY2009. We also experienced foreign exchange gains of €3.1 million for the nine month period ended 31 December 2009 and €2.2 million in the corresponding period in 2008. In addition, the impact of foreign currency translation lowered our overall net sales growth from 30.7% to 23.9% in FY2008 but increased our overall net sales growth from 26.6% to 29.5% in FY2009 and from 14.0% to 14.8% during the nine month period ended 31 December 2009. Although we have used foreign currency derivative instruments to hedge part of our forecast sales to partially alleviate our foreign exchange exposure during the Track Record Period, there is no guarantee that we can or will continue to do so. As a result, our sales, results of operation and financial condition may be significantly affected.

Seasonality

We are subject to significant seasonal variances in sales, such as within the United States and in Europe. However, as our sales have expanded out of these regions, the effect of seasonal fluctuations on our results of operation has correspondingly decreased. Nonetheless, we still experience and rely to a certain extent on significantly higher sales in our financial third quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. As a result, to the extent sales through our Sell-out Segment increases as a percentage of our total net sales, we may experience an increased seasonality effect on our sales. Fluctuations in sales and operating income in any financial quarter may also be affected by the timing of wholesale shipments, home-shopping television appearances and other promotional events. In each of financial years 2007, 2008 and 2009, our third quarter net sales represented 35.4%, 32.0% and 34.2% of our total net sales for the year, respectively and our third quarter gross profit represented 35.8%, 33.1% and 34.5% of profit for the year, respectively. In addition to net sales and gross profit, our operating profit is affected by seasonality. Our financial third quarter operating profit is much higher than in other quarters during the year mainly because a significant portion of our Sell-out costs such as rent, personnel costs and depreciation expenses are relatively fixed so that higher sales in our financial third quarter contributes to higher operating profit margins once these fixed costs are covered.

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

Competition

The pricing and demand for our products are also affected by the intensity of the competition we face. The cosmetics and personal care products industry is highly competitive. Some of our more well known competitor brands include, among others, Aveda, The Body Shop, Origins, Natura, Kiehl's and Yves Rocher.

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We price our products based on various factors including the cost of living in each country that we operate in and the different import duties in each country. Within these parameters, we strive to price our products competitively and in an appropriate relative position to our competitors. Although we face competition from both international and domestic brands, we believe our natural and organic products are recognised and sold at a premium relative to a majority of our current competitors. Moreover, we have successfully grown our revenue from €334.9 million in FY2007 to €537.3 million in FY2009, representing a CAGR of approximately 26.7% over this period, with net sales continuing to grow in the nine month period ended 31 December 2009, although at a slower pace than from FY2007 to FY2009, despite the competition. Nonetheless, we expect competition to further intensify principally due to new and existing retailers starting to sell natural and organic-based cosmetic and personal care products similar to ours. As a result of increased competition, our sales and results of operation may be significantly and adversely affected.

Product Sales Mix

We offer an extensive range of cosmetics and personal care products to our customers. Changes in the mix of products we sell impact our sales and operating profit as profit margins for different categories of product may vary. Such margins may vary for a number of reasons, including supply and demand factors as well as the economics associated with developing, producing, launching and marketing new and existing products. For example, our face care products generally carry higher margins than most of our products. We expect that changes to the mix of products we sell will have a positive impact on our net sales and profitability as we continue to diversify our product offerings into higher margin products such as face care.

Brand Sales Mix

We sell a significant portion of our cosmetics and personal care products under the L'Occitane brand and to a lesser extent, under the Le Couvent des Minimes brand and our recently purchased Melvita brand. Changes in the mix of brands we sell impact our gross profit margins as L'Occitane brand products carry higher gross profit margins than our other two brands. In the financial years 2007, 2008 and 2009, sales of L'Occitane brand products constituted 96.5%, 98.3% and 95.2% of our total net sales. In the nine month period ended 31 December 2009, sales of L'Occitane brand products constituted 95.6% of our total net sales, as compared to 95.5% in the corresponding period in 2008. The decrease in contribution of L'Occitane branded sales in FY2009 as compared to FY2008 was primarily due to our purchase of the Melvita brand during the period. We acquired the Melvita brand in FY2009 through our acquisition of 100% interest in M&A SAS. M&A SAS and its subsidiaries are located in France and specialise in the manufacturing and distribution of organic cosmetic and hygiene products. Melvita branded products are generally sold through distributors and since our acquisition of M&A SAS on 5 June 2008 until 31 March 2009, M&A SAS sales have contributed €19.1 million or 3.6% to our total net sales in FY2009. In the nine month period ended 31 December 2009, M&A SAS contributed €15.5 million or 3.3% to our total net sales. We plan to further enhance, develop and expand our Melvita branded products and expect that going forward, the Melvita brand will further improve our mix of branded products and contribute an increasing proportion of our total sales.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The methods, estimates and judgments that we use in applying our accounting policies may have a significant impact on our results as reported in our audited

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consolidated financial statements included elsewhere in this prospectus. Some of the accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Below is a summary of the accounting policies in accordance with IFRS that we believe are both important to the presentation of our financial results and involve the need to make estimates and judgments about the effect of matters that are inherently uncertain. We also have other policies that we consider to be key accounting policies, which are set forth in detail in Note 2 and Note 4 to the Accountant's Report in Appendix I to this prospectus.

Revenue Recognition

We recognise revenue upon the transfer of title of ownership and related risks, insofar as all significant contractual obligations have been fulfilled and the collection of corresponding receivables is probable. Sales of goods to retail customers in our Retail Stores are recognised upon transfer of merchandise in exchange for payment. It is not our policy to sell products to retail customers with a right of return. Sale of goods to wholesalers and distributors are recognised upon: (i) the Company's transfer to the customer of the significant risks and rewards of ownership of the goods, (ii) the customer has acquired full control over the products (iii) the amount of revenue can be measured reliably, (iv) collectability is reasonably assured and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales of gift certificates are recognised when the customer redeems the gift certificates for products and the product is delivered to the customer. We account for award credits granted as part of our customer loyalty programme, for which customers can redeem such award credits for purchase of our products, as a separately identifiable component of sales. We recognise revenue in respect of the award credits in the periods, and reflecting the pattern, in which award credits are redeemed.

Impairment of Trade Receivables

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to pay their invoices to us in full. A provision for impairment of trade receivables is established when there is objective evidence that we will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance for doubtful accounts and the amount of the loss or profit, depending on whether such allowance has increased or decreased during the year, is recognised in the income statement within "Distribution expenses". The allowance for doubtful accounts as at 31 March 2007, 2008 and 2009 were €1,286,000, €1,119,000 and €2,353,000, respectively. The allowance for doubtful accounts as at 31 December 2009 was €1,560,000.

Estimated Impairment of Non-Current Assets

Intangible assets and property, plant and equipment are reviewed for impairment at each balance sheet date each year, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policy stated in Note 2.7 to the Accountant's Report. We review the estimated impairment of such assets mostly based on estimates of future cash flows that by definition are uncertain. We regularly review the reasonableness of the

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assumptions on which cash flow projections are based. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of (i) an asset's fair value less costs to sell and (ii) the value in use. Our cumulative impairment losses as at 31 March 2007, 2008 and 2009, and 31 December 2009, were €661,000, €735,000, €1,243,000 and €1,217,000, respectively.

Depreciation and Amortisation

Depreciation and amortisation include leasehold improvements relating to stores, other tangible assets related to the stores, buildings, machinery and equipment, key moneys (the entry rights we pay to secure the premises for a new stores) and other assets. The amortisation and depreciation periods used take into consideration the expected life of the asset or lease term, whichever is shorter. Our depreciation and amortisation expense in FY2007, FY2008 and FY2009 was €17,002,000, €17,384,000 and €23,011,000, respectively. Our depreciation and amortisation expense in the nine month periods ended 31 December 2008 and 2009 were €16,574,000 and €18,131,000, respectively.

Allowance for Inventories

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

We regularly review inventory quantities on hand for excess inventory, discontinued products, obsolescence and declines in net realisable value below cost and record an allowance against the inventory balance for such declines. When the annual stocktaking takes place on a date different from the balance sheet date, the quantity on hand is adjusted to apply the shrinkage rate (after deduction of non-recurring differences) over the period between the date of the stocktaking and the balance sheet date. The allowance for inventory as at 31 March 2007, 2008 and 2009, and 31 December 2009 was €3,719,000, €4,453,000, €6,694,000 and €6,451,000, respectively.

Income Taxes

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of our business. We recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such a determination is made. Our income tax expenses in FY2007, FY2008 and FY2009 was €9,818,000, €15,656,000, and €16,927,000, respectively. In the nine month periods ended 31 December 2008 and 2009, our income tax expenses were €11,275,000 and €25,307,000, respectively.

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DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Net Sales

Our net sales represent sales to customers net of value-added tax, returns, rebates and discounts and after eliminating intra-group sales. In addition, unless otherwise indicated, the following definitions apply within this Financial Information section:

- **Comparable Stores** means existing retail stores which have been opened at least 24 months prior to the end of the financial period under discussion.
- **Non-comparable Stores** means new retail stores opened within the 24 months prior to the end of the financial period under discussion and stores closed within this period.
- **Comparable Store Sales** means net sales from Comparable Stores during the financial period under discussion. *Unless otherwise indicated, discussion of Comparable Store Sales excludes foreign currency translation effects.*
- **Non-comparable Store Sales** means net sales from Non-comparable Stores during the financial period under discussion. Non-comparable Store Sales also include sales from a limited number of promotional campaigns usually held at temporary common areas of shopping malls. *Unless otherwise indicated, discussion of Non-comparable Store Sales excludes foreign currency translation effects.*
- **Same Store Sales Growth** represents a comparison between Comparable Store Sales for two financial periods. *Unless otherwise indicated, discussion of Same Store Sales Growth excludes foreign currency translation effects.*
- **Overall growth** means the total worldwide net sales growth for the financial period(s) indicated.

Comparable and Non-comparable Stores, Comparable and Non-Comparable Store Sales, and Same Store Sales Growth (collectively, **Retail Metrics**) are important measures that are commonly used in the retail industry which allow us to evaluate the performance of our Retail Stores. There may be variations in the way in which some of our competitors and other retailers calculate these Retail Metrics. As a result, operating data herein regarding Retail Metrics may not be comparable to similar data made available by our competitors or other retailers.

- **Excluding foreign currency translation effects** means that non-Euro currencies are translated into Euro with respect to a given period at a constant currency exchange rate from the prior period, which is, for any given currency, the effective weighted average exchange rate as reflected in the Company's financial statements for the prior period. The effective weighted average exchange rate for the prior period is the result of the average of the monthly exchange rates weighted by reference to monthly sales. The Euro sales amounts for monthly sales have been translated from local currency at the average exchange rate for such month as published by the European Central Bank, except for the Taiwan dollar's exchange rate which is published by the Federal Reserve Bank of New York.

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The following table sets out our effective weighted average exchange rates used in our financial statements and in this section to translate non-Euro amounts into Euros for the three years ended 31 March 2009 and the nine month periods ended 31 December 2008 and 2009:

Country	Currency	Year ended 31 March			Nine month period ended 31 December	
		2007	2008	2009	2008	2009
Japan	JPY	151.19671	161.38491	137.88724	145.20313	132.87680
Hong Kong	HKD	10.01827	11.15058	10.95198	11.30519	11.07033
Taiwan	TWD	42.68915	46.13073	45.24460	45.34171	46.75647
United Kingdom	GBP	0.67684	0.70876	0.83870	0.82149	0.88910
United States	USD	1.28811	1.42566	1.40831	1.43114	1.43178
Brazil	BRL	2.77034	2.58492	2.80726	2.76569	2.65342
Other Countries ⁽¹⁾						
Australia	AUD	1.67913	1.63595	1.83656	1.80585	1.69139
Canada	CAD	—	—	—	—	1.56185
China	CNY	10.15987	10.61467	9.55475	9.80862	9.78944
Czech Republic	CZK	28.07883	26.90077	25.51870	25.07924	26.02900
India	INR	—	—	—	—	68.09243
Korea	KRW	1,219.01303	1,337.13860	1,739.65193	1,690.10920	1,742.55828
Mexico	MXN	14.35131	15.57508	17.07085	16.55071	18.78600
Russia ⁽²⁾	RUB	—	36.38844	38.63823	36.52299	43.99387
Singapore	SGD	2.00941	2.09325	2.03261	2.05037	2.04230
Switzerland	CHF	1.58904	1.64083	1.55418	1.57017	1.51216
Thailand ⁽²⁾	THB	—	—	47.22052	47.78982	48.46371
Poland ⁽²⁾	PLN	—	—	3.84040	3.65206	4.24556

(1) Sales amounts with respect to Other Countries that are translated from non-Euro currencies into Euros also reflect the weighting of each of the respective exchange rates based on the monthly sales volume for the respective country during the applicable period.

(2) For Russia in FY2007, Thailand and Poland in FY2007 and FY2008, the Group was paid in Euros instead of the respective local currencies as we were only operating in these countries through distributors.

Cost of Sales

Our cost of sales consists of the costs associated with the manufacture of our products, including raw materials, labour, depreciation of production plant and equipment, subcontractor costs and other manufacturing overhead expenses. We account for the cost of raw materials utilised in our production over the financial year on a weighted average basis. Labour costs include wages, bonuses, employee benefits and other related expenses for our production employees. Depreciation relates primarily to production property, plant and equipment we own and is calculated on a straight-line basis over the estimated useful life of these assets. Subcontractor costs relate to outsourced manufacturing expenses for some of our L'Occitane products and all of the products sold under the Le Couvent des Minimes brand. Other manufacturing overhead expenses include energy and utility costs and repair and maintenance expenses.

Distribution Expenses

Distribution expenses include mainly expenses related to our Retail Stores, including employee salaries and benefits; rents and other occupancy expenses including logistic, shipping and warehousing expenses; depreciation and amortisation of leasehold premises (including security deposits paid to lessors), fixtures and equipment; freight on sales; marketing expenses relating to our stores, including product testers and shopping bags, credit card fees; maintenance and repairs;

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telephone charges and postage; travel and entertainment expenses; doubtful receivables; and start-up, pre-opening and shutting-down costs. Start-up and pre-opening costs of stores are expensed when incurred and include broker and legal fees, rent paid before opening date and travel expenses related to the opening team.

Marketing Expenses

Marketing expenses include costs relating to general marketing and promotional activities, development of new products, and related employee salaries and benefits. Promotional goods such as press kits, free goods, samples, commercial brochures and store window decoration items are expensed when they are purchased or produced.

General and Administrative Expenses

General and administrative expenses include corporate costs such as central management salaries and benefits; IT costs; professional fees, finance, accounting and human resources personnel salaries and benefits; and other costs related to central administrative functions.

Finance Costs, Net

Net finance costs consist primarily of interest on our bank borrowings, interest on our former convertible debenture bonds, and finance lease liabilities offset by interest earned from our cash and cash equivalents. Interest on our convertible debenture bonds, which converted into shares in our Company in FY2007, were capitalised and generated no cash outflows.

Exchange Gain/Loss

In preparing our consolidated financial statements, we translate foreign currency transactions into the functional currency of each subsidiary using the exchange rates prevailing at the dates of the relevant transaction. We approximate the exchange rates prevailing at such date using a single rate per currency for each month (unless we believe these rates are not reasonable approximations of the cumulative effect of the rates prevailing on the transaction dates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in our consolidated income statement except when those monetary assets and liabilities qualify as cash flow hedges, in which case they are then deferred in shareholders' equity.

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RESULTS OF OPERATION

The following table is a comparative summary of net sales, broken down by business segment and geographic area, and gross profit and operating profit, each broken down by business segment for the financial years 2007, 2008 and 2009 and the nine month periods ended 31 December 2008 and 2009, both in actual terms and as a percentage of net sales. The figures are extracted from or calculated based on figures extracted from the Accountant's Report set out in Appendix I.

	Year Ended 31 March						Nine month period ended 31 December			
	2007		2008		2009		2008		2009	
	(€'000)	(% of net sales)	(€'000)	(% of net sales)	(€'000)	(% of net sales)	(€'000)	(% of net sales)	(€'000)	(% of net sales)
(unaudited)										
NET SALES										
By Business Segment										
Sell-out	238,834	71.3	293,158	70.6	384,406	71.5	285,776	70.9	339,936	73.5
Sell-in	85,726	25.6	105,797	25.5	132,561	24.7	101,515	25.2	107,086	23.1
B-to-B	10,389	3.1	16,010	3.9	20,368	3.8	15,809	3.9	15,672	3.4
Total	334,949	100.0	414,965	100.0	537,335	100.0	403,100	100.0	462,694	100.0
By Geography										
Japan	50,403	15.1	78,676	19.0	127,470	23.7	87,243	21.6	107,190	23.2
Hong Kong ⁽¹⁾	24,360	7.3	35,552	8.5	43,312	8.1	32,176	8.0	36,190	7.8
Taiwan	25,254	7.5	24,758	6.0	24,163	4.5	19,017	4.7	19,526	4.2
France	46,313	13.8	53,781	13.0	77,136	14.4	58,986	14.6	61,592	13.3
United Kingdom	21,479	6.4	26,406	6.4	26,004	4.8	21,012	5.2	24,621	5.3
United States	89,046	26.6	89,928	21.7	90,872	16.9	71,189	17.7	70,580	15.3
Brazil	11,118	3.3	14,332	3.4	19,282	3.6	15,418	3.8	19,994	4.3
Other Countries ⁽²⁾	66,976	20.0	91,532	22.0	129,096	24.0	98,059	24.3	123,002	26.6
Total	334,949	100.0	414,965	100.0	537,335	100.0	403,100	100.0	462,694	100.0
GROSS PROFIT										
By Business Segment										
Sell-out	208,772	62.3	256,842	61.9	336,953	62.7	249,930	62.0	297,789	64.4
Sell-in	59,099	17.7	73,963	17.8	88,998	16.6	67,393	16.7	72,520	15.7
B-to-B	3,276	1.0	5,559	1.4	5,834	1.1	4,627	1.1	4,759	1.0
Total Gross Profit	271,147	81.0	336,364	81.1	431,785	80.4	321,950	79.9	375,068	81.1
OPERATING PROFIT										
By Business Segment										
Sell-out	74,489	22.2	95,671	23.1	119,032	22.2	88,701	22.0	117,133	25.3
Sell-in	42,128	12.6	51,951	12.5	55,209	10.3	41,860	10.4	51,969	11.2
B-to-B	1,758	0.5	3,233	0.8	3,096	0.6	2,507	0.6	3,020	0.7
Non-allocated expenses ⁽³⁾	(66,264)	(19.8)	(77,719)	(18.7)	(96,847)	(18.0)	(73,427)	(18.2)	(78,381)	(16.9)
Total Operating Profit Margin	52,111	15.6	73,136	17.6	80,490	15.0	59,641	14.8	93,741	20.3

(1) Includes sales from Macau.

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- (2) Net sales in Other Countries includes sales made directly by L'Occitane International, which are accounted for as sales in Luxembourg under IFRS. See Note 5.2 to the Accountant's Report in Appendix I to this prospectus.
- (3) Non-allocated expenses reflect mainly expenses relating to central corporate activities that are not allocated to a specific business segment. These expenses include expenses related to central distribution warehouses and central marketing as well as most of our general and administrative expenses. See Note 5 to the Accountant's Report in Appendix I — *Segment Information*.

The following table presents our consolidated income statement for the periods indicated:

	Year ended 31 March						Nine month period ended 31 December			
	2007		2008		2009		2008		2009	
	(€'000)	(% of net sales)	(€'000)	(% of net sales)	(€'000)	(% of net sales)	(€'000)	(% of net sales)	(€'000)	(% of net sales)
	(unaudited)									
Net Sales	334,949	100.0	414,965	100.0	537,335	100.0	403,100	100.0	462,694	100.0
Cost of sales.	(63,802)	(19.0)	(78,601)	(18.9)	(105,550)	(19.6)	(81,150)	(20.1)	(87,626)	(18.9)
Gross profit	271,147	81.0	336,364	81.1	431,785	80.4	321,950	79.9	375,068	81.1
Distribution expenses.	(149,256)	(44.6)	(180,221)	(43.4)	(239,906)	(44.6)	(176,481)	(43.8)	(197,647)	(42.7)
Marketing expenses.	(37,144)	(11.1)	(44,658)	(10.8)	(59,434)	(11.1)	(48,081)	(11.9)	(44,450)	(9.6)
General and administrative expenses	(32,298)	(9.7)	(38,379)	(9.2)	(50,803)	(9.5)	(36,488)	(9.1)	(40,982)	(8.9)
Direct costs related to the projected IPO.	—	—	—	—	(1,996)	(0.4)	(1,996)	(0.5)	—	—
Gain/(Loss) on sale and disposal of assets	(338)	(0.1)	30	—	844	0.2	737	0.2	1,752	0.4
Operating profit	52,111	15.6	73,136	17.6	80,490	15.0	59,641	14.8	93,741	20.3
Finance costs	(4,535)	(1.4)	(970)	(0.2)	(5,856)	(1.1)	(4,336)	(1.1)	(2,787)	(0.6)
Exchange gain/(loss) on finance costs	(2,137)	(0.6)	(7,029)	(1.7)	1,677	0.3	2,202	0.5	3,080	0.7
Share of gain/(loss) of associates	(114)	—	134	—	—	—	—	—	—	—
Profit before income tax	45,325	13.5	65,271	15.7	76,311	14.2	57,507	14.3	94,034	20.3
Income tax expense.	(9,818)	(2.9)	(15,656)	(3.8)	(16,927)	(3.1)	(11,275)	(2.8)	(25,307)	(5.5)
Profit for the year/period from continuing operations	35,507	10.6	49,615	12.0	59,384	11.1	46,232	11.5	68,727	14.9
Profit/(loss) for the year/period from discontinued operations	—	—	(91)	—	—	—	—	—	—	—
Profit for the year/period	35,507	10.6	49,524	11.9	59,384	11.1	46,232	11.5	68,727	14.9
Attributable to:										
Equity holders.	33,157	9.9	47,898	11.5	58,383	10.9	45,275	11.2	66,377	14.3
Minority interests	2,350	0.7	1,626	0.4	1,001	0.2	957	0.2	2,350	0.5
Total	35,507	10.6	49,524	11.9	59,384	11.1	46,232	11.5	68,727	14.9

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NINE MONTH PERIOD ENDED 31 DECEMBER 2009 COMPARED TO THE NINE MONTH PERIOD ENDED 31 DECEMBER 2008

Net Sales

Net sales were €462.7 million in the nine month period ended 31 December 2009, a 14.8%, or €59.6 million, increase compared to the corresponding period in 2008, reflecting net sales growth in all of our business segments and geographic areas, except for the United States. In the nine month period ended 31 December 2009, net sales in our Sell-out and Sell-in business segments (representing 73.5% and 23.1%, respectively, of our total net sales) increased by 19.0% and 5.5%, respectively. Excluding foreign currency translation effects, net sales increased by 14.0% in the nine month period ended 31 December 2009.

We increased the total number of retail locations where our products are sold from 1,203 as at 31 December 2008 to 1,512 as at 31 December 2009. Likewise, we increased the number of our Retail Stores from 670 at 31 December 2008 to 763 at 31 December 2009, representing a net increase of 93 stores, including 40 additional stores in Asia, 34 in Europe and 19 in the Americas. Excluding foreign currency translation effects, Comparable Store Sales represented 5.9% of our overall growth in the nine month period ended 31 December 2009 while Non-comparable Store Sales during the period represented 77.4% of our overall growth.

Sales in Japan, Hong Kong, the United Kingdom, Brazil and in Other Countries, including China and Russia, were the driving factors of our net sales growth in nine month period ended 31 December 2009.

Business Segments

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

Net Sales Growth Nine month period ended 31 December 2008 compared to nine month period ended 31 December 2009				
	(€'000)	% Growth	% Growth ⁽²⁾	% Contribution to Overall Growth ⁽²⁾
Sell-out	54,159	19.0	18.0	91.3
Comparable Stores	5,876	2.6	1.5	5.9
Non-comparable Stores	43,162	94.4	95.6	77.4
Other ⁽¹⁾	5,122	30.9	27.3	8.0
Sell-in	5,572	5.5	5.2	9.3
B-to-B	(137)	(0.9)	(2.0)	(0.6)
 Overall Growth	 59,594	 14.8	 14.0	 100.0

(1) Includes Mail-order, Internet and other sales.

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

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Sell-out

Sell-out net sales increased by 19.0%, or €54.2 million, to €339.9 million in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008, primarily due to our net addition of 93 stores between 31 December 2008 and 31 December 2009, including net additions of 7 stores in Japan, 4 stores in Hong Kong, 6 stores in the United Kingdom and 72 stores (including 12 stores acquired from our Canadian distributor) in the Other Countries. The net sales of our own Retail Stores represented 83.3% of our overall growth in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008, with Non-comparable Stores providing 77.4% of the growth and Comparable Stores providing 5.9% of the growth, respectively. We experienced a Same Store Sales Growth of 1.5% during the period, which was primarily driven by an increase in sales transactions from both existing and new customers offsetting a slight decrease in the average prices of our products. The other sell-out activities benefited primarily from the strong development of our internet sales. Our internet sales increased by 35.8% and represented 6.5% of our overall sales growth excluding foreign currency translation effects.

Excluding foreign currency translation effects, our Sell-out net sales increased by 18.0%, with such an increase representing 91.3% of overall net sales growth in the nine month period ended 31 December 2009, compared to the corresponding period in 2008.

Sell-in

Sell-in net sales increased 5.5%, or €5.6 million, to €107.1 million in the nine month period ended 31 December 2009 compared to the corresponding period in 2008 primarily due to:

- the addition of Melvita in June 2008 which accounted for €0.9 million, or 16.8% of our total Sell-in net sales growth, as Melvita mainly sells in wholesale channels as well as to distributors in France and abroad;
- an increase in sales to duty free stores, where despite a continued severely depressed travel market throughout the period, sales increased by 17.0%, or €3.7 million, to €25.8 million. In the nine month period ended 31 December 2009, 140 new duty free outlets which sell our products were opened by our customers;
- an increase in sales to wholesale customers, excluding sales by Melvita and to department stores, by 6.8%, or €2.3 million, primarily due to our acquisition of our wholesale operations in Italy in FY2009 from a distributor; and
- such increases being partially offset by lower than expected net sales relating to our distributors in Asia, Europe and the Middle East, which decreased by €1.9 million or 7.7% to €22.7 million. This decrease was mainly due to the reclassification of revenue that we derived from sales to distributors in Thailand, Poland, Italy and Canada to both of the other segments, following our acquisitions of: (i) the controlling interests in our distributors in Thailand and Poland in June and July of 2008, respectively, (ii) our wholesale operations in Italy in April 2009 as mentioned above, and (iii) the net assets of our distributor in Canada in May 2009. However, the decrease was also attributable to our distributors reducing their inventories due to the uncertain global economic situation.

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Excluding foreign currency translation effects, the Sell-in Segment grew by 5.2%, which represented 9.3% of overall net sales growth in the nine month period ended 31 December 2009.

B-to-B

B-to-B net sales decreased by 0.9%, or €0.1 million, to €15.7 million in the nine month period ended 31 December 2009 compared to the corresponding period in 2008 primarily due to lower hotel occupancy and reduced traffic at airports. Our B-to-B sales increased in Japan by €0.5 million and in the Other Countries by €0.5 million, as we are in the early stages of our B-to-B development in these countries. Excluding foreign currency translation effects, net sales in the B-to-B Segment decreased by 2.0%, which reduced our overall net sales growth by 0.6% in the nine month period ended 31 December 2009.

Geographic Areas

The following table presents our net sales growth for the nine month period ended 31 December 2009 and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

Net Sales Growth Nine month period ended 31 December 2008 compared to nine month period ended 31 December 2009				
	(€'000)	% Growth	% Growth ⁽¹⁾	% Contribution to Overall Growth ⁽¹⁾
Japan	19,947	22.9	14.2	21.9
Hong Kong ⁽²⁾	4,014	12.5	10.5	6.0
Taiwan	509	2.7	6.0	2.0
France	2,606	4.4	4.4	4.6
United Kingdom	3,609	17.2	26.4	9.8
United States	(610)	(0.9)	(0.6)	(0.7)
Brazil	4,576	29.7	25.4	6.9
Other Countries ⁽³⁾	24,943	25.4	28.5	49.5
All countries	59,594	14.8	14.0	100.0

(1) Excludes the impact of foreign currency translation effects and reflects growth from all business segments, including growth from our own Retail Store sales.

(2) Includes sales from Macau.

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

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

Retail Stores Nine month period ended 31 December 2008 compared to nine month period ended 31 December 2009							
	Retail Stores			% of Overall Growth ^{(1) (2)}			
	31 December 2008	31 December 2009	Change	Non- comparable Stores	Comparable stores	Total Stores	Same Store Sales Growth ⁽²⁾
Japan.	63	70	7	21.3	(3.9)	17.4	(4.2)
Hong Kong ⁽³⁾	15	19	4	1.9	1.8	3.6	7.9
Taiwan.	47	48	1	1.3	0.4	1.8	1.6
France ⁽⁴⁾	63	64	1	4.5	(1.0)	3.6	(2.3)
United Kingdom	36	42	6	4.0	2.6	6.6	12.4
United States ⁽⁵⁾	179	178	(1)	0.7	1.2	1.9	1.4
Brazil	30	33	3	3.0	2.1	5.1	10.3
Other Countries ⁽⁶⁾	237	309	72	40.6	2.7	43.3	3.2
All countries	670	763	93	77.4	5.9	83.3	1.5%

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

(2) Excludes foreign currency translation effects.

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

(4) Includes 4 Melvita Stores from June 2008.

(5) Includes 10 Oliviers & Co. stores as at 31 December 2008 and 9 Oliviers & Co. stores as at 31 December 2009.

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

Japan

Net sales in Japan increased by 22.9%, or €19.9 million, to €107.2 million in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008. This growth primarily reflected higher net sales in our Sell-out Segment. Net sales in our Sell-out Segment in Japan rose by 22.9%, or €18.4 million, driven by Non-comparable Store Sales which represented 21.3% of our overall growth. Between 31 December 2008 and 2009, we opened a net 7 stores in Japan. Comparable Store Sales decreased by 4.2% primarily due to the impact of the financial crisis on the Japanese economy. Comparable Store Sales negatively impacted our overall growth excluding foreign currency translation effects by 3.9%.

Our Sell-in sales increased by 17.1%, or €1.0 million, in the nine month period ended 31 December 2009 compared to the corresponding period in 2008, primarily due to growth in the corporate gift activity and to sales to QVC (television home shopping) customers. Excluding foreign currency translation effects, net sales in Japan increased by 14.2%.

Hong Kong

Net sales in Hong Kong increased by 12.5%, or €4.0 million, to €36.2 million in the nine month period ended 31 December 2009, compared to the corresponding period in 2008. This growth was driven by higher net sales in our Sell-out and Sell-in segments. Net sales in our Sell-out segment increased by 16.9% or €2.2 million. The increase in Sell-out sales was primarily due to increased

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net sales from Non-comparable Stores, as we opened 4 new stores in Hong Kong between 31 December 2008 and 2009 and to increased sales at our Comparable Stores. The Non-comparable Store Sales represented 1.9% of our overall growth excluding foreign currency translation effects. Our Comparable Store Sales grew by 7.9%, primarily due to an increase in average sales per transaction and represented 1.8% of our overall growth excluding foreign currency translation effects.

Our Sell-in sales increased by 10.8%, or €2.0 million, in the nine month period ended 31 December 2009 compared to the corresponding period in 2008, primarily due to strong growth in sales to duty free customers, which offset decreased sales to our Asian distributors (our sales are recorded based on the location of the invoicing subsidiary) partly due to the acquisition of the controlling rights of our former distributor in Thailand in June 2008. Excluding foreign currency translation effects, net sales in Hong Kong increased by 10.5%.

Taiwan

Net sales in Taiwan increased by 2.7%, or €0.5 million, to €19.5 million in the nine month period ended 31 December 2009, compared to the corresponding period in 2008. This increase was mainly driven by an increase in Non-Comparable Stores Sales, which grew by 23.5% and represented 1.3% of our overall growth excluding foreign currency translation effects primarily as a result of our net opening of 3 stores in FY2009 and 1 store in the nine month period ended 31 December 2009. Comparable Store Sales recovered and increased by 1.6%. Excluding foreign currency translation effects, net sales in Taiwan increased by 6.0%.

France

Net sales in France increased by 4.4%, or €2.6 million, to €61.6 million in the nine month period ended 31 December 2009, compared to the corresponding period in 2008. This growth was primarily driven by sales of Melvita, acquired in June 2008, which represented €2.3 million, or 4.1%, of our overall growth excluding foreign currency translation effects. Excluding the effect of Melvita's sales, net sales in France increased by 0.6%, or €0.3 million, to €46.1 million in the nine month period ended 31 December 2009 driven primarily by our Sell-out activities. Retail sales increased by 3.4%, or €0.9 million, primarily due to Non-comparable Store Sales, while Comparable Store Sales decreased by 2.3% as a result of lower demand throughout the period. Between 31 December 2008 and 2009, we opened a net of 1 store in France with related Non-comparable Store Sales representing 4.5% of our overall growth excluding foreign currency translation effects. Comparable Store Sales reduced our overall growth by 1.0% excluding foreign currency translation effects. Our internet sales grew by 84.8%, or €0.7 million, which accounted for 1.3% of our overall sales growth excluding foreign currency translation effects.

Excluding Melvita's sales, our Sell-in sales fell by 8.1%, or €1.2 million, in the nine month period ended 31 December 2009 compared to the corresponding period in 2008, mainly due to a decrease of our wholesale sales by 2.9% and to a decrease in sales to our distributor customers by 18.8%, or €1.3 million, as a consequence of their cautious buying and inventory reduction efforts stemming from weak consumer activity. Our B-to-B sales decreased slightly by 0.8% in the nine month period ended 31 December 2009 in the context of lower occupancy at our hotel customers.

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United Kingdom

Net sales in the United Kingdom increased by 17.2%, or €3.6 million, to €24.6 million in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008, and increased by 26.4% excluding foreign currency translation effects. This growth was mainly driven by higher net sales in the Sell-out and Sell-in Segments. Net sales in our Sell-out Segment, excluding foreign currency translation effects improved by 29.6% or €4.2 million due to increased sales at both Comparable Stores and Non-Comparable Stores during the period, with Comparable Stores Sales growing by 12.4%. The increase in Comparable Store Sales was the result of increased transactions combined with increased average sales per transaction. Comparable Store Sales represented 2.6% of our overall growth excluding foreign currency translation effects. During the period, we opened a net of 6 stores in the United Kingdom with related Non-comparable Store Sales representing 4.0% of our overall growth excluding foreign currency translation effects.

Excluding foreign currency translation effects, our Sell-in sales improved by 24.9%, or €1.5 million, in the nine month period ended 31 December 2009, compared to the corresponding period in 2008, reflecting the continued increases in our sales to QVC (television home shopping) customers in the United Kingdom and to increased sales to department stores.

United States

Net sales in the United States decreased slightly by 0.9%, or €0.6 million, to €70.6 million in the nine month period ended 31 December 2009, compared to the corresponding period in 2008. Excluding foreign currency translation effects, net sales in the United States decreased by 0.6%. This decrease was mainly attributable to decreased sales in the Sell-in and B-to-B segments in which net sales decreased by 19.6% and 16.7% respectively. The Sell-in segment was primarily affected by lower sales of corporate gifts and by lower wholesale and department stores sales, which decreased by 9.0% as these customers reduced their inventories. The declines in our Sell-in and B-to-B segments were largely offset by increased sales in the Sell-out segment. Despite the net closing of 1 store between 31 December 2008 and 2009, our net opening of 3 stores in FY2008 led to an increase of 9.5% in Non-comparable Store Sales, representing 0.7% of our overall growth excluding foreign currency translation effects. After a decline in Comparable Store Sales in FY2009, Comparable Store Sales increased by 1.4%, which represented 1.2% of our overall growth excluding foreign currency translation effects. Our internet sales continued to increase, growing by 10.0% and represented 1.1% of our overall sales growth excluding foreign currency translation effects. During the nine month period ended 31 December 2009, our internet sales in the United States represented 8.8% of our total sales in the United States.

During the nine month period ended 31 December 2009, we closed 1 store selling Oliviers & Co. branded foodstuff products and operated 9 remaining Oliviers & Co. stores in the United States through our subsidiary, Oliviers & Co. LLC (USA) as at 31 December 2009. Oliviers & Co. branded products generated net sales in the United States of €3.1 million in the nine month period ended 31 December 2009, a decrease of 13.1% from corresponding period in 2008, primarily due to the weak retail environment. Excluding foreign currency translation effects, net sales of Oliviers & Co. branded products decreased by 12.8%. We have entered into transition and assets purchase agreements with Oliviers & Co. S.A. Under these agreements, 4 of our stores selling Oliviers & Co. Products were transferred to Oliviers & Co. S.A. as at 1 February 2010, while the remaining 5 stores ceased to sell Oliviers & Co. products as of 31 March 2010. We are currently considering changing these stores into Melvita stores or distributors.

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Brazil

Net sales in Brazil increased by 29.7%, or €4.6 million, to €20.0 million in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008. This growth was driven primarily by higher net sales in the Sell-out, and Sell-in Segments. Net sales in our Sell-out Segment increased by 23.4% or €3.2 million due to Same Store Sales Growth of 10.3%, and to increased Non-comparable Stores Sales. Comparable Store Sales represented 2.1% of our overall growth excluding foreign currency translation effects. Between 31 December 2008 and 2009, we opened a net of 3 stores in Brazil, contributing to the increase in Non-comparable Store Sales, which represented 3.0% of our overall growth excluding foreign currency translation effects.

Our Sell-in sales improved by €1.2 million in the nine month period ended 31 December 2009 compared to the corresponding period in 2008 primarily due to our development of a network of distributors in Brazil and to increased sales to local wholesalers. Excluding foreign currency translation effects, net sales in Brazil increased by 25.4%.

Other Countries

Net sales in Other Countries increased by 25.4%, or €24.9 million, to €123.0 million in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008. This growth primarily reflected higher net sales in our Sell-out Segment. Net sales in our Sell-out Segment grew by €22.6 million, primarily driven by the net opening of 72 additional stores and Same Store Sales Growth of 3.2% (calculated by using a weighted average by country). During the nine month period ended 31 December 2009, we increased our Retail Stores in, among other countries, China by 10, Korea by 10, Russia by 7, Mexico by 5, and in the Western European countries (Belgium, Germany, Switzerland, Italy and Spain) by 15, in accordance with our expansion strategy. Following the acquisition of our assets in Canada, 12 more stores were added. Non-comparable Store Sales in Other Countries accounted for 40.6% of our overall growth during the nine month period ended 31 December 2009 while Comparable Store Sales accounted for 2.7% of our overall growth excluding foreign currency translation effects. Excluding foreign currencies translation effects, net sales in Other Countries increased by 28.5% (calculated by using a weighted average by country).

Cost of Sales and Gross Profit

Cost of sales increased by 8.0%, or €6.5 million, to €87.6 million in the nine month period ended 31 December 2009 compared to the corresponding period in 2008. Our gross profit margin increased by 1.2 points to 81.1% in the nine month period ended 31 December 2009. The increase in gross profit margin for the nine month period ended 31 December 2009 mainly reflected:

- a favourable effect of the foreign currencies of 0.2 points as a percentage of net sales primarily due to the stronger Japanese Yen in the nine month period ended 31 December 2009;
- an improved gross profit margin for our Le Couvent des Minimes brand, as we incurred inventory allowances in the nine month period ended 31 December 2008, of 0.1 points as a percentage of net sales; and
- an increase in the gross profit margin of L'Occitane brand products of 0.8 points as a percentage of net sales mainly due to a favourable channel-mix effect as a consequence of the stronger development of our Sell-out Segment, accounting for 0.5 points as a percentage

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of net sales and 0.3 points as a percentage of net sales to overall lower production costs following the implementation of new quality control procedures and lower freight costs due to reduced subcontracting which were offset in part by higher average discounts in our retail operations and a slightly less favourable product mix.

Distribution Expenses

Distribution expenses increased by 12.0%, or €21.2 million, to €197.6 million in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008. As a percentage of net sales, our distribution expenses decreased by 1.1 point to 42.7% of net sales in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008. This decrease was primarily due to our L'Occitane brand and is attributable to a combination of:

- lower depreciation costs of 0.3 points as a percentage of net sales, mainly due to several stores in the USA, which became fully depreciated after FY2008;
- lower freight on sales resulting from reduced air shipments of 0.7 points as a percentage of net sales;
- reduced pre-opening costs mainly due to fewer openings in Western Europe notably and to high costs incurred in the nine month period ended 31 December 2008 for the opening of spas and cafés representing 0.3 points as a percentage of net sales;
- the reversal of unused bad debts provisions booked during the nine month period ended 31 December 2008 of 0.4 points of as a percentage net sales;
- savings on travel expenses and bags and wrapping materials of 0.3 points as a percentage of net sales; and
- the above were partially offset for 0.9 points as a percentage of net sales by increases relating to higher rent and occupancy costs as a percentage of net sales due to a higher share of retail sales in our total sales, accruals for indemnities to be paid for the severance of Melvita's sales agents and accruals for a few stores which continued to experience losses.

Marketing Expenses

Marketing expenses decreased by 7.6%, or €3.6 million, to €44.5 million in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008. Our marketing expenses, as a percentage of net sales, decreased by 2.3 points to 9.6% of net sales in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008. This reduction of our marketing expenses by 2.3 points as a percentage of net sales is attributable primarily to:

- a reduction of our inventory of promotional goods, including samples and testers, during the nine month period ended 31 December 2009, whereas our inventory of promotional goods increased in the corresponding period in 2008, which resulted in a reduction in marketing expenses by 1.4 points as a percentage of net sales; and

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- lower advertising expenses which resulted in a reduction in marketing expenses by 0.6 points as a percentage of net sales, due partly to higher expenses incurred during the nine month period ended 31 December 2008 in Japan for our special investment in the mail order activity in order to increase our market share, and to lower marketing costs in Hong Kong, Taiwan, and France in the nine-month period ended 31 December 2009 partly due to lower advertising fees during the financial crisis.

General and Administrative Expenses

General and administrative expenses increased by 12.3%, or €4.5 million, to €41.0 million in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008 and decreased as a percentage of net sales from 9.1% in the nine month period ended 31 December 2008 to 8.9% in the nine month period ended 31 December 2009. This decrease as a percentage of net sales was primarily attributable non-recurring costs incurred during the nine month period ended 31 December 2008 in relation to commercial litigations and other accruals.

Direct Costs Related to the Projected IPO

An initial public offering project was initiated in the nine month period ended 31 December 2008 but was postponed due to the adverse financial market conditions. As the initial public offering was not probable as at 31 December 2008, all of the costs attributable to the Company were expensed in the nine month period ended 31 December 2008 for €2.0 million. The total costs amounted to €4.0 million and were partly recharged to LOG, in the amount of €2.0 million. The portion invoiced to LOG represented 50% of the costs incurred to date. This ratio was deemed to reflect the ratio of expected proceeds from the sale of existing shares versus the total proceeds from sale of existing shares and issuance of new shares.

Operating Profit

Operating profit increased by 57.2%, or €34.1 million, to €93.7 million in the nine month period ended 31 December 2009 as compared to the corresponding period in 2008, and our operating profit margin increased by 5.5 points from 14.8% in the nine month period ended 31 December 2008 as compared to 20.3% in the nine month period ended 31 December 2009. The increase in our operating profit margin was primarily due to improved gross profit margin by 1.2 points, our decrease in operating expenses by 4.1 points as previously discussed, and also due to increased other gains of €1.0 million, which mainly related to the disposal of the key money of our store in Soho, New York (USA) in April 2009. In terms of segment growth, our increase in operating profit margin was mainly attributable to:

- a 3.3 point favourable contribution of our Sell-out activities attributable to 2.4 points from a favourable channel-mix effect on our gross profit margin as a consequence of the stronger development of our sell-out segment, and 0.7 points from lower operating expenses, notably in distribution and marketing;
- a 0.8 point favourable contribution from our Sell-in segment, due to a 1.9 point benefit from lower operating expenses in marketing, administration and particularly distribution expenses, partially offset by an unfavourable channel-mix effect, which offset an improvement in the gross profit margin of 1.3 points. The distribution expenses contributed positively for 0.9 points of sales primarily in relation to the reversal of unused accruals for bad debts as mentioned above; and

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- a 1.3 point favourable contribution, mainly from lower corporate expenses, attributable to the lower marketing expenses in promotional goods and to the direct costs related to the initial public offering project incurred in the nine month period ended 31 December 2008.

Finance Costs, net

Net finance costs decreased by €1.5 million, to €2.8 million in the nine month period ended 31 December 2009 compared to the corresponding period in 2008. This decrease was mainly related to reduced borrowings as a result of the increase of our cash flow from operations and lower capital expenditures and lower interest rates applicable to our borrowings in the nine month period ended 31 December 2009 as a result of lower interest rates in general following the recent global financial crisis.

Exchange Gain/Loss on Finance Costs

Our net foreign currency gains amounted to €3.1 million in the nine month period ended 31 December 2009. The net gains of €3.1 million in the nine month period ended 31 December 2009 were mainly due to:

- realized net gains on inter-company and external trading transactions for €1.7 million, primarily achieved on the US dollar and the Japanese Yen;
- unrealized net gains related to financing in foreign currencies, notably in Korea, Mexico and the Czech Republic, contributing €1.2 million.

Income Tax Expense

The effective rate for income taxes was 26.9% for the nine month period ended 31 December 2009 as compared with 19.6% for the nine month period ended 31 December 2008. The increase in the effective tax rate was mainly a consequence of our policy to decrease our inventories in the distribution subsidiaries during the nine month period ended 31 December 2009. To achieve this objective we have produced less and have consumed the inventories located in the distribution entities as at 31 March 2009. As the profit generated by these subsidiaries is taxed at a higher rate than the profit generated by our production and central distribution entities, this lead to an increase in the effective tax rate.

Profit for the Year

For the aforementioned reasons, profit for the period increased by 48.7% or €22.5 million to €68.7 million in the nine month period ended 31 December 2009, as compared to the corresponding period in 2008. The profit for the period attributable to the minority interests increased by €1.4 million, or 145.6%, notably due to the increase of profits in our joint-ventures in Taiwan, Korea, Mexico and Russia. As a result, the profit for the period attributable to equity holders of the Company increased by 46.6%, or €21.1 million. Basic and diluted earnings per Share improved by 46.6% from €0.036 to €0.052 with the number of Shares used in both calculations remaining unchanged in the nine month periods ended 31 December 2008 and 2009 at 1,274,396,391.

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FY2009 COMPARED TO FY2008

Net Sales

Net sales were €537.3 million in FY2009, a 29.5%, or €122.4 million, increase compared to FY2008, reflecting net sales growth in all our business segments and geographic areas, except for Taiwan and the United Kingdom. In FY2009, net sales in our Sell-out and Sell-in business segments (representing 71.5% and 24.7%, respectively, of our total net sales) increased by 31.1% and 25.3%, respectively. Excluding foreign currency translation effects, net sales increased by 26.6% in FY2009.

We increased the total number of retail locations that our products are sold from 1,055 as at 31 March 2008 to 1,271 as at 31 March 2009. Likewise, we increased the number of our Retail Stores from 549 at 31 March 2008 to 687 at 31 March 2009, representing a net increase of 138 stores, including 56 additional stores in Asia, 67 in Europe and 15 in the Americas. Excluding foreign currency translation effects, Comparable Store Sales represented 5.7% of our overall growth in FY2009 while Non-comparable Store Sales during the year represented 58.2% of our overall growth.

Sales in Japan, Hong Kong, Brazil and in Other Countries, including China and Russia, were the driving factors of our net sales growth in FY2009. France also recorded sizable growth mainly due to the inclusion of M&A SAS's sales. However, there was a contraction of 2.4% in Taiwan.

Business Segments

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

	Net Sales Growth FY2008 to FY2009			% Contribution to Overall Growth ⁽²⁾
	(€'000)	% Growth	% Growth ⁽²⁾	
Sell-out	91,248	31.1	27.0	71.6
Comparable Stores	13,287	5.6	2.6	5.7
Non-comparable Stores	68,424	159.7	149.9	58.2
Other ⁽¹⁾	9,537	74.3	66.4	7.7
Sell-in	26,763	25.3	25.5	24.4
B-to-B	4,358	27.2	27.3	4.0
Overall Growth	122,369	29.5	26.6	100.0

(1) Includes Mail-order, Internet and other sales.

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

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Sell-out

Sell-out net sales increased by 31.1%, or €91.2 million, to €384.4 million in FY2009 primarily due to our net addition of 138 stores, including net additions of 11 stores in Japan, 8 stores in France and 6 stores in the United Kingdom. Excluding foreign currency translation effects, our own Retail Stores represented 63.9% of our overall growth in FY2009 with Non-comparable Stores providing 58.2% of the growth and Comparable Stores providing 5.7%. We experienced a Same Store Sales Growth of 2.6% during the year, which was primarily driven by an increase in sales transactions from both existing and new customers and to an increase in the average prices of our products. The Other sell-out activities benefited primarily from the strong development of our internet sales. Our internet sales increased by 46.5% and represented 3.8% of our overall sales growth excluding foreign currency translation effects.

Excluding foreign currency translation effects, our Sell-out net sales increased by 27.0% with such an increase representing 71.6% of overall net sales growth in FY2009.

Sell-in

Sell-in net sales increased 25.3%, or €26.8 million, to €132.6 million in FY2009 primarily due to:

- the addition of the Melvita sub-group in June 2008 with sales of €19.1 million, as Melvita mainly sells in wholesale channels as well as to distributors in France and abroad;
- an increase in sales in duty free stores, where despite a severely depressed travel market in the second part of the financial year, sales increased by 27.8%, or €6.3 million, to €29.0 million. In FY2009, 93 new duty free outlets were opened by our customers selling our products; and
- such increases being partially offset by lower than expected net sales relating to our distributors in Asia, Europe and the Middle East, which decreased by €2.3 million or 7.0% to €31.0 million. This decrease was mainly due to the reclassification of revenue that we derived from sales to distributors in Russia, Poland and Thailand to the Sell-out Segment, due to our acquisition of controlling interests in those distributors in December of 2007 and in July and June of 2008, respectively. However, the decrease was also attributable to our distributors reducing their inventories due to the uncertain global economic situation.

Excluding foreign currency translation effects, the Sell-in Segment grew by 25.5%, which represented 24.4% of overall net sales growth in FY2009.

B-to-B

B-to-B net sales increased 27.2%, or €4.4 million, to €20.4 million in FY2009 primarily due to increased sales in France, China and Taiwan with airlines, large hotel chains and independent hotels. Excluding foreign currency translation effects, the B-to-B Segment grew by 27.3%, which represented 4.0% of overall net sales growth in FY2009.

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Geographic Areas

The following table presents our FY2009 net sales growth and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth FY2008 to FY2009			Contribution to Overall Growth ⁽¹⁾
	(€'000)	% Growth	% Growth ⁽¹⁾	
Japan.	48,793	62.0	38.4	27.4
Hong Kong ⁽²⁾	7,760	21.8	19.5	6.3
Taiwan.	(595)	(2.4)	(4.3)	(1.0)
France	23,355	43.4	43.4	21.2
United Kingdom	(403)	(1.5)	16.5	4.0
United States	944	1.0	(0.2)	(0.1)
Brazil	4,950	34.5	46.1	6.0
Other Countries ⁽³⁾	37,565	41.0	43.8	36.3
All Countries.	122,369	29.5	26.6	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 from Macau.

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

The following table gives a breakdown, by geographic area, of our number of Retail Stores, their contribution percentage to overall growth and our Same Store Sales Growth for periods indicated:

	Retail Stores FY2008 to 2009						
	Retail Stores			% of Overall Growth ^{(1) (2)}			Same Store Sales Growth ⁽²⁾
	31 March 2008	31 March 2009	Change	Non- comparable Stores	Comparable Stores	Total Stores	
Japan.	56	67	11	16.7	4.7	21.4	9.9
Hong Kong ⁽³⁾	15	15	—	1.8	0.9	2.8	9.2
Taiwan.	44	47	3	0.8	(2.1)	(1.3)	(12.9)
France ⁽⁴⁾	54	62	8	1.7	(0.3)	1.4	(1.2)
United Kingdom	30	36	6	2.2	0.5	2.8	4.0
United States ⁽⁵⁾	173	176	3	1.7	(3.0)	(1.3)	(5.1)
Brazil	26	30	4	3.2	1.9	5.1	19.1
Other Countries ⁽⁶⁾	151	254	103	30.0	3.1	33.1	9.1
All Countries.	549	687	138	58.1	5.7	63.9	2.6%

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- (1) Represents percentage of overall net sales growth attributable to Non-comparable Stores, Comparable Stores and Retail Stores for the geographic area and period indicated.
- (2) Excludes foreign currency translation effects.
- (3) Includes 1 L'Occitane store in Macau from December 2007.
- (4) Includes 4 Melvita Stores as at 31 March 2009.
- (5) Includes 10 Oliviers & Co. stores as at 31 March 2008 and 2009.
- (6) Calculated using a weighted average of constituent countries.

Japan

Net sales in Japan increased by 62.0%, or €48.8 million, to €127.5 million in FY2009. This growth primarily reflected higher net sales in all business segments and particularly our Sell-out Segment. Net sales in our Sell-out Segment in Japan rose by 64.8% or €46.3 million, mainly driven by the Non-comparable Store Sales representing 16.7% of our overall growth excluding foreign currency translation effects. During the year, we opened a net of 11 stores in Japan. With a Same Store Sales Growth of 9.9% primarily due to an increase in transactions arising from improved consumer awareness in our L'Occitane brand, the Comparable Store Sales represented 4.7% of our overall growth excluding foreign currency translation effects.

Our Sell-in sales increased by 35.2%, or €2.2 million, in FY2009 primarily due to growth in domestic in-flight sales to our airline partners and to sales to QVC (television home shopping) customers. Excluding foreign currency translation effects, net sales in Japan increased by 38.4%.

Hong Kong

Net sales in Hong Kong increased by 21.8%, or €7.8 million, to €43.3 million in FY2009. This growth was driven by greater net sales in our Sell-out and Sell-in Segments. Net sales in our Sell-out segment increased by 28.4% or €3.8 million. Such an improvement was mainly due to an increase in Non-comparable Stores Sales as we opened 4 stores in Hong Kong during the previous financial year. The Non-comparable Store Sales represented 1.8% of our overall growth excluding foreign currency translation effects. The Same Store Sales Growth of 9.2% was primarily due to increased purchases by customers travelling from mainland China. Comparable Store Sales represented 0.9% of our overall growth excluding foreign currency translation effects.

Our Sell-in sales improved by 19.7%, or €4.1 million, in FY2009 primarily due to strong growth in sales to duty free customers that more than offset the decrease in sales to our Asian distributors (our sales are recorded based on the location of the invoicing subsidiary) partly explained by the acquisition in June 2008 of the controlling rights of our former distributor in Thailand. Excluding foreign currency translation effects, net sales in Hong Kong increased by 19.5%.

Taiwan

Net sales in Taiwan decreased by 2.4%, or €0.6 million, to €24.2 million in FY2009. This decline was mainly driven by a decrease in Same Store Sales. Same Store Sales decreased by 12.9% primarily due to a weak retail environment caused by political uncertainty and consumer credit issues resulting from tightened control over credit card debt, a phenomenon that was amplified by the financial crisis in the latter half of FY2009. During the year, we opened a net of 3 stores in Taiwan with related Non-comparable Store Sales representing 0.8% of our overall growth excluding foreign currency translation effects. However, Comparable Store Sales reduced overall growth by 2.1% excluding foreign currency translation effects for the aforementioned reasons. Excluding foreign currency translation effects, net sales in Taiwan decreased by 4.3%.

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France

Net sales in France increased by 43.4%, or €23.4 million, to €77.1 million in FY2009. This growth was primarily driven by sales of the Melvita sub-group acquired in June 2008, which represented €19.1 million, or 17.3% of our overall growth. Excluding Melvita, net sales in France increased by 7.9%, or €4.3 million, to €58.0 million in FY2009 driven by moderate increases in net sales for all segments. Retail sales increased by 5.1%, or €1.5 million, primarily due to the Non-comparable Store Sales, while Comparable Store Sales decreased by 1.2% as a result of weak consumption in the second part of the financial year. During the year and excluding the 4 Melvita stores, we opened a net of 4 stores in France with related Non-comparable Store Sales representing 1.7% of our overall growth excluding foreign currency translation effects. Comparable Store Sales negatively impacted our overall growth by 0.3% excluding foreign currency translation effects.

Excluding Melvita, our Sell-in sales improved by 4.1%, or €0.7 million, in FY2009 mainly due to a moderate growth of our wholesale activities by 2.6% and to the opening of 7 new franchisee stores operated by our distributor customers. Our B-to-B sales increased by 30.8%, or €1.6 million, in FY2009 primarily due to additional sales to new hotel customers.

United Kingdom

Net sales in the United Kingdom decreased by 1.5%, or €0.4 million, to €26.0 million in FY2009, but actually increased by 16.5% excluding the foreign currency translation effect. This growth, excluding the foreign currency translation effect, was mainly driven by higher net sales in the Sell-out and Sell-in Segments. Net sales in our Sell-out Segment, excluding the foreign currency translation effect improved by 20.9% or €3.7 million due to the combination of the Non-comparable stores with a Same Store Sales Growth of 4.0% that was achieved despite the weak economic environment due to effective promotion and communication activities. During the year, we opened a net of 6 stores in the United Kingdom with related Non-comparable Store Sales representing 2.2% of our overall growth excluding foreign currency translation effects. Comparable Store Sales represented 0.5% of our overall growth excluding foreign currency translation effects.

Excluding the foreign currency translation effect, our Sell-in sales improved by €0.5 million in FY2009 reflecting the continuous increase in our sales to QVC (television home shopping) customers in the UK.

United States

Net sales in the United States increased by 1.0%, or €0.9 million, to €90.9 million in FY2009. However, excluding foreign currency translation effects, net sales in the United States decreased by 0.2%. During the year, we opened a net of 3 stores in the United States with Non-comparable Store Sales representing 1.7% of our overall growth. The Same Store Sales declined by 5.1% mainly due to the major deterioration of economic conditions and consumer confidence within the United States. Comparable Store Sales in the United States reduced our overall growth by 3.0% excluding foreign currency translation effects. However, the overall decline in retail sales was offset by the strong development of our internet sales which rose by 24.0%.

Our Sell-In activities in the United States grew by 5.5%, or €0.4 million primarily due to our sales to QVC (television home shopping) customers, whereas our wholesale activities were negatively impacted by the weak sales experienced by our wholesale customers and their attempts to reduce

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their inventory levels. Our B-to-B Segment remained significant with sales of €4.9 million, but decreased by 6.4% due to the poor travel and hotels environment throughout the country as a result of the economic crisis.

Throughout FY2009, we continued to operate 10 stores selling Oliviers & Co. branded foodstuff products in the United States through our subsidiary, Oliviers & Co. LLC (USA). Oliviers & Co. branded products generated net sales in the USA of €4.4 million in FY2009, a decrease of 3.6% from FY2008 because of the weak retail environment. Excluding the foreign currency translation effect, net sales of Oliviers & Co. branded products decreased by 4.7%.

Brazil

Net sales in Brazil increased by 34.5%, or €5.0 million, to €19.3 million in FY2009. This growth was driven by higher net sales in the Sell-out and Sell-in Segments. Net sales in our Sell-out Segment increased by 36.8% or €4.6 million due to a Same Store Sales Growth of 19.1%, and to increased Non-comparable Stores Sales. During the year, we opened a net of 4 stores in Brazil with related Non-comparable Store Sales representing 3.2% of our overall growth. Comparable Store Sales represented 1.9% of our overall growth excluding foreign currency translation effects.

Our Sell-in sales improved by €0.3 million in FY2009 primarily due to increased sales to local wholesalers. Excluding foreign currency translation effects, net sales in Brazil increased by 46.1%, as during the year the Brazilian Real weakened against the Euro. In FY2009, we sold our Oliviers & Co. operation in Brazil.

Other Countries

Net sales in Other Countries increased by 41.0%, or €37.6 million, to €129.1 million in FY2009. This growth primarily reflected higher net sales in our Sell-out Segment. Net sales in our Sell-out Segment grew by €34.4 million, primarily driven by the addition of Thailand and Poland as our controlled affiliates and the full year effect of the acquisition of a controlling position in Russia during December 2007. Sales in Russia were classified in the Sell-in Segment prior to December 2007 and sales in Thailand and Poland were reported in the Sell-in Segment prior to July 2008. Another major driver of this growth was the net opening of 73 additional stores and a strong Same Store Sales Growth of 9.1% (calculated using a weighted average by country). During FY2009, we increased our retail stores in, among other countries, Russia by 20, China by 8, in Korea by 7, in Mexico by 8, and in the Western European countries (Belgium, Germany, Switzerland, Italy and Spain) by 21, in accordance with our expansion strategy. Following the acquisition of our former distributors in Thailand and Poland, 23 and 7 stores were added respectively. We opened additional stores in China, Korea, Russia and Mexico mainly due to the economic growth in those countries during the past few years and their continuing positive economic trends. Excluding foreign currency translation effects, Non-comparable Store Sales in Other Countries during FY2009 accounted for 30.0% of our overall growth while Comparable Store Sales accounted for 3.1%. Excluding foreign currency translation effects, net sales in Other Countries increased by 43.8% (calculated using a weighted average by country).

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Cost of Sales and Gross Profit

Cost of sales increased by 34.3%, or €26.9 million, to €105.6 million in FY2009. Gross profit margin decreased by 0.7 points to 80.4% in FY2009. The decrease in gross profit margin for FY2009 mainly consisted of:

- an unfavourable effect related to an increase in production costs as we expanded capacity through increased subcontracting of production in anticipation of greater sales that did not materialize mainly due to the economic downturn;
- an unfavourable brand-mix effect primarily resulting from the addition of Melvita brand products, that have lower gross profit margins than those of L'Occitane brand products, as Melvita is mainly sold through our Sell-in Segment. These brand-mix effects negatively impacted our gross profit margin by 1.2 points as a percentage of sales;
- which was partially offset by an increase in gross profit margin for L'Occitane brand products mainly due to a favourable channel-mix effect as a consequence of the stronger development of our Sell-out Segment, and to positive currency translation effect due to a weaker Euro.

Distribution Expenses

Distribution expenses increased by 33.1%, or €59.7 million, to €239.9 million in FY2009. As a percentage of net sales, they increased by 1.2 points to 44.6% of net sales in FY2009. This increase mostly reflected an increase in distribution expenses in our Sell-out Segment primarily due to the acceleration in the opening of new stores, which have higher expenses compared to net sales than existing stores until they reach their normal sales level.

In FY2009, our rent and occupancy expenses increased by 35.3% or €21.8 million to €83.7 million in FY2009 primarily due to our net opening of 138 additional stores. As a percentage of net sales, our rent and occupancy expenses grew by 0.7 points to 15.6% in FY2009.

Marketing Expenses

Marketing expenses increased by 33.1%, or €14.8 million, to €59.4 million in FY2009. Marketing expenses, as a percentage of net sales, remained almost stable at 11.1% of net sales in FY2009 as compared to 10.8% in FY2008. However, the weight of the overheads declined by 0.2% as a percentage of net sales, thereby allowing us to increase the level of marketing programs that were primarily targeted at reinforcing our communication efforts with customers in shops (e.g., samples, gifts with products and window displays). The cost of these marketing programs increased by €9.6 million or 0.1 point as a percentage of net sales.

General and Administrative Expenses

General and administrative expenses increased by 32.4%, or €12.4 million, to €50.8 million in FY2009 and increased slightly as a percentage of net sales from 9.2% in FY2008 to 9.5% of net sales in FY2009. This increase as a percentage of net sales was attributable to a 0.1 point unfavorable brand mix effect related to the consolidation of Melvita around FY2009, and unfavorable 0.2 point effect due to higher non-recurring expenses. The increase in non-recurring expenses was primarily related to accruals for various taxes, as well as fees and litigation costs.

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Direct costs related to the projected IPO

An initial public offering project was initiated in FY2009 but was postponed due to the adverse financial market conditions. As the initial public offering was not probable as at 31 March 2009, all the costs attributable to the Company were expensed in FY2009 for €2.0 million. The total costs amounted to €4.0 million and were partly recharged to L'Occitane Groupe S.A. the parent company, for an amount of €2.0 million. The portion invoiced to LOG represented 50% of the costs incurred to date. This ratio was deemed to reflect the ratio of expected proceeds from the sale of existing shares versus the total proceeds from sale of existing shares and issuance of new shares.

Operating Profit

Operating profit increased by 10.1%, or €7.4 million, to €80.5 million in FY2009, however, our operating profit margin decreased by 2.6 points from 17.6% in FY2008 to 15.0% in FY2009. The decrease in our operating profit margin by 2.6 points was primarily due to our lower gross profit margin and to an increase in distribution expenses in FY2009 as previously discussed. In terms of segment growth, our decrease in operating profit margin was mainly attributable to:

- a 0.9 point unfavourable effect related to lower operating profit margins within the Sell-out Segment primarily due to the acceleration in the opening of new stores resulting in higher expenses as a percentage of net sales until the new stores have reached their expected sales levels;
- a 2.2 point unfavourable effect related to the lower operating profit margins within the Sell-in Segment due primarily to increased sales through duty free and QVC (television home shopping), which generally have lower margins;
- a 0.2 point unfavourable effect related to lower operating profit margins within the B-to-B Segment primarily due to economic downturn and greater price competition resulting from this situation; and to
- a 0.8 point favourable effect mainly due to lower corporate expenses as a percentage of revenue, despite the 0.4 point unfavourable effect of the direct costs related to the initial public offering project (as described above).

Finance Costs, net

Net Finance costs increased €4.9 million, to €5.9 million in FY2009. This increase in the net finance costs between FY2008 and FY2009 was mainly related to:

- increased borrowings (capex facility, revolving facility and other borrowings), finance leases, and financing from our parent company, primarily related to the financing of the acquisition of Melvita. The increased borrowings represented 80.5% of the increase in net finance costs;
- the net losses related to the changes in the fair value of derivatives which represented 7.3% of the increase in net finance costs;
- the unwinding of discount on the financial liabilities related to options granted by the Company to certain minority interests, which represented 12.2% of the increase in net finance costs.

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Exchange Gain/Loss on Finance Costs

Our net foreign currency gains amounted to €1.7 million in FY2009, against net foreign currency losses of €7.0 million in FY2008. The net gains of €1.7 million in FY2009 are mainly explained by the following:

- fair value gains on foreign exchange derivatives for an amount of €2.2 million;
- net foreign exchange losses amounting to €0.5 million. These losses are mainly related to financial liabilities denominated in Euro or US dollar in subsidiaries whose functional currency weakened in comparison to Euro or US dollar, largely offset by exchange gains related to receivables denominated in Japanese Yen and US dollars and to the fact that the Euro weakened in comparison to these currencies in FY2009.

Income Tax Expense

The effective rate for income taxes was 22.2% for FY2009 as compared with 24.0% for FY2008. The decrease in the effective tax rate was mainly due to our expansion towards greater international operations, which allowed the Company to benefit from lower local tax rates in certain jurisdictions.

Profit for the Year

For the aforementioned reasons, profit for the year increased by 19.9% or €9.9 million to €59.4 million in FY2009. Basic earnings per Share improved 21.8% from €0.038 to €0.046 with the number of Shares used in the calculation increasing by 776,833, or from 1,273,619,558 in FY2008 to 1,274,396,391 in FY2009. Diluted Earnings per Share improved 21.9% from €0.038 in FY2008 to €0.046 in FY2009, with the number of Shares used in the calculation increasing by 37,083, or from 1,274,359,308 in FY2008 to 1,274,396,391 in FY2009.

FY2008 COMPARED TO FY2007

Net Sales

Net sales were €415.0 million in FY2008, a 23.9%, or €80.0 million, increase compared to FY2007, reflecting net sales growth in all our business segments and geographic areas, except Taiwan. In FY2008, net sales in our Sell-out and Sell-in business segments (representing 70.6% and 25.5%, respectively, of our total net sales) increased 22.7% and 23.4%, respectively. Excluding foreign currency translation effects, net sales increased 30.7% in FY2008.

We increased the total number of retail locations that our products are sold from 857 as at 31 March 2007 to 1,055 as at 31 March 2008. We increased the total number of our Retail Stores from 459 at 31 March 2007 to 549 at 31 March 2008, representing a net increase of 90 stores, including 38 additional stores in Asia, 38 in Europe and 14 in the Americas. Excluding foreign currency translation effects, comparable Store Sales represented 19.2% of our overall growth in FY2008 while Non-comparable Store Sales during the year represented 45.8% of our overall growth.

Sales in Japan and Hong Kong and in Other Countries, which includes China and Russia, were the significant drivers of our net sales growth in FY2008. France and the United Kingdom also recorded sizable growth. However, sales growth in the United States, our largest country in FY2008, was minimal and there was a minor contraction of 2.0% in Taiwan.

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Business Segments

The following table provides a breakdown of net sales growth (with exclusion of foreign currency translation effects as indicated) by business segments for the periods indicated:

	Net Sales Growth FY2007 to FY2008			% Contribution to Overall Growth ⁽²⁾
	(€'000)	% Growth	% Growth ⁽²⁾	
Sell-out	54,324	22.7	30.1	70.0
Comparable Stores	8,069	4.2	10.4	19.2 ⁽³⁾
Non-comparable Stores	42,114	106.8	119.3	45.8 ⁽³⁾
Other ⁽¹⁾	4,141	47.7	58.7	5.0
Sell-in	20,071	23.4	28.5	23.7
B-to-B	5,621	54.1	62.1	6.3
 Overall Growth	 80,016	 23.9	 30.7	 100.0

(1) Includes Mail-order, Internet and other sales.

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

(3) See further breakdown under Geographic Areas — Retail Stores table.

Sell-out

Sell-out net sales increased 22.7%, or €54.3 million, to €293.2 million in FY2008 primarily due to our net addition of 90 stores and increased Comparable Store Sales. Same Store Sales Growth was 10.4% during the year, excluding foreign currency translation effects, which was primarily driven by our increase of average prices in our products and increased sales transactions from both existing and new customers.

Excluding foreign currency translation effects, our Sell-out net sales increased by 30.1% with such an increase representing 70.0% of overall net sales growth in FY2008. Excluding foreign currency translation effects, our own Retail Stores represented 65.0% of our overall growth in FY2008 with Non-comparable Stores providing 45.8% and Comparable Stores providing 19.2% of overall growth.

Sell-in

Sell-in net sales increased 23.4%, or €20.1 million, to €105.8 million in FY2008 primarily due to:

- strong sales to duty free store customers, which showed an increase of 63.6%, or €8.8 million, to €22.7 million. In FY2008, 40 new duty free stores were opened by our customers selling our products;
- strong sales to our distributors where the most important growth was in Slovenia, Croatia, Kazakhstan, Lithuania and the Middle East; and
- strong sales growth to our distributors in Asia amounting to €2.1 million primarily due to additional sales in Vietnam, Thailand and Malaysia.

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Excluding foreign currency translation effects, the Sell-in Segment grew by 28.5%, which represented 23.7% of overall net sales growth in FY2008.

B-to-B

B-to-B net sales increased 54.1%, or €5.6 million, to €16.0 million in FY2008 primarily due to increased sales in France and the United States to airlines, large hotel chains and independent hotels. Excluding foreign currency translation effects, the B-to-B Segment grew by 62.1%, which represented 6.3% of overall net sales growth in FY2008.

Geographic Areas

The following table presents our FY2008 net sales growth and contribution to overall net sales growth (with exclusion of foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth FY2007 to FY2008			% Contribution to Overall Growth ⁽¹⁾
	(€'000)	% Growth	% Growth ⁽¹⁾	
Japan	28,273	56.1	66.6	32.7
Hong Kong ⁽²⁾	11,192	45.9	62.4	14.8
Taiwan	(496)	(2.0)	8.5	2.1
France	7,468	16.1	16.1	7.3
United Kingdom	4,927	22.9	28.7	6.0
United States	882	1.0	11.8	10.2
Brazil	3,214	28.9	20.3	2.2
Other Countries ⁽³⁾	24,556	36.7	38.2	24.8
All Countries	80,016	23.9	30.7	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 from Macau.

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

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The following table gives a breakdown, by geographic area, of our number of Retail Stores, their contribution percentage to overall growth and our Same Store Sales Growth for periods indicated:

Retail Stores FY2007 to FY2008							
	Retail Stores			% of Overall Growth ⁽¹⁾⁽²⁾			Same Store Sales Growth ⁽²⁾
	31 March 2007	31 March 2008	Change	Non- comparable Stores	Comparable Stores	Total Stores	
Japan.....	47	56	9	17.0	10.6	27.7	33.2
Hong Kong ⁽³⁾	11	15	4	2.9	1.3	4.2	16.8
Taiwan.....	41	44	3	2.7	(1.1)	1.6	(6.3)
France.....	51	54	3	2.4	0.9	3.3	3.7
United Kingdom.....	24	30	6	2.2	1.5	3.7	13.7
United States ⁽⁴⁾	165	173	8	4.4	0.6	5.0	1.0
Brazil ⁽⁵⁾	24	26	2	0.7	1.0	1.7	14.1
Other Countries.....	96	151	55	13.5	4.4	17.9	19.3
All Countries.....	459	549	90	45.8	19.2	65.0	10.4%

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

(2) Excludes foreign currency translation effects.

(3) Includes 1 L'Occitane store in Macau from December 2007.

(4) Includes 10 Oliviers & Co. stores as at 31 March 2007 and 2008.

(5) Includes 1 Oliviers & Co. store as at 31 March 2007.

Japan

Net sales in Japan increased 56.1%, or €28.3 million, to €78.7 million in FY2008. This growth primarily reflected higher net sales in all business segments and particularly our Sell-out Segment. Net sales in our Sell-out Segment in Japan rose by 56.2% or €25.7 million, mainly driven by strong Same Store Sales Growth of 33.2% primarily due to an increase in transactions arising from improved consumer awareness in our L'Occitane brand created by opening additional stores in prime locations. During the year, we opened a net of 9 stores in Japan. Excluding foreign currency translation effects, Non-comparable Store Sales represented 17.0% of our overall growth mainly due to our opening of 24 Retail Stores in the last two financial years and Comparable Store Sales represented 10.6% of our overall growth.

Our Sell-in sales improved by €2.2 million in FY2008 primarily due to growth in domestic inflight sales to our airline partners. Excluding foreign currency translation effects, net sales in Japan increased by 66.6%.

Hong Kong

Net sales in Hong Kong increased by 45.9%, or €11.2 million, to €35.6 million in FY2008. This growth was driven by greater net sales in all segments, particularly in our Sell-out and Sell-in Segments. Net sales in our Sell-out Segment improved by 28.4% or €3.0 million and such improvement was mainly due to Same Store Sales Growth of 16.8% primarily due to the continued success of our customer loyalty programme for Hong Kong customers. During the year, we opened

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a net of 4 stores in Hong Kong with related Non-comparable Store Sales representing 2.9% of our overall growth excluding foreign currency translation effects. Comparable Store Sales represented 1.3% of our overall growth excluding foreign currency translation effects.

Our Sell-in sales improved by 61.7% or €7.9 million in FY2008 primarily due to strong growth to duty free customers as well as increased sales to our Asian distributors, particularly in Malaysia, Thailand and Vietnam (our sales are recorded based on the location of the invoicing subsidiary). Excluding foreign currency translation effects, net sales in Hong Kong increased by 62.4%.

Taiwan

Net sales in Taiwan decreased by 2.0%, or €0.5 million, to €24.8 million in FY2008. This decline was mainly driven by unfavourable foreign currency translation effects and a decrease in Same Store Sales. Excluding foreign currency translation effects, net sales in Taiwan actually increased by 8.5%. Same Store Sales decreased by 6.3% primarily due to a weak retail environment caused by political uncertainty and consumer credit issues caused by tightened control over credit card debt. During the year, we opened a net of 3 stores in Taiwan with related Non-comparable Store Sales representing 2.7% of our overall growth excluding foreign currency translation effects. However, comparable Store Sales had a negative impact of 1.1% against our overall growth excluding foreign currency translation effects for the aforementioned reasons.

France

Net sales in France increased by 16.1%, or €7.5 million, to €53.8 million in FY2008. This growth was driven by increase in net sales for all segments. Retail sales improved by 12.8% or €3.4 million primarily due to modest Same Store Sales Growth of 3.7% mainly due to a less favourable economic environment. During the year, we opened a net of 3 stores in France with related Non-comparable Store Sales representing 2.4% of our overall growth. Excluding foreign currency translation effects, Comparable Store Sales represented 0.9% of our overall global growth.

Our Sell-in sales improved by 8.6%, or €1.4 million, in FY2008 primarily due to the opening of 5 new stores operated by our distributors. Our B-to-B sales increased by 88.1%, or €2.4 million, in FY2008 primarily due to additional sales to airlines and hotels.

United Kingdom

Net sales in the United Kingdom increased by 22.9%, or €4.9 million, to €26.4 million in FY2008. This growth was driven by higher net sales in the Sell-out and Sell-in Segments. Net sales in our Sell-out Segment improved by 24.1% or €3.4 million primarily due to a strong Same Store Sales Growth of 13.7%, which was mainly attributable to additional marketing efforts through mailings and promotions. During the year, we opened a net of 6 stores in the United Kingdom with related Non-comparable Store Sales representing 2.2% of our overall growth. Excluding foreign currency translation effects, Comparable Store Sales represented 1.5% of our overall global growth.

Our Sell-in sales improved by €1.0 million in FY2008 reflecting the continuing increase in our sales to QVC (television home shopping) customers in the UK. Excluding foreign currency translation effects, net sales in the United Kingdom increased by 28.7%.

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United States

Net sales in the United States increased 1.0%, or €0.9 million, to €89.9 million in FY2008. However, excluding foreign currency translation effects, net sales in the United States actually increased by 11.8%. The continuing weakness of the US Dollar against the Euro during the year offset most of our growth in the United States.

During the year, we opened a net of 8 stores in the United States with Non-comparable Store Sales representing 4.4% of our overall global growth. Same Store Sales Growth was relatively low at 1.0% mainly due to a continued deterioration of economic conditions and consumer confidence within the United States primarily due to the housing downturn and rising energy and food prices. Comparable Store Sales in the United States represented 0.6% of our overall growth excluding foreign currency translation effects.

Our sales growth in the United States primarily reflected higher net sales in our B-to-B Segment of €1.5 million mainly due to increased sales to airlines, large hotel chains and independent hotels. Throughout FY2008, we continued to operate 10 stores selling Oliviers & Co. branded products in the United States through our subsidiary, Oliviers & Co., LLC (USA). Oliviers & Co. branded products generated net sales of €4.6 million in FY2008, a decrease of 4.7%, or €0.2 million, from FY2007 primarily due to the unfavourable foreign currency translation effects as noted above. Excluding such effects, net sales of Oliviers & Co. branded products grew by 5.5%.

Brazil

Net sales in Brazil increased by 28.9%, or €3.2 million, to €14.3 million in FY2008. This growth was driven by higher net sales in the Sell-out and Sell-in Segments. Net sales in our Sell-out Segment increased by 26.1% or €2.6 million primarily due to Same Store Sales Growth of 14.1%, reflecting less import customs related issues in FY2008 as compared to FY2007. Increased investigation of import operations due to recent cases of fraud not related to L'Occitane led to a slower customs clearing process and the temporary loss of our trading partner's import license. This contributed to delays in shipment of inventory to our stores in Brazil in FY2007. During the year, we opened a net of 2 stores in Brazil with related Non-comparable Store Sales representing 0.7% of our overall growth excluding foreign currency translation effects. Excluding foreign currency translation effects, Comparable Store Sales represented 1.0% of our overall global growth.

Our Sell-in sales improved by €0.6 million in FY2008 primarily due to our development of new sales to local wholesalers. Excluding foreign currency translation effects, net sales in Brazil increased by 20.3% as during the year, the Brazilian Real increased against the Euro. In FY2008, we closed our only store selling Oliviers & Co. branded products in Brazil.

Other Countries

Net sales in Other Countries increased 36.7%, or €24.6 million, to €91.5 million in FY2008. This growth primarily reflected higher net sales in our Sell-out Segment. Net sales in our Sell-out Segment grew by €17.6 million, mainly driven by the net opening of 55 additional stores and strong Same Store Sales Growth of 19.3%. During FY2008, we increased our Retail Stores in, among other countries, Russia by 17, China by 9, in Korea by 5, in Mexico by 4, and in Germany by 4, in accordance with our expansion strategy. We opened additional stores in China, Korea, Russia and Mexico mainly due to the economic growth in those countries during the past few years and continuing positive economic trends there. Our Retail Stores in Russia were acquired by us in

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FY2008 through the purchase of our exclusive distributor in Russia and sales in Russia were classified in the Sell-in Segment prior to FY2008. Same Store Sales grew by 19.3% in FY2008 primarily due to the dynamic economic environment and the successful promotion of our products there. Excluding foreign currency translation effects, Non-Comparable Store Sales in Other Countries during FY2008 accounted for 13.5% of our overall growth while Comparable Store Sales accounted for 4.4%. Excluding foreign currency translation effects, net sales in Other Countries increased by 38.2% (calculated using a weighted average by country).

Cost of Sales and Gross Profit

Cost of sales increased 23.2%, or €14.8 million, to €78.6 million in FY2008. However, our gross profit margin increased by 0.1 points to 81.1% in FY2008. This improvement for FY2008 mainly consisted of:

- an improved brand-mix effect as our sales of L'Occitane brand products continued to increase in FY2008 relative to sales of Le Couvent des Minimes and Oliviers & Co. products, whose gross profit margins are generally lower than that of L'Occitane brand products, and
- which was partially offset by a decrease in gross profit margin for L'Occitane brand products mainly due to negative currency translation effect of 1.0% on gross profit margin due to the stronger Euro.

Distribution Expenses

Distribution expenses increased 20.7%, or €31.0 million, to €180.2 million in FY2008. However, distribution expenses, as a percentage of net sales, decreased by 1.1 point to 43.4% of net sales in FY2008. This decrease by 1.1 point mostly reflected a decrease in distribution expenses as a percentage of sales in our Sell-out Segment largely due to the benefits of our efforts to control personnel costs. Our personnel costs as a percentage of net sales decreased by 1.2 point from 17.1% in FY2007 to 15.9% in FY2008.

In FY2008, our rent and occupancy expenses increased by 24.3% or €12.1 million to €61.9 million in FY2008 primarily due to our net opening of 90 additional stores. As a percentage of net sales, our rent and occupancy expenses remained at 14.9% in both FY2007 and FY2008.

Marketing Expenses

Marketing expenses increased 20.2%, or €7.5 million, to €44.7 million in FY2008. However, marketing expenses, as a percentage of net sales, actually decreased slightly by 0.3 point to 10.8% of net sales in FY2008. The lower marketing expense as a percentage of net sales in FY2008 was primarily due to higher expenses in the previous year as result of our €3.0 million grant to the L'Occitane Foundation in order to fund this charitable foundation over five years starting in FY2007. This €3.0 million expense, however, represents the total commitment over five years and was entirely expensed in FY2007 due to IFRS requirements. The lower marketing expenses in FY2008 were partially offset by higher expenses related to mailings and other communication efforts with customers such as through samples, gifts with products and window displays.

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General and Administrative Expenses

General and administrative expenses increased by 18.8%, or €6.1 million, to €38.4 million in FY2008. However, general and administrative expenses as a percentage of net sales actually decreased by 0.4 point to 9.3% of net sales in FY2008. This slight decrease was primarily due to economies of scale from higher net sales.

Operating Profit

Operating profit increased 40.3%, or €21.0 million, to €73.1 million in FY2008, with our operating profit margin increasing by 2.1 points from 15.6% in FY2007 to 17.6% in FY2008. The increase in our operating profit margin by 2.1 points was primarily due to our net sales growth, and relative decreases in our distribution, marketing, and general and administrative expenses in FY2008 as previously discussed. In terms of segment growth, our increase in operating profit margin was mainly attributable to:

- a 0.5 point favourable effect related to improved operating profit margins within the Sell-out Segment primarily due to the improvement in retail personnel costs and to strong Same Store Sales Growth providing for economies of scale (improved coverage of overall fixed costs from higher net sales);
- a 1.4 point favourable effect mainly due to lower general administrative expenses in the corporate segment and the €3.0 million grant made to the L'Occitane Foundation in FY2007 but not in FY2008; and
- a 0.3 point favourable effect related to greater operating profit margins within the B-to-B Segment primarily due to the development of new sales with independent hotels.

Finance Costs, net

Net finance costs decreased 78.6%, or €3.6 million, to €1.0 million in FY2008. During FY2007, we incurred €3.2 million in interest costs relating to the convertible debenture bond we issued to the Clarins group in 2001 — See Note 19.3 of the Accountant's Report in Appendix I. On 26 February 2007, the Clarins Group converted all of its convertible bonds into our common shares thereby correspondingly reducing our financing costs in FY2008. The decrease in net finance costs was also due to lower bank borrowings in FY2008 as we needed to borrow less due to the increase in cash we generated from operating activities. We generated €51.1 million in cash from operating activities in FY2008 and €47.9 million in FY2007.

Exchange Loss

Our exchange loss increased to €7.0 million in FY2008 from €2.1 million in FY2007, primarily due to the strengthening of the Euro against our major local currencies, in particular the US dollar and the Japanese Yen, during the year. In FY2008, we also incurred an unrealised loss of €1.6 million relating to the fair value adjustment of currency hedging instruments.

Income Tax Expense

The effective rate for income taxes was 24.0% for FY2008 as compared with 21.7% for FY2007. In FY2007 we received tax savings of €0.8 million from our grants made to L'Occitane Foundation, for which we did not receive in FY2008.

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Profit for the Year

Profit for the year increased by 39.4% or €14.0 million to €49.5 million in FY2008. Although our operating profit margin increased by 2.1 points in FY2008 compared to FY2007, our net profit margin only increased by 1.3 point over the same period mainly due to a greater foreign currency exchange loss and higher income tax expenses partially offset by lower finance costs relating to conversion of convertible bonds by the Clarins group in FY2007. Basic earnings per Share improved 12.2% from €0.034 to €0.038 with the number of Shares used in the calculation increasing by 284,598,426, from 989,021,132 in FY2007 to 1,273,619,558 in FY2008. Diluted earnings per Share improved 33.3% from €0.028 in FY2007 to €0.038 in FY2008, with the number of Shares used in the calculation increasing by 17,640,030, from 1,256,719,278 in FY2007 to 1,274,359,308 in FY2008.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table summarises our cash flows for the years ended 31 March 2007, 2008 and 2009, and the nine month periods ended 31 December 2008 and 2009:

(€'000)	Year ended 31 March			Nine month period ended 31 December	
	2007	2008	2009	2008 (unaudited)	2009
Net cash generated from operating activities	47,869	51,138	56,332	27,556	99,084
Net cash used in investing activities	(28,650)	(32,378)	(100,103)	(91,790)	(27,938)
Net cash (used in)/generated from financing activities	4,399	(33,917)	36,949	74,538	(9,442)
Effects of exchange rate changes ⁽¹⁾	937	(423)	(4,130)	(5,148)	(1,435)
Net increase/(decrease) in cash and bank overdrafts of discontinued operations	—	(91)	—	—	—
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	24,555	(15,671)	(10,952)	5,156	60,269
Cash, cash equivalents and bank overdrafts at beginning of the year	28,996	53,551	37,880	37,880	26,928
Cash, cash equivalents and bank overdrafts at end of the year	53,551	37,880	26,928	43,036	87,197

⁽¹⁾ The effects of exchange rate changes include the following: The translation at the closing rate of foreign currency cash and cash equivalents; the exchange rate effect of the movement in foreign currency cash and cash equivalents from the average rate to the closing rate; and exchange movements on intra-group transactions at year end.

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Operating Activities

The following table summarise our cash flows from operating activities for the years ended 31 March 2007, 2008 and 2009, and the nine month periods ended 31 December 2008 and 2009:

(€'000)	Year ended 31 March			Nine month period ended 31 December	
	2007	2008	2009	2008	2009
				(unaudited)	
Net result adjusted for non-cash items . . .	47,492	61,352	76,899	56,055	92,637
Change in working capital — generated/ (used)	377	(10,214)	(20,567)	(28,499)	6,447
Net cash generated from operating activities.	<u>47,869</u>	<u>51,138</u>	<u>56,332</u>	<u>27,556</u>	<u>99,084</u>

Operating Activities

Operating cash flows increased by €71.5 million in the nine month period ended 31 December 2009 as compared to the corresponding period in 2008 reflecting the profit for the period adjusted for non-cash items increasing by €36.6 million coupled with lower working capital usage of €34.9 million. Our net profit adjusted for non-cash items increased by 65.3% and amounted to €92.6 million in the nine month period ended 31 December 2009. During the nine month period ended 31 December 2009, our working capital decreased by €6.4 million, primarily due to a combination of a decrease in our inventories by €11.7 million due to our efforts to reduce our relatively high inventories produced in FY2009 as a result of lower than expected sales caused by the economic downturn, and the increases in salaries, wages and related social item liabilities and current income tax liabilities, both related to the development of our business activities of €13.7 million in total. This was partially offset by the increase of our trade receivables by €18.5 million, essentially due to the seasonality of our sales, as December is normally our largest sales month of the year. Our trade payables decreased by €1.5 million also in relation to the seasonality of our activity and to a law passed in France that effectively reduced payment terms given by suppliers.

Operating cash flows increased by €5.2 million between FY2008 and FY2009 mainly reflecting the profit for the year adjusted for non-cash items increasing by €15.5 million, which was partly offset by the increase in the working capital of €10.3 million between FY2008 and FY2009. The net profit for FY2009 adjusted for non-cash items amounted to €76.9 million, whereas the working capital increased by €20.5 million during the financial year. This increase in working capital resulted from higher inventory levels due to continued expansion of our stores worldwide while the trade receivables decrease contributed positively to the cash flows mainly as a consequence of better cash collection and shorter average payment conditions in the Sell-in Segment, in particular within Other Countries. However, the trade payables had a negative contribution to the operating cash flows mainly as a result of lower trade payables at the end of FY2009. Such a decrease in trade payables was mainly due to the decrease in raw materials and components orders in L'Occitane SA in anticipation for a decrease in orders from the distribution subsidiaries at the beginning of FY2010. The objective of this action was to reduce the level of finished goods inventories in the context of a lesser dynamic market demand.

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Operating cash flow increased by €3.3 million between FY2008 and FY2007. The net increase in operating cash flows in FY2008 as compared to FY2007 reflected €13.9 million in higher profit as adjusted for non-cash accounts, partly offset by a €10.6 million increase in working capital usage in FY2008 as compared to FY2007. The net profit for FY2008 as adjusted for non-cash accounts amounted to €61.4 million, whereas the working capital increased by €10.2 million during the year. This increase in working capital resulted from higher inventory levels due to our continued expansion of stores worldwide and increased trade receivables mainly as a consequence of our sales development in the Sell-in and B-to-B Segments, particularly in Hong Kong, France, Japan and Other Countries. This increase in inventories was partly offset by higher trade payables, notably at L'Occitane S.A. in anticipation of expected increased sales during 2009 from new and existing stores, and by higher salaries, social and tax liabilities. However, our tax receivables and prepaid expenses increased during FY2008, thereby further decreasing our cash generated from operating activities for the year.

Investing Activities

Net cash used in investing activities was €27.9 million in the nine month period ended 31 December 2009 compared to €91.8 million in the corresponding period in 2008.

The net cash used in the nine month period ended 31 December 2009 reflected capital expenditures mainly related to:

- the acquisition of net assets from our distributor in Canada for €4.6 million;
- the acquisition of the remaining minority interests in L'Occitane Do Brasil S/A for €2.7 million. After this transaction, L'Occitane Do Brasil S/A is now wholly held by our Company;
- the additions of leasehold improvements and other tangible assets related to the opening of new stores for €8.9 million;
- the additions of machinery and equipment, land and building, other tangible assets and tangible assets in progress for €8.0 million, primarily for our premises at Manosque and Lagorce;
- additions in intangible assets of €5.4 million, reflecting the acquisition of additional key moneys primarily in France, Brazil, Italy and Mexico for €2.1 million, and the additions of other intangible assets and intangible assets in progress primarily in IT software for €3.3 million;
- the net increase in deposits and key moneys paid to landlords of €0.8 million; and
- proceeds from the disposal of fixed assets for €1.9 million primarily related to the disposal of the key money of our Soho store in New York, USA.

Net cash used in investing activities was €100.1 million in FY2009 compared to €32.4 million in FY2008.

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The net cash used in investing activities in FY2009 reflected capital expenditures relating to:

- the acquisition of subsidiaries for €57.0 million mainly due to the purchase of the Melvita sub-group: 85% of the Melvita Group was acquired in June 2008 for a purchase price of €46.8 million and the remaining 15% was acquired in March 2009 for a consideration of €4.5 million. The other cash payments are related to the following acquisitions: 100% of Urban Design Sp.z.o.o. (Poland) (renamed L'Occitane Polska S.p.z.o.o.), 49% of the business conducted by our agent in Thailand and 49% of the Chinese minority shareholders;
- the acquisition of leasehold improvements and other tangible assets related to the stores of €20.3 million relating to the opening of new stores in FY2009;
- the acquisition of machinery and equipment, land and building, other tangible assets and tangible assets in progress for an amount of €11.6 million. Main acquisitions during the financial year were related to the production and warehousing facilities in Manosque, and the Paris offices;
- investments in intangible assets of €8.5 million in FY2009 mainly due to the acquisition of additional key moneys in France, Mexico and Spain in the amount of €6.6 million;
- other investments for €4.8 million primarily due to deposits and prepayments related to the stores (key moneys paid to the landlord); and
- proceeds from the disposal of fixed assets for €0.7 million.

The net cash used in investment activities in FY2008 reflected capital expenditures relating to (i) increased leasehold improvements and other tangible assets for stores of €11.4 million, (ii) increased equipment, land and building of €2.9 million primarily for the production and warehousing facilities in Manosque, and (iii) increase in other tangible assets and tangible assets in progress of €7.3 million, including €3.0 million for the Manosque and Paris facilities and €3.0 million in the distribution subsidiaries. In addition, our investments in intangible assets of €6.5 million in FY2008 were mainly due to (i) the acquisition of additional key moneys in France, Mexico and Italy in the amount of €4.7 million, and (ii) investment in management information system software of €1.1 million. In addition, we used €2.9 million in net cash during FY2008 to acquire the stores of our distributor in Russia.

The net cash used in investment activities in FY2007 reflected capital expenditures relating (i) increased leasehold improvements and other tangible assets for stores of €11.0 million, (ii) increased equipment, land and building of €4.8 million primarily for acquisition and set-up of a new warehousing facility in Manosque, and (iii) increase in other tangible assets and tangible assets in progress of €2.4 million. In addition, our investments in intangible assets of €5.8 million in FY2007 were mainly due to (i) the acquisition of additional key moneys in France and Spain in the amount of €4.7 million, and (ii) investment in management information system software for €1.1 million. In addition, we used €1.8 million in cash during FY2007 to acquire L'Occitane Mexico S.A. de CV (Mexico) and a minority interest in L'Occitane Australia PTY LTD. (Australia).

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Financing Activities

Net cash used in financing activities was €9.4 million in the nine month period ended 31 December 2009 and mainly reflected the following:

- a €32.0 million dividend paid to LOG, our controlling shareholder, offset by increased financing from LOG of €40.3 million. The €32.0 million dividend was related to scheduled repayments and interests due by LOG in relation to our 2007 Credit Facility;
- proceeds from borrowings for €7.8 million, offset by repayment of borrowings and repayments on obligations under finance leases for €23.6 million; and
- dividends paid to minority shareholders for €1.6 million.

Net cash generated by financing activities was €36.9 million in FY2009. Net cash used in financing activities was €33.9 million in FY2008. Net cash generated by financing activities was €4.4 million in FY2007.

Net cash generated by financing activities in FY2009 mainly reflected the following:

- (i) the net proceeds from borrowings for €69.3 million primarily related to the drawings from our Capex Facility and Revolving Facility that are part of our 2007 Credit Facility, see “— Credit Facilities”. These proceeds were used for financing our business combinations, our acquisitions of tangible and intangible fixed assets and the increase in working capital requirements;
- (ii) the net repayment of borrowings and finance leases for €6.2 million. These repayments are mainly related to the scheduled repayments of our 2007 Credit Facility;
- (iii) the dividend paid by the Company of €30.0 million partly offset by an increased financing from LOG in an amount of €5.3 million; and
- (iv) dividends paid to minority shareholders for €1.9 million.

As a consequence primarily of the net proceeds from borrowings and repayments of borrowings in FY2009 as stated above, our non-current liabilities increased from €19.9 million as at 31 March 2008 to €96.1 million as at 31 March 2009.

Net cash used in financing activities in FY2008 reflected an increase in dividends paid to shareholders during the year. The Company paid to the shareholders €32.9 million in dividends in FY2008 as compared to €9.8 million in FY2007. In addition, cash flows used in financing activities in FY2008 reflected the net repayment of borrowings for approximately €22.4 million including the repayment in full of the Company's €19.8 million outstanding credit facility in place with certain banks as at 31 March 2007. This repayment was funded partially with credit financing of €19.1 million provided by LOG in FY2008.

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INDEBTEDNESS

We have historically met our working capital and other capital requirements principally from cash flow from operations, through long-term and short-term bank borrowings and through the issue of convertible debentures. As at 31 March 2009, we had cash and cash equivalents of €27.3 million compared with €39.1 million at 31 March 2008. As at 31 December 2009, we had cash and cash equivalents in an amount of €88.3 million.

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

(€'000)	As at 31 March 2009	As at 31 December 2009	As at 28 February 2010
Capex facility ⁽²⁾	48,275	49,599	36,029
Revolving facility ⁽²⁾	16,507	1,345	—
Other bank borrowings ⁽¹⁾	5,999	4,808	4,068
Finance lease liabilities ⁽³⁾	7,274	6,657	6,482
Current accounts with minority shareholders and related parties ⁽⁴⁾	30,561	70,258	64,357
Bank overdrafts	351	1,126	2,135
Total	108,968	133,793	113,071

(1) Certain bank borrowings are secured by key moneys. As at 31 December 2009, the net book value of key moneys was €34.7 million.

(2) The Capex Facility and Revolving Facility are guaranteed by the Company and are secured by a pledge on respectively 100% of L'Occitane S.A. shares and 100% of Les Relais L'Occitane France shares. In addition, LOG granted a guarantee on our own borrowings in relation to both the Capex Facility and the Revolving Facility. LOG has also pledged the Shares held in our Company as described in the section headed "Credit facilities" below.

(3) Finance lease liabilities relate primarily to land and building for the Manosque factory and premises. On 30 March 2010, we signed a new finance lease agreement in connection with (i) the acquisition of the existing land and building of Melvita for an amount of €4.9 million and (ii) the extension and restructuring of the plant for an amount of €9.1 million. As at 30 March 2010, an amount of €4.9 million was drawn.

(4) Current accounts include a current account with LOG in the amount of €64.3 million owing to LOG as at 31 December 2009 (€58.3 million as at 28 February 2010). We did not grant any guarantee to LOG with respect to amounts owing under such current account. This current account with LOG bears an interest rate linked to the Euribor 3M + 1%. On 30 March 2010, the total amount due to LOG under the current account with LOG of €59.6 million was fully settled. In addition, on 31 March 2010, a Shareholders' Meeting approved the distribution of a dividend for €80,000,000. This decision has resulted in a liability for the same amount to LOG that will be released before listing. The remaining balance represents loans and advances from minority shareholders of certain subsidiaries of the Company of which: (i) balances with the Clarins Group totalling €4.9 million as at 31 December 2009 (€5.2 million as at 28 February 2010) that will not be settled prior to our listing and (ii) balances with other minority shareholders, representing their debt contribution to our subsidiaries as part of their shareholding/joint venture arrangements, which will not be settled prior to listing. See Note 32.4 of the Accountant's Report in Appendix I for further details. Other balances with related parties, notably the Clarins Group, will not be released before listing.

The Capex Facility and Revolving Facility, other bank borrowings and finance lease liabilities are secured. The current accounts with minority shareholders and related parties and bank overdrafts are unsecured.

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

(€'000)	As at 31 March 2009	As at 31 December 2009	As at 28 February 2010
Maturity			
On demand or within one year	33,831	73,754	68,433
Between 1 and 2 years	1,942	14,330	10,799
Between 2 and 5 years	40,632	43,341	31,471
Over 5 years	<u>32,563</u>	<u>2,368</u>	<u>2,368</u>
Total	108,968	133,793	113,071
Less: Amounts due for settlement within 12 months (shown under current liabilities) . .	<u>(33,831)</u>	<u>(73,754)</u>	<u>(68,433)</u>
Amounts due for settlement after 12 months (shown under non-current liabilities).	<u>75,137</u>	<u>60,039</u>	<u>44,638</u>

The increase in our borrowings due for settlement within 12 months from €33.8 million as at 31 March 2009 to €73.8 million as at 31 December 2009 was primarily due to increased financing from LOG of €39.9 million.

On 31 March 2010, a Shareholders' Meeting approved the distribution of a dividend for an amount of €80.0 million, which resulted in a liability to LOG for the same amount. This liability will be released prior to our Listing.

Contingent Liabilities and Guarantees

We have contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business. As part of the FY2007 Credit Facility, we granted certain banks a guarantee coupled with a security interest to our and our subsidiaries' assets and LOG pledged 100% of our Shares that it currently holds. The share pledge will be released in respect of the Offer Shares upon or before completion of the Global Offering, and none of any remaining security interest over any of LOG's Shares will be held to secure any obligations of our Company or any of our subsidiaries. In addition, LOG's guarantee of our borrowings under the Capex Facility and Revolving Facility will be released on or before the Listing Date.

We are subject to litigation and claims arising in the ordinary course of business. See Note 30.1 of the Accountant's Report in Appendix I — *Legal proceedings*. It is not anticipated that any material liabilities will arise from our contingent liabilities.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, as at 28 February 2010, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance, acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

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CREDIT FACILITIES

In FY2006, we entered into a structured financing agreement with eight commercial banks in France (the **Lending Syndicate**)¹ providing us with a total credit facility of €60.0 million (the **2006 Credit Facility**) made up of: (i) a medium term bank facility of €35.0 million with a maturity of seven years and (ii) a short-term revolving facility of €25.0 million for a period of three years. The 2006 Credit Facility was secured by a pledge on 67% of the shares of our subsidiary L'Occitane Inc. and 66.67% of the shares of our subsidiary L'Occitane (Far East) Limited. As at 31 March 2007, €19.8 million was outstanding under this credit facility. On 22 May 2007, we repaid in full the 2006 Credit Facility. The 2006 Credit Facility has been fully repaid.

In FY2007, LOG, ourselves, L'Occitane S.A., our subsidiary, entered into a senior credit facility agreement, with the Lending Syndicate, in the principal amount of €280.0 million (the **2007 Credit Facility**) made up of:

- (i) a medium term senior loan of €205.0 million that can be drawn only by LOG (the **Acquisition Facility**), of which €200.0 million was drawn as of 31 December 2009. During FY2009, a repayment was made for an amount of €10 million and an amount of €5.0 million was drawn by LOG. The balance of the principal amount was €174.3 million as at 31 December 2009.
- (ii) a capital expenditures facility of €50.0 million with a maturity of seven years that can be drawn only by us and L'Occitane S.A. (the **Capex Facility**), of which €49.6 million was outstanding as at 31 December 2009; and
- (iii) a multi-currency revolving facility of €25.0 million granted for a period of seven years that can be drawn only by us and L'Occitane S.A. (the **Revolving Facility**), of which €1.3 million was outstanding as at 31 December 2009.

The maturity dates and repayment amounts payable by LOG under the Acquisition Facility are €20,500,000, €25,625,000, €25,625,000 and €30,750,000 on 20 April 2010, 2011, 2012 and 2013 and €71,750,000 on 29 April 2014. That is, such amounts are repayable by LOG subsequent to our listing on the Hong Kong Stock Exchange. LOG currently intends to use all or part of the proceeds it will receive under the Global Offering for the repayment, where sufficient and subject to other financing requirements of LOG, of at least 80% of the amounts owing under the Acquisition Facility.

The outstanding balance under the Capex Facility includes principal borrowed and interest incurred to finance our acquisition of M&A SAS on 5 June 2008. The Revolving Facility is expected to be used to finance working capital needs, if necessary. The Capex Facility and Revolving Facility are guaranteed by us and are secured by a pledge on respectively 100% of L'Occitane S.A. shares and 100% of Les Relais L'Occitane France shares. In addition, LOG granted a guarantee on our borrowings in relation to both the Capex Facility and the Revolving Facility. LOG's guarantee of

1. As at 31 December 2009, out of these eight commercial banks (the **Lending Syndicate**):

- One member of the Lending Syndicate was the indirect controlling shareholder of CLSA Equity Capital Markets Limited (one of the Joint Sponsors, **CLSA ECM**);
- One member of the Lending Syndicate was a subsidiary of the ultimate parent company of CLSA ECM; and
- One member of the Lending Syndicate was an indirect minority shareholder of the ultimate parent company of CLSA ECM (as at 31 December 2009, such member was one of the 39 regional banks which together indirectly held a majority interest in the ultimate parent company of CLSA ECM, and the ultimate parent company of CLSA ECM also held a non-controlling minority interest in such member of the Lending Syndicate).
- one member of the Lending Syndicate was a subsidiary of the ultimate parent company of The Hongkong and Shanghai Banking Corporation Limited (one of the Joint Sponsors).

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these borrowings will be terminated on or before the Listing Date and will be replaced by a pledge of the shares of M&A Development SAS. LOG had also pledged the Shares held by it in favour of the Lending Syndicate in relation to the 2007 Credit Facility. The share pledge will be released in respect of the Offer Shares offered by LOG upon or before completion of the Global Offering, and none of any remaining security interest over any of LOG's Shares will be held to secure any obligations of our Company or any of our subsidiaries. In addition, the new Offer Shares issued by our Company upon completion of the Global Offering will not be subject to this share pledge. Under the terms of the 2007 Credit Facility, any default under any of the Acquisition Facility, Capex Facility or Revolving Facility will trigger automatic defaults in the other facilities so that all principal amounts and interest owing under all facilities would become immediately payable. For the avoidance of doubt, neither our Company nor L'Occitane S.A. is under any obligation to repay any amounts owed by LOG, and LOG will not be under any obligation after listing to repay any amounts owed by us or L'Occitane S.A., to the Lending Syndicate under the 2007 Credit Facility, whether generally or upon an automatic default triggered by a default under any of the Acquisition Facility, Capex Facility or Revolving Facility. We believe that, in the event of a trigger of any such automatic default in the Capex Facility and/or the Revolving Credit Facility, on the basis of our current financial position we have sufficient resources (including internal resources and/or access to other undrawn credit facilities) to repay in full any amounts that may thereby become payable to the Lending Syndicate.

Under the 2007 Credit Facility, we are subject to two key restrictive covenants requiring us to maintain a leverage financial ratio calculated as: (current and non-current borrowings – cash and cash equivalents)/EBITDA (**Leverage Financial Ratio**) and finance cost coverage ratio, calculated as: EBITDA/finance costs (**Finance Cost Coverage Ratio**).

Under the 2007 Credit Facility we are required to maintain a Leverage Financial Ratio based on LOG's consolidated financial statements of less than:

- 3.75 for the year ended 31 March 2008;
- 3.50 for the 6 months ended 30 September 2008;
- 3.25 for the year ended 31 March 2009;
- 3.00 for the 6 months ended 30 September 2009;
- 2.75 for the year ended 31 March 2010;
- 2.50 for the 6 months ended 30 September 2010 and each 6 month periods thereafter.

Our Leverage Financial Ratio as at 31 March 2009 and 30 September 2009 were 2.26 and 1.75, respectively.

Under the 2007 Credit Facility we are required to maintain a Finance Cost Coverage Ratio based on LOG's consolidated financial statements of no less than:

- 4.00 for the year ended 31 March 2008;
- 4.25 for the 6 months ended 30 September 2008;
- 4.50 for the year ended 31 March 2009;
- 5.00 for the 6 months ended 30 September 2009 and each 6 month periods thereafter.

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Our Finance Costs Coverage Ratio as at 31 March 2009 and 30 September 2009 were 6.09 and 6.08, respectively.

On 15 December 2008, we renegotiated the terms of the 2007 Credit Facility and the following key changes were made:

- The Leverage Financial Ratio requirement was adjusted so that we are required to maintain a ratio below 2.75 for the 6 months ended 30 September 2010, and for the 6 month periods thereafter;
- The agreement was modified to allow potential listing of the Group and to determine the use of the proceeds;
- There was also a reduction in the constraints on investment. Prior to the 15 December 2008 amendments to the 2007 Credit Facility, investments outside of the core business of LOG (including all of its subsidiaries) were restricted to investments as part of a contemplated joint venture with Clarins. This restriction has been changed to allow for investments in entities in the same line of business, or in non-core business entities with the prior consent of the banks.

As at the Latest Practicable Date, there has been no material adverse change in our or LOG's results of operation or financial position leading us to believe that we or LOG will likely default on any of our credit facilities.

As at 28 February 2010, the aggregate amount of unutilized committed bank facilities was €127.4 million.

Our borrowings are denominated in the following currencies as at the dates indicated:

(€'000)	As at 31 March 2009	As at 31 December 2009
Euro	67,207	104,168
US Dollar	19,086	17,643
Pounds Sterling	3,223	450
Australian dollar	2,992	4,079
Swiss Franc	1,165	500
Mexican Peso	1,334	—
Japanese Yen	10,216	5,933
Other	<u>3,745</u>	<u>1,020</u>
Total	<u><u>108,968</u></u>	<u><u>133,793</u></u>

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The following table sets forth the range of interest rates for the Company's borrowings (including bank borrowings, credit facilities, finance lease liabilities, current accounts and bank overdrafts) for the periods indicated:

	<u>For the Year Ended 31 March</u>			<u>Nine month period ended 31 December</u>	<u>Two month period ended 28 February</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2010</u>
Interest rate range.	3.362– 5.224%	4.427– 6.253%	2.010%– 6.693%	1.200%– 5.850%	1.156%– 5.850%

As at the Latest Practicable Date, we plan to draw an additional €70 million in bank borrowings on our existing banking facilities in May 2010 to finance principally the repayment of the LOG current account. No new borrowings have been forecasted that are not covered by our committed bank facilities.

INVENTORY ANALYSIS

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

	<u>For the Year Ended 31 March</u>			<u>Nine month period ended 31 December</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>
Average inventory turnover days ⁽¹⁾	201	230	233	224

(1) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 365 for the years ended 31 March 2007, 2008 and 2009, and 274 for the nine month period ended 31 December 2009. Average inventory equals the average of net inventory at the beginning and end of a given period.

Inventory turnover days decreased 9 days between FY2009 and the nine month period ended 31 December 2009, primarily due to seasonality and our efforts to reduce our inventories.

Inventory turnover days increased by 3 days between FY2008 and FY2009 mainly due to an increase of the inventory of our B-to-B products, as a result of lower sales than expected in this segment, partially offset by a reduction of our inventory days in our own stores and lower inventory days of raw material and supplies.

Inventory turnover days increased by 29 days between FY2007 and FY2008 primarily due to higher inventory levels as part of our international expansion of stores and a 38.6% increase in raw materials and supplies inventories at year-end in anticipation of planned sales for FY2009. During FY2008, our net inventories increased by €15.6 million to €57.2 million as at 31 March 2008 as we experienced increased net sales of 23.9% and opened a net of 90 additional stores.

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TRADE RECEIVABLES

Turnover of Trade Receivables

We provide a summary of our turnover of trade receivables for our Sell-in and B-to-B Segments only since sales from our Sell-out Segment are generally made in cash without credit terms. Net trade receivables for the Sell-out Segment were €7.8 million, €10.2 million and €16.5 million as at 31 March 2007, 2008 and 2009, respectively. Net trade receivables for the Sell-out Segment was €30.4 million for the nine month period ended 31 December 2009. In some countries, the cash from our Sell-out Segment is collected on our behalf by banks or department stores, which results in a balance for net trade receivables for the Sell-out Segment.

The following table sets out a summary of our turnover of trade receivables from our Sell-in and B-to-B Segments for FY2007, FY2008 and FY2009, and the nine month period ended 31 December 2009:

	For the Year Ended 31 March			Nine month period ended 31 December
	2007	2008	2009	2009
Turnover days of trade receivables ⁽¹⁾	61	75	66	63

(1) Turnover days of trade receivable equals average Sell-in and B-to-B trade receivables divided by Sell-in and B-to-B revenues and multiplied by 365 for the years ended 31 March 2007, 2008 and 2009, and 274 for the nine month period ended 31 December 2009. Average trade receivable equals net trade receivables of Sell-in and B-to-B at the beginning of the year plus net trade receivables of Sell-in and B-to-B at the end of the year divided by two.

Net trade receivables for the Sell-In Segment were €19,544,000, €25,777,000 and €20,944,000, as at 31 March 2007, 2008 and 2009, respectively. Net trade receivables for the Sell-In Segment was €26,824,000 in the nine month period ended 31 December 2009. Net trade receivables for the B-to-B Segment were €1,803,000, €3,162,000 and €5,094,000, as at 31 March 2007, 2008 and 2009, respectively. Net trade receivables for the B-to-B Segment was €4,018,000 for the nine month period ended 31 December 2009.

Turnover of trade receivables decreased by 3 days from FY2009 to the nine month period ended 31 December 2009 primarily due to seasonality and improved collection of trade receivables in Sell-In and B-to-B Segments.

Turnover of trade receivables decreased by 9 days between FY2008 and FY2009 due to significant efforts to shorten payment terms and to quicker collect balances in the Sell-in Segment. This was partly offset by higher days of trade receivable on the B-to-B Segment.

Turnover of trade receivables increased by 14 days between FY2007 and FY2008 primarily due to longer payment terms in the Sell-in Segment, including notably to new distributors and duty free store customers primarily due to our sales development efforts. This was partly offset by lower days of trade receivable on the B-to-B Segment.

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Age of Trade Receivables

The following table sets forth a summary of the age of our trade receivables as at the dates indicated:

(€'000)	As at 31 March			As at 31 December
	2007	2008	2009	2009
Age of trade receivables:				
0 to 90 days	28,940	38,573	41,965	60,880
91 to 180 days	674	996	1,875	454
181 days to 1 year	358	63	309	552
Over 1 year	<u>653</u>	<u>684</u>	<u>716</u>	<u>877</u>
Trade receivables, gross	30,625	40,316	44,865	62,763
Less, allowance for doubtful accounts	<u>(1,286)</u>	<u>(1,119)</u>	<u>(2,353)</u>	<u>(1,560)</u>
Trade receivables, net	<u>29,339</u>	<u>39,197</u>	<u>42,512</u>	<u>61,203</u>

Generally, our trade receivables at the end of December are significantly higher due to our higher sales during the month of December as a result of seasonality.

We do not have a concentration of credit risk with respect to trade receivables as we have a large number of customers internationally. The maximum exposure to credit risk at each balance sheet date is the fair value of receivables set out above. Sales to end customers are generally made in cash without credit terms. For sales made in our Sell-in and B-to-B Segments, sales are made with credit terms generally from 60 to 90 days.

TRADE PAYABLES

The following table sets out a summary of our average trade payables, total purchases and turnover of trade payables for FY2007, FY2008 and FY2009 and the nine month period ended 31 December 2009:

(€'000)	For the Year Ended 31 March			Nine month period ended 31 December
	2007	2008	2009	2009
Average Trade Payables ⁽¹⁾	33,465	45,443	52,202	50,130
Total Purchases	192,723	236,968	316,300	230,614
Turnover days of trade payables ⁽²⁾	63	70	60	60

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

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- (2) Calculated using the average of the beginning and ending trade payables balance for the period, divided by total purchases for the period, multiplied by 365 for the years ended 31 March 2007, 2008 and 2009, and 274 for the nine month period ended 31 December 2009. In calculating turnover days of trade payables, we use total purchases rather than cost of sales as our cost of sales do not take into account certain distribution, general and administrative expenses that are included in our trade payables, whereas our total purchases include all payments to suppliers.

From FY2007 to FY2008, our trade payables increased by €16.5 million and our turnover days of payables increased by 7 days primarily due to the increase of the turnover days at L'Occitane SA (France), the entity that purchases the large majority of the raw materials and components for our production, and the increase of the turnover days in Japan. The increase in Japan was primarily due to significant marketing activities toward the end of FY2008. The corresponding amounts were still due to the vendors as at 31 March 2008. Out of the total 7 days increase, L'Occitane SA (France) contributed 3 days and Japan contributed 3 days to the total increase.

From FY2008 to FY2009, our trade payables decreased by €3.0 million or 10 turnover days of purchases. This decrease was mainly related to our operations in France, with L'Occitane SA (France) contributing 6 days and Les Relais L'Occitane, our distribution entity in France, contributing 1 day to the total decrease of the turnover days. The decrease of turnover days in France was partly attributable to a new law passed in France effective 1 January 2009 that automatically entitles suppliers to charge financial penalties where a supplier is paid later than 60 days net (or 45 days after the end of the month of the invoice), thereby leading us to pay our suppliers in France earlier starting in 2009. The total decrease in turnover days was also partly attributable to lower purchases of raw materials and components at the end of the year.

CAPITAL EXPENDITURES

Historical Capital Expenditures

The following table sets forth our historical capital expenditures for the periods indicated:

(€'000)	Year Ended 31 March				Nine month period ended 31 December
	2007	2008	2009	Total	2009
Land and buildings	3,093	495	161	3,749	261
Machinery and equipment	1,750	2,423	2,990	7,163	1,931
Other tangible assets ⁽¹⁾	1,631	3,761	4,141	9,553	2,210
Tangible assets related to the stores ⁽²⁾	10,955	11,361	20,300	42,616	8,856
Tangible assets in progress ⁽³⁾	725	4,038	4,352	9,115	3,561
Key moneys ⁽⁴⁾	4,672	4,656	6,612	15,940	2,122
Intangible assets and others ⁽⁵⁾	1,123	1,308	1,861	4,292	3,284
Total	23,949	28,042	40,417	92,408	22,225

- (1) Other tangible assets include notably leasehold improvements not related to the stores and data processing equipment.
- (2) Tangible assets related to the stores include leasehold improvements and the costs of dismantling and restoring the stores as well as other tangible assets related to the stores.
- (3) Tangible assets in progress represent tangible assets that are not yet in service.

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- (4) Key moneys are entry rights we pay to lessors (except landlords) to secure premises for new stores and are amortised using the straight-line method over the shorter of 10 years or the lease term. What would otherwise be key moneys but paid to a landlord are instead classified as a prepaid expense and amortised using the straight-line method over the lease term.
- (5) Others relate mainly to purchases of internally used software but also include acquisitions of finance leases, website and contractual customer relationships during the year.

Planned Capital Expenditures

As at 31 December 2009, we have capital expenditures contracted for but not yet incurred of €8.9 million for improvements to our manufacturing facilities. In addition, we used an estimated €6.5 million in the three month period ending 31 March 2010 for the establishment of 9 new stores, significant IT investment as detailed below, factory and machinery investments, and other investments. We financed our FY2010 capital expenditure requirements primarily with the net cash generated from our operating activities and additional borrowings.

We are also in the process of implementing worldwide SAP as our ERP (Enterprise Resource Planning) system to support, in an efficient and integrated way, our supply chain and financial processes. The estimated overall expenses relating to the SAP project is approximately €12 million. We plan to fund the estimated overall expenses of €12 million through our internal resources, and/or from bank borrowings, as necessary.

CONTRACTUAL OBLIGATIONS

The following table summarises scheduled maturities of our contractual obligations for which cash flows are fixed and determinable as at 31 December 2009:

	Total as at 31 December 2009	Payments Due			
		Within 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
(€'000)					
Debt service ⁽¹⁾	133,793	73,754	14,330	43,341	2,368
Operating lease commitments ⁽²⁾	217,830	48,633	40,360	77,639	51,198
Capital expenditure commitments ⁽³⁾	<u>8,907</u>	<u>8,907</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total contractual obligations. .	<u>360,530</u>	<u>131,294</u>	<u>54,690</u>	<u>120,980</u>	<u>53,566</u>

(1) Includes long-term and short-term debt and to a lesser extent, finance lease liabilities. See Note 19 to the Accountant's Report in Appendix I.

(2) The Company leases various retail stores, offices and warehouses under non-cancellable operating lease agreements. See Note 31.2 to the Accountant's Report in Appendix I.

(3) Capital expenditure commitments mainly relate to factory improvements.

FINANCIAL INFORMATION

NET CURRENT ASSETS

The following table sets forth current assets and current liabilities as at the dates indicated:

	As at 31 March			As at 31 December	As at 28 February
(€'000)	2007	2008	2009	2009	2010
Current assets					
Inventories, net.	41,616	57,245	77,666	65,894	65,421
Trade receivables, net	29,339	39,197	42,512	61,203	48,721
Other current assets	10,145	17,124	23,608	21,088	22,715
Derivatives at fair value through profit and loss	210	43	2,644	472	116
Cash and cash equivalents	55,916	39,073	27,279	88,323	90,166
	137,226	152,682	173,709	236,980	227,139
Current liabilities					
Trade payables	37,184	53,702	50,702	49,557	50,528
Salaries, wages, related social items and other tax liabilities.	13,435	14,478	19,608	29,034	26,967
Current income tax liabilities.	12,623	15,783	13,998	16,076	17,120
Borrowings.	15,873	29,044	33,831	73,754	68,433
Other current liabilities.	1,865	2,273	3,187	3,343	2,948
Derivatives at fair value through profit and loss	—	1,637	769	1,082	3,753
Provisions for other liabilities and charges	1,538	2,317	1,660	2,239	2,269
	82,518	119,234	123,755	175,085	172,018
Net Current Assets	<u>54,708</u>	<u>33,448</u>	<u>49,954</u>	<u>61,895</u>	<u>55,121</u>

The decrease in our net current assets from 31 March 2007 to 31 March 2008 was mainly related to increased trade payables, principally as a result of increased raw material purchases and significant marketing activities in Japan towards the end of FY2008, and to a lesser extent the increase in the current portion of our borrowings, which mainly related to financing from LOG. We do not consider that the other period to period fluctuations in our net current assets position above are significant.

WORKING CAPITAL

Based on past performance and current expectations, our Directors are of the opinion that cash on hand, cash generated from operations, available credit facilities, access to credit markets and our estimated net proceeds from the Global Offering will be adequate to support currently planned business operations, commitments and other contractual obligations for at least the next 12 months from the date of this prospectus and we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

We address certain financial exposures through a controlled programme of risk management that includes the use of derivative financial instruments. We primarily enter into foreign currency forward exchange contracts and foreign currency options to reduce the effects of fluctuating foreign currency exchange rates. We also enter into interest rate derivative contracts to manage the effects of fluctuating interest rates. We categorise these instruments as entered into for purposes other than trading.

Foreign Exchange Risk Management

We enter into forward exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in our presentation currency, the Euro, for periods consistent with our identified exposures. The purpose of the hedging activities is to minimise the effect of foreign exchange rate movements on our costs and on the cash flows that we receive from foreign subsidiaries. The financial derivative contracts are traded “over the counter” with major financial institutions and generally mature within not more than 12 months. The accounting for derivatives is described in Note 2.13 to the Accountant’s Report in Appendix I to this prospectus.

Internal Controls

Our foreign exchange rate exposures are primarily related to inter-company sales transactions and financing balances. A large majority of our inter-company sales transactions and all intercompany financing balances are arranged by LOI with its subsidiaries such that the related risks are monitored and managed by the Group Treasury and Financing Department. The Group Treasury and Financing Department follows the Group’s treasury procedures which are enforced with all entities within the Group (the **Group Treasury Procedures**). This department reviews the current and forecasted exposures on a monthly basis and proposes hedging transactions to be put in place under the control of the Currency Risks Committee, which is composed of the Chairman of the Group, the Group Managing Director and the Group Chief Financial Officer (the **Group CFO**). The Group CFO may approve hedging operations provided that they follow the guidelines given by the Currency Risks Committee and that the proposed operation is a forward contract only. Currency options can only be authorized by the Currency Risks Committee.

A minority of subsidiaries are invoiced or financed in foreign currencies, primarily in Euros or US dollars and are therefore exposed locally to the foreign exchange risk. Following the Group Treasury Procedures, they are required to hedge these risks according to the recommendation of the Group Director of the Treasury and Financing Department.

Hedging Policies

As a matter of policy, we only enter into contracts with counterparties that are major financial institutions. We do not have significant exposure to any one counter-party. Management believes risk of default under these hedging contracts is remote and in any event would not be material to the consolidated financial results. We do not utilise derivative financial instruments for speculative purposes.

The general policy, as provided by the Group Treasury Procedure is that the exchange rates exposures are hedged on a 12-months rolling basis with the highest levels of hedging for the most recent months. For example, the intercompany exposures to be settled within 2 months should be 100% hedged whereas the exposures to be settled in 10 months should be hedged between 0% and 11%. The Currency Risks Committee may override this policy, but it is estimated that the Group’s exposure to currency risks are permanently hedged between 45% and 50%.

Balance sheet positions such as current accounts and loans are generally hedged naturally by borrowing in the same currency, with the same amount and maturity. Exceptions are however possible when the cost of borrowing in the foreign currency is considered excessive. Such departure from the general policy is discussed between the subsidiary and the Group Director of Treasury and Financing under the control of the Group CFO.

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Exposure

As at 31 December 2009, we had foreign exchange derivatives net liabilities of €0.4 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 31 December 2009 were Japanese Yen 3,500 million, Canadian Dollar 1.0 million, Australian dollar 2.7 million, Mexican peso 3.0 million, Thai baht 40.8 million and British Pound 2.3 million.

A significant majority of our exposure lies with L'Occitane International SA. As at 28 February 2010, L'Occitane International SA had foreign exchange derivatives net liabilities of €2.5 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 28 February 2010 are: Japanese Yen 4,300 million, US dollar 5.1 million, Australian dollar 2.5 million, Canadian dollar 0.8 million, Mexican Peso 4.5 million, Thai Baht 40.8 million and British Pound 3.6 million.

Sensitivity

During FY2007, FY2008, FY2009 and the nine month period ended 31 December 2009 and as at 31 March 2007, 2008, 2009 and 31 December 2009, if the Euro had weakened/strengthened by 10% in comparison to the currencies listed below with all other variables held constant, equity, net sales and post-tax profit for the period would have been higher/lower as follows:

(In thousands of Euros)	Equity					Net sales					Profit for the year				
	Mar	Mar	Mar	Dec	Dec	Mar	Mar	Mar	Dec	Dec	Mar	Mar	Mar	Dec	Dec
	2007	2008	2009	2008	2009	2007	2008	2009	2008	2009	2007	2008	2009	2008	2009
USD.....	5,147	5,130	4,759	4,596	3,505	8,913	9,007	9,119	7,145	7,058	3,306	3,617	3,241	2,973	1,716
JPY.....	2,917	5,164	7,618	6,329	6,858	5,043	7,877	12,766	8,738	10,769	2,378	3,842	5,158	4,178	3,615
HKD.....	1,704	2,673	3,180	3,050	2,798	2,070	2,896	3,620	2,682	3,101	1,161	1,568	1,817	1,360	1,512
GBP.....	1,136	1,617	1,438	1,506	1,515	2,151	2,641	2,600	2,101	2,462	829	1,258	1,126	1,154	1,121

During FY2007, FY2008, FY2009 and the nine month period ended 31 December 2009 and as at 31 March 2007, 2008, 2009 and 31 December 2009, if the Euro had weakened/strengthened by 20% in comparison to the currencies listed below with all other variables held constant, equity, net sales and post-tax profit for the period would have been higher/lower as follows:

(In thousands of Euros)	Equity					Net sales					Profit for the year				
	Mar	Mar	Mar	Dec	Dec	Mar	Mar	Mar	Dec	Dec	Mar	Mar	Mar	Dec	Dec
	2007	2008	2009	2008	2009	2007	2008	2009	2008	2009	2007	2008	2009	2008	2009
USD.....	10,295	10,259	9,519	9,193	7,010	17,827	18,014	18,239	14,289	14,116	6,611	7,233	6,481	5,945	3,433
JPY.....	5,834	10,328	15,236	12,658	13,716	10,087	15,753	25,532	17,476	21,538	4,755	7,684	10,316	8,356	7,231
HKD.....	3,408	5,346	6,361	6,099	5,595	4,141	5,792	7,240	5,365	6,202	2,321	3,135	3,634	2,721	3,023
GBP.....	2,272	3,235	2,876	3,011	3,031	4,302	5,282	5,201	4,202	4,924	1,657	2,515	2,251	2,308	2,242

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

FINANCIAL INFORMATION

Interest Rate Risk Management

We enter into interest rate derivative contracts to manage the exposure to fluctuations of interest rates on our long-term borrowings. Borrowings issued at variable rates expose us to cash-flow interest rate risks. All interest rate derivative contracts are with large financial institutions rated as strong investment grade by a major rating agency.

As at 31 December 2009, we had interest rate derivative liabilities of €1.4 million. The notional principal amount of outstanding interest rate derivatives as at 31 December 2009 was €29.0 million. As at 28 February 2010, we had interest rate derivative liabilities of €1.6 million. The notional principal amount of outstanding interest rate derivatives as at 28 February 2010 was €26.3 million.

Our interest rate exposure is primarily concentrated within LOI, as its subsidiaries are not allowed to conduct financing activities with external financial institutions except as required by the Group Treasury and Financing Department, as provided by the Group Treasury Procedures. When additional credit line bears a variable interest rate that is forecasted to be used over more than one year, the Group Director of Treasury and Financing may propose to hedge part of the related interest rate risk with interest rates swaps. Such proposals are submitted to the Group CFO for approval.

Based on the simulations performed, on 31 March 2007, 2008 and 2009 and on 31 December 2008 and 2009, if interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been lower/higher, mainly as a result of higher/lower interest expenses on floating rate borrowings as follows:

(€'000)	Impact on post-tax profit				
	FY2007	FY2008	FY2009	Nine month period ended 31 December	
				2008	2009
				(unaudited)	
Sensitivity of finance costs . . .	106	27	345	173	149
Sensitivity of post tax profit . .	73	18	237	119	103

The above sensitivity takes into consideration the impact of the interest rate derivatives existing at 31 December 2009 on interest expense but does not take into consideration the effect of a higher/lower interest rate on the fair market value of the derivatives designed to manage the cash flow interest risk floating-to-fixed interest rate swaps. The fair value of these derivatives at period end is not material.

The interest rate of the 2007 Credit Facility is subject to a repricing option. As at 31 December 2009, we had €50.9 million outstanding under the 2007 Credit Facility. The interest rate is determined every six months and is based on our Leverage Financial Ratio. See Note 19.8 to Accountant's Report in Appendix I for further details. Our Leverage Financial Ratio as at 30 September 2009 was 1.75.

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For the 2007 Credit Facility, a change in the Leverage Financial Ratio results in repricing of our interest rate as follows:

- Ratio being higher or equal to 2.4 = Euribor 3M + Margin
- Ratio being between 1.9 and 2.4 = Euribor 3M + Margin – 0.1
- Ratio being between 1.4 and 1.9 = Euribor 3M + Margin – 0.2
- Ratio being between 1.0 and 1.4 = Euribor 3M + Margin – 0.25
- Ratio being lower than 1.0 = Euribor 3M + Margin – 0.3

Other Financial Risks

In addition to currency and interest rate risks, we are subject to other risks such as equity securities risk, commodity risk, credit risk, liquidity risks and inflation risks. However, as of the Latest Practicable Date, we believe that such risks are not material. We are not materially exposed to equity security risks because of our minimal holdings of such securities. We have no significant concentration of credit risk because we maintain adequate allowances for potential credit losses and as at 31 December 2009, we did not have any significant concentration of business with any particular customer. Our liquidity risk is minimal because we maintain sufficient cash to service our debt and committed credit facilities. We are not significantly exposed to commodity price risks because (i) commodities represent a limited portion of our total expenses, (ii) the risk is spread over a large number of commodities that are submitted to different and non correlated price variation factors, (iii) we have the capacity to change our products conditioning and formulation in reaction to commodities price increases and (iv) we are in a position, due to the relative size of our Company, as compared to our suppliers, to resist unacceptable price increases from most of our commodities suppliers. Moreover, we do not operate in any country currently facing hyperinflation.

OFF-BALANCE SHEET ARRANGEMENTS

Except for the contingent liabilities discussed above, we do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial condition or results of operation.

DIVIDENDS

Dividends Paid by L'Occitane International S.A.

In FY2007, we paid a dividend of €0.006 per Share, representing a total dividend of €8,006,000. The dividend consisted of:

- €6,477,000 was paid on 25 October 2006 to stockholders of record of the same date;
- €1,529,000 was paid on 7 March 2007 to stockholders that converted their convertible bonds into ordinary shares between 26 October 2006 and 7 March 2007.

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In FY2008, we paid a dividend of €0.024 per Share to stockholders of record at the close of business 17 March 2008. The total dividend of €30,855,000 was paid to LOG on 17 March 2008.

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

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

On 9 April 2010, our Board approved the payment of an exceptional dividend of €0.063 per Share on our common stock held by our existing Shareholders, representing a total dividend of €80.0 million, out of our distributable reserves of €135.8 million as of 31 March 2009 calculated based on Luxembourg Generally Accepted Accounting Principles. The dividend payment will be funded from our internal financial resources. The Shareholders approved this dividend at a meeting held on 31 March 2010. The dividend is expected to be paid on 4 May 2010.

See note 18.5 to our consolidated financial information included in the Accountant's Report set out in Appendix I to this prospectus for further information.

Dividends Paid by L'Occitane (Taiwan) Ltd.

In FY2007, L'Occitane (Taiwan) Ltd., our 50.1% owned subsidiary, paid a total dividend of €3,597,000 to its shareholders, of which €1,805,000 was paid to our wholly owned subsidiary, L'Occitane Singapore Pte Ltd., and €1,792,000 was paid to its minority shareholders.

In FY2008, L'Occitane (Taiwan) Ltd., paid a total dividend of €4,005,000 to its shareholders, of which €2,006,000 was paid to L'Occitane Singapore Pte Ltd. and €1,999,000 was paid to its minority shareholders.

In FY2009, L'Occitane (Taiwan) Ltd. paid a total dividend of €3,772,000 to its shareholders, of which €1,890,000 was paid to L'Occitane Australia Pty Ltd. and €1,882,000 was paid to its minority shareholders.

In the nine month period ended 31 December 2009, L'Occitane (Taiwan) Ltd. paid a total dividend of €3,273,000 to its shareholders, of which €1,640,000 was paid to L'Occitane Australia Pty Ltd and €1,633,000 was paid to its minority shareholders.

Dividend Policy

We may distribute dividends by way of cash or by other means that we consider appropriate. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Luxembourg law of 10 August 1915 on commercial companies, as amended (the "Luxembourg Companies Law"), including the approval of shareholders, as applicable. As substantially all of our operations are conducted through our operating subsidiaries internationally, the ability of these subsidiaries to make dividend and other payments to us may be restricted by a number of factors, including various laws and regulations in which these subsidiaries are subject. In addition, our controlling shareholder will be able to influence our dividend policy.

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A decision to declare or to pay any dividends in the future, and the amount of any dividends, depend on a number of factors, including our results of operation, financial condition, the payments by our subsidiaries of cash dividends to us, our future prospects, any restrictive covenants that we are obligated to observe and other factors that our Directors may consider important.

Subject to the above factors, we currently plan to pay annual dividends of approximately 20% of our consolidated profit attributable to Shareholders beginning from the financial year 1 April 2010. Cash dividends on our Shares, if any, will be paid in Euros, except that we will make arrangements to effect payment of any cash dividends to be made in Hong Kong Dollars to shareholders resident in Hong Kong. Other distributions, if any, will be paid to our Shareholders by any means which our Directors consider legal, fair and practicable.

Our ability to pay dividends is subject to our having sufficient distributable reserves. Further, dividends paid by our Company to Shareholders are subject to Luxembourg withholding tax at rates ranging between 10% and 15%, depending on specific circumstances. Please see the sections headed “E. Amendments to the Articles of Association — 13. Distribution of Assets/Reserves” and “F. Summary of Main Luxembourg Tax Aspects Relevant to Shareholders of the Company” in Appendix V to this prospectus for further details.

Distributable Reserves

Our distributable reserves consist of any reserves available for distribution and retained earnings as determined under the Luxembourg accounting principles and provisions under the Luxembourg Companies Law. Under Luxembourg Companies law, distributable reserves are determined under Luxembourg accounting principles and regulations. There is no definition of distributable reserves under IFRS. The main differences between Luxembourg accounting principles and IFRS applicable to the Company with regard to distributable reserves over the Track Record Period are as follows: 1) under IFRS the additional paid-in capital includes the effect of valuing at market value the shares issued in exchange of acquisitions, as indicated in Note 18.6 to the Accountant's Report in Appendix I to this prospectus; 2) with regard to fair value adjustments on derivative financial instruments, under IFRS all derivative financial instruments are recognized at fair value while under Luxembourg accounting principles, only certain derivative financial instruments are recognized; 3) under Luxembourg accounting principles no deferred taxes are recorded; and 4) under Luxembourg accounting principles, share-based compensation expenses are not recorded.

Under the Luxembourg Companies Law, we may declare and pay dividends if the Company has sufficient funds available for distribution. Except for cases of reductions of subscribed capital, no distributions to shareholders may be made when on the closing date of the last financial year the net assets as set out in the annual accounts are, or following such a distribution, would become, lower than the amount of the subscribed capital plus the reserves which may not be distributed under law or by virtue of the articles. The amount distributed to shareholders may not exceed the amount of the profits at the end of the last financial year plus any profits carried forward and any amounts drawn from reserves, which are available for the purpose of distribution, less any losses carried forward and any sums to be placed in reserve. Further, the Board may take the decision to distribute interim dividends at any time during the year by using for such interim distribution, in addition to the distributable amounts as defined here above, the profits made since the end of the last financial year. Our Articles of Association do not allow our Company to declare dividends when

FINANCIAL INFORMATION

we have no distributable reserves (as determined under accounting standards in accordance with which our Company's financial statements are prepared, namely Luxembourg Generally Accepted Accounting Principles).

As at 31 March 2009, the distributable reserves of L'Occitane International S.A. amounted to €135.8 million (€105.9 million as at 31 March 2008 calculated based on Luxembourg Generally Accepted Accounting Principles). Dividend distributions to our shareholders is recognised as a liability in our financial statements in the period in which the dividends are approved by our Shareholders.

PROPERTY VALUATION

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests as of 28 February 2010 at France, Hong Kong and the PRC. The texts of its letter, summary of values and valuation certificates are set out in Appendix IV to this prospectus.

A reconciliation of the net book value of property interests (Group I of the property valuation: main facility and European logistic center) as at 31 December 2009 to their fair value as stated in Appendix IV to this prospectus is as follows:

	€'000
Net book value at 31 December 2009 ⁽¹⁾	<u>12,926</u>
Movements during the two months ended 28 February 2010:	
— Additions	—
— Depreciation	(368)
— Disposals	<u>—</u>
Net book value at 28 February 2010	12,558
Valuation surplus at 28 February 2010	<u>11,967</u>
Valuation amount at 28 February 2010	<u><u>24,525</u></u>

(1) Net book value represents the sum of the closing net book amount of land and buildings as stated in the Accountant's Report set out in Appendix I to this prospectus.

PROFIT ESTIMATE

We estimate that, on the bases set out in "Appendix III — Profit Estimate" in this prospectus, the estimated consolidated profit attributable to equity holders of the Company for the year ended 31 March 2010 is unlikely to be less than €73.8 million. The profit estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by us and are based on the assumptions set out in Appendix III to this prospectus.

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UNAUDITED PRO FORMA ESTIMATED BASIC EARNINGS PER SHARE

On the assumption that we have been listed since 1 April 2009 and a total of 1,456,456,391 Shares were in issue during the year ended 31 March 2010 (being the number of Shares expected to be in issue immediately after completion of the Global Offering not taking into account Shares which may be issued upon exercise of the Over-allotment Option), our unaudited pro forma estimated earnings per Share for the year ended 31 March 2010 is unlikely to be less than €0.05.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our net tangible assets as of 31 December 2009 as if it had taken place on 31 December 2009.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as of 31 December 2009 or any future date following the Global Offering. It is prepared based on our consolidated net assets as of 31 December 2009 as set out in the Accountant's report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's report in Appendix I of this prospectus.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2009⁽¹⁾ (€'000)	Estimated net proceeds from the Global Offering⁽²⁾ (€'000)	Unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company (€'000)	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾ (€)	HK\$
Based on an Offer Price of HK\$12.88 per Share	94,391	214,345	308,736	0.21	2.23
Based on an Offer Price of HK\$15.08 per Share	94,391	251,512	345,903	0.24	2.50

Notes

- (1) The audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2009 is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at 31 December 2009 of approximately €217,696,000, as extracted from the Accountant's Report set out in Appendix I to this prospectus, with an adjustment for the intangible assets of the Group as at 31 December 2009 of approximately €123,305,000.
- (2) The estimated net proceeds from the Global Offering are based on an indicative Offer Price of HK\$12.88 and HK\$15.08 per Share respectively (after deducting the underwriting fees and other related expenses payable by the Company), and do not take into account of any Shares which may be issued pursuant to the Over-allotment Option. For the purpose of the estimated net proceeds from the Global Offering, the translation of HK dollars into Euro was made at the rate of €1.00 to HK\$10.5062.

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- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 1,456,456,391 Shares were in issue assuming the Global Offering had been completed on 31 December 2009, but does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at the rate of €1.00 to HK\$10.5062.
- (4) In accordance with the Group's accounting policies, property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The Group's properties interests as at 28 February 2010 were revalued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in "Appendix IV - Property valuation and details of leased properties of the Group". With reference to such valuation, the net revaluation surplus, representing the excess of market value of the properties over their book value, is approximately €11,967,000 as at 28 February 2010. Such revaluation surplus has not been included in the Group's consolidated financial information for the nine months ended 31 December 2009 and will not be included in the Group's consolidated financial information for the year ended 31 March 2010. The above pro forma adjustments do not take into account of the above revaluation surplus. Had the properties been stated at such valuation, an additional depreciation of approximately €551,000 per annum would be charged to the consolidated income statement for the year ended 31 March 2010.
- (5) No adjustments have been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2009. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account the payment of an exceptional dividend of €80 million which was approved by the Board of Directors of the Company on 9 April 2010 and is expected to be paid on 4 May 2010.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial, trading or forecast position since 31 December 2009.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Listing Rules 13.13 to 13.19.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business — Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$2,447.2 million (assuming an Offer Price of HK\$13.98, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 90% of net proceeds to us (approximately HK\$2,202.5 million, assuming an Offer Price of HK\$13.98, being the mid-point of the estimated Offer Price range) will be used to finance the development of our Group, consisting for this purpose principally of:
 - approximately 65% for new store openings globally. Our strategy is to continue to increase the number of our Retail Stores internationally, and in particular, in countries where we believe there is likely to be a growth in demand for our L’Occitane and Melvita products. These may include high growth emerging markets such as China, Brazil, Russia, India and Mexico as well as countries where we have not yet achieved a mature presence such as Japan, the US, the UK, Germany and Korea. Our overall strategy is to aim to increase the total Retail Stores by approximately 650 over the next five years. The number of new stores for each of our L’Occitane and Melvita brands will depend on the speed of development of the natural and organic cosmetics market in each country. Accordingly, the allocation of proceeds between the two brands may vary. We estimate that over the next five years, approximately 15% to 25% of the net proceeds will be dedicated to opening new Melvita stores, whereas 40% to 50% of the proceeds will be dedicated to opening new Own L’Occitane Stores, although this allocation may be adjusted depending on market circumstances;
 - approximately 20% for the extension and improvement of our manufacturing plants in Manosque and in Lagorce, and to build a new central warehouse. These extensions and improvements to our manufacturing plants are needed principally in order to comply with new ISO standards that will apply to us and to improve our production quality and efficiency. The building of a new warehouse is needed principally to increase our warehousing capacity. Please see the sections headed “Business — Production — Our Manufacturing Facilities” and “Business — Logistics and Inventory Management — Inventory” for further details relating to our plans for improving our manufacturing and building our new warehousing facility;
 - approximately 2.5% for the development of our research and development in order to continue to improve our product quality and meet the increasing consumer demand for high quality and effective products, particularly in the face care segment; and
 - approximately 2.5% for the development of internet and e-commerce channels which we believe have a high growth potential.

FUTURE PLANS AND USE OF PROCEEDS

- approximately 10% of net proceeds to us (approximately HK\$244.7 million, assuming an Offer Price of HK\$13.98, being the mid-point of the estimated Offer Price range) will be used for working capital and general corporate purposes.

As discussed in the section headed “Business — Business Strategies”, one of our business strategies is that, subject to market conditions and opportunities, we may acquire existing brands which we consider appropriate. Accordingly, we will from time to time explore opportunities for investments, although we currently do not have any identified or potential acquisition targets. In the future if we make any such investment, we will make appropriate disclosure in compliance with applicable requirements of the Listing Rules. Please see the section headed “Business — Business Strategies — Develop our portfolio of brands to capture the organic market through the international development of our newly acquired Melvita brand and other potential market opportunities by establishing, in the future, additional brands recognised for their own distinct characteristics” for further information regarding such potential acquisitions in the context of our business strategies.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis. To the extent that proceeds are not used immediately for the purposes stated, they will be invested in short term demand deposits and money market instruments.

In the event that the Offer Price is set at HK\$12.88 (being the low end of the indicative Offer Price range of HK\$12.88 to HK\$15.08 per Share as stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds received by us will be reduced by approximately HK\$195.2 million. In the event that the Offer Price is set at HK\$15.08 (being the high end of the indicative Offer Price range of HK\$12.88 to HK\$15.08 per Share as stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds received by us will be increased by approximately HK\$195.2 million. In the event that the Over-allotment Option is exercised in full and based on an Offer Price of HK\$13.98 (being the mid-point of the indicative Offer Price range of HK\$12.88 to HK\$15.08 per Share as stated in this prospectus), the net proceeds received by us will be increased by approximately HK\$372.2 million.

We estimate that our Selling Shareholder will receive net proceeds of approximately HK\$2,447.2 million (assuming an Offer Price of HK\$13.98, being the mid-point of the estimated Offer Price range) after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholder in relation to the Global Offering and assuming the Over-allotment Option is not exercised. We will not receive any of the net proceeds of the Global Offering from the sale of Shares by the Selling Shareholder.

EXEMPTIONS FROM THE HONG KONG COMPANIES ORDINANCE AND WAIVERS FROM THE LISTING RULES

1. WAIVER AND EXEMPTION IN RELATION TO THE PROPERTY VALUATION REPORT

We have applied to and obtained from the SFC a certificate of exemption from strict compliance with Section 342A(1) in relation to Section 342(1)(b) and Paragraph 34(2) of the Third Schedule to the Hong Kong Companies Ordinance. We have also applied to the Hong Kong Stock Exchange for a waiver from strict compliance with Rules 5.01 and 5.06(1) and (2) and Paragraph 3(a) of Practice Note 16 of the Listing Rules (the **Relevant Requirements**), such that the valuation report set out in Appendix IV to this prospectus may cover only:

- (a) a full valuation as of 28 February 2010 of the properties owned by the Group in compliance with the Relevant Requirements;
- (b) full valuation as of 28 February 2010 of the Melvita Lease in compliance with the Relevant Requirements;
- (c) a full valuation as of 28 February 2010 of each leased property located in mainland China and Hong Kong such that only the average monthly rental payments (being the aggregate rent paid on a yearly basis divided by 12) in respect of all the properties leased by the members of the Group situated in mainland China and Hong Kong (rather than monthly rental payments in respect of each individual Leased Outlet) is disclosed, and otherwise in compliance with the Relevant Requirements; and
- (d) a breakdown of the average monthly rental payments of the L'Occitane boutiques and department store corners operated by members of the Group at properties leased by relevant members of the Group and Melvita outlets situated in mainland China and Hong Kong during the Track Record Period in respect of each of the following categories of the Leased Outlets:
 - (i) Leased Outlets in Hong Kong:
 - Leased Outlets in Hong Kong Island;
 - Leased Outlets in Kowloon and elsewhere outside Hong Kong Island;
 - (ii) Leased Outlets in mainland China:
 - Leased Outlets in Beijing;
 - Leased Outlets in Shanghai; and
 - Leased Outlets in other parts of mainland China.

The grounds for applying for such waiver and exemption are that strict compliance would be irrelevant and unduly onerous and burdensome. The other reasons are that (i) valuation of leased properties is immaterial and irrelevant to investors; (ii) strict compliance is not intended for our Company which is a global, non-property business; (iii) the prospectus would include a full valuation of mainland China and Hong Kong property interests; and (iv) rent paid by each individual retail outlet is confidential, highly commercially sensitive and irrelevant and immaterial to investors. In addition, all of the Group's leased property are believed to have no commercial value due either

EXEMPTIONS FROM THE HONG KONG COMPANIES ORDINANCE AND WAIVERS FROM THE LISTING RULES

to their short term nature of the leases or prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents. Further, the valuation report would cover, among others, all of the Company's leased properties in mainland China and Hong Kong due to their relevance in respect of the proposed listing of the Company in Hong Kong.

The waiver and exemption from strict compliance with the Relevant Requirements is subject to the condition that the following disclosures are included in this prospectus:

- (a) a full valuation as of 28 February 2010 of the properties owned by the Group in compliance with the Relevant Requirements;
- (b) full valuation as of 28 February 2010 of the Melvita Lease in compliance with the Relevant Requirements;
- (c) a full valuation as of 28 February 2010 of each leased property located in mainland China and Hong Kong such that only the average monthly rental payments (being the aggregate rent paid on a yearly basis divided by 12) in respect of all the properties leased by the members of the Group situated in mainland China and Hong Kong (rather than monthly rental payments in respect of each individual Leased Outlet) is disclosed, and otherwise in compliance with the Relevant Requirements;
- (d) appropriate commentary on the terms of the leases in respect of the leased properties of the Group, including the duration of the lease and whether it is subject to any restriction on alienation;
- (e) additional information on the properties by classification of (i) properties which have been valued and (ii) properties which have not been valued, including, for each of these categories, the (A) aggregate number of properties; (B) the book value of any assets attributable to these properties; and (C) the percentage of total assets represented by these properties;
- (f) a separate section or appendix containing a list of all the leased properties of the Group, including their respective address and usage in the same form and manner as set out in Part B of Appendix IV to this prospectus;
- (g) a statement by the Directors and the Joint Sponsors to the effect that they are of the opinion that, as at 28 February 2010 none of the leased properties (except for the Melvita Property) is individually material to the Group in terms of net sales and total rent and occupancy expenses, together with the basis of such opinion;
- (h) a confirmation by the Directors that, save for the Melvita Property, there were no further acquisitions or disposals of the properties since 28 February 2010; and
- (i) particulars of the exemptions granted.

EXEMPTIONS FROM THE HONG KONG COMPANIES ORDINANCE AND WAIVERS FROM THE LISTING RULES

2. WAIVER IN RELATION TO JOINT COMPANY SECRETARY

Pursuant to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong and who has the requisite knowledge and experience to discharge the functions of the company secretary and who is either (a) an Ordinary Member of The Hong Kong Institute of Company Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Cap. 159 of the Laws of Hong Kong) or a professional accountant, or (b) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging those functions.

We have appointed Mr. Kenny Yee Hing Choy and Mrs. Sylvie Duvieusart-Marquant as joint company secretaries.

Mr. Choy is an associate member of the Hong Kong Institute of Certified Public Accountants and therefore meets the qualification requirements under Rule 8.17 of the Listing Rules.

We believe that Mrs. Duvieusart-Marquant, by virtue of her knowledge and past experience in handling corporate administrative matters, should be capable of discharging her functions as a company secretary. Further, we believe that it would be in the best interests of our Company and our corporate governance, given that we are incorporated in Luxembourg, to have as our joint company secretary a person such as Mrs. Duvieusart-Marquant who possesses the relevant qualification and experience in Luxembourg legal and corporate administrative matters. Accordingly, since Mrs. Duvieusart-Marquant does not possess the formal qualifications required of a company secretary under Rule 8.17 of the Listing Rules, we have sought and obtained from the Hong Kong Stock Exchange a waiver from strict compliance with the requirements under Rule 8.17 such that Mrs. Duvieusart-Marquant may be appointed as our joint company secretary. The waiver was granted for a three years during which period Mr. Choy, as joint company secretary, will work closely with, and provide assistance to, Mrs. Duvieusart-Marquant in the discharge of her duties as a company secretary. At the end of the three-year period, an evaluation of the qualifications and experience of Mrs. Duvieusart-Marquant and in turn the need for ongoing assistance would be made to determine if the requirements under Rule 8.17 as would normally apply would then be satisfied.

3. WAIVERS IN RESPECT OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have applied for, and the Stock Exchange has granted to us, waivers in respect of certain non-exempt continuing connected transactions. Please see the section headed “Relationship With Our Controlling Shareholders — Connected Transactions — Waiver application for non-exempt continuing connected transactions” for further details.

4. WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE HONG KONG COMPANIES ORDINANCE FOR THE INCLUSION OF CERTAIN INFORMATION IN THIS PROSPECTUS

Rule 4.04 of the Listing Rules requires that the accountants report of our Company to include our combined results in respect of each of the three financial years immediately preceding the issue of this prospectus.

EXEMPTIONS FROM THE HONG KONG COMPANIES ORDINANCE AND WAIVERS FROM THE LISTING RULES

Under section 342(1)(b) of the Hong Kong Companies Ordinance, we are required to, among other things, state in this prospectus the matters specified in Part I of the Third Schedule to the Hong Kong Companies Ordinance and set forth in this prospectus the reports specified in Part II of the Third Schedule to the Hong Kong Companies Ordinance.

Paragraph 27 of the Third Schedule to the Hong Kong Companies Ordinance requires that a statement as to our gross trading income or sales turnover (as may be appropriate) during each of the three financial years immediately preceding the issue of this prospectus including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities shall be included in this prospectus. Paragraph 31 of the Third Schedule to the Hong Kong Companies Ordinance requires this prospectus to include a report by our auditors with respect to our profits and losses and assets and liabilities in respect of each of the three financial years immediately preceding the issue of this prospectus.

Pursuant to section 342A(1) of the Hong Kong Companies Ordinance, where it is proposed to offer any shares in or debentures of a company incorporated outside Hong Kong (whether the company has or has not established a place of business in Hong Kong) to the public by a prospectus or class of prospectuses issued generally, the SFC may issue, on the request of the applicant, and subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with any or all of the requirements of section 342(1) of the Hong Kong Companies Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of those requirements,

- (a) would be irrelevant or unduly burdensome; or
- (b) is otherwise unnecessary or inappropriate.

We have applied to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the Securities and Futures Commission for a certificate of exemption in relation to paragraphs 27 and 31 of the Third Schedule to the Hong Kong Companies Ordinance, on the ground that strict compliance with the relevant requirements would be unduly burdensome for us in that there would not have been sufficient time for us to have produced audited financial statements for the year ended 31 March 2010 prior to this Global Offering. In this connection, the Hong Kong Stock Exchange has granted us a waiver on the condition that the day of listing of and commencement of dealings in our shares on the Stock Exchange shall be on or before 30 June 2010, that is within three months following our financial year-end of 31 March 2010. The Listing Date is currently expected to be 7 May 2010. The Securities and Futures Commission has granted us a certificate of exemption from strict compliance with the relevant requirements on the condition that particulars of this exemption be set out in this prospectus.

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial and trading positions or prospects since 31 December 2009 and there is no event since 31 December 2009 which would materially affect the information shown in the Accountants' Report set out in Appendix I and other sections of this Prospectus.

EXEMPTIONS FROM THE HONG KONG COMPANIES ORDINANCE AND WAIVERS FROM THE LISTING RULES

Our Directors confirm that all material information necessary for the public to make an informed assessment of the Group's activities and financial position has been included in the prospectus, and that this waiver and exemption would not prejudice the investing public.

5. WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong including that normally at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Currently, only one of our executive directors resides in Hong Kong. Our headquarters and manufacturing facilities are located outside of Hong Kong, and our products are sold in over 80 countries worldwide. Accordingly, we do not and, for the foreseeable future, will not have a significant management presence in Hong Kong.

However, Mr. André Hoffmann, our executive Director, and Mr. Peter Reed, our Chief Financial Officer, Asia-Pacific, are ordinarily resident in Hong Kong. Further, we have appointed Mr. André Hoffmann and Mr. Kenny Choy as the authorised representatives of the Company. Both Mr. Hoffmann and Mr. Choy reside in Hong Kong and will be readily contactable in Hong Kong by phone, facsimile and/or email to deal promptly with enquiries from the Stock Exchange. The Company intends to maintain regular communications with the Stock Exchange through such arrangements.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) our authorised representatives will act as the principal channel of communication with the Hong Kong Stock Exchange;
- (b) our authorised representatives should have means for contacting all Directors promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters;
- (c) each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period;
- (d) our compliance adviser will act as an additional channel of communication with the Hong Kong Stock Exchange; and
- (e) each Director will provide their respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Hong Kong Stock Exchange.

UNDERWRITING

HONG KONG UNDERWRITERS

CLSA Limited

The Hongkong and Shanghai Banking Corporation Limited

UBS AG, Hong Kong Branch

BOCOM International Securities Limited

CAF Securities Company Limited

Guotai Junan Securities (Hong Kong) Limited

Platinum Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 23 April 2010. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein, and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions of this prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The Joint Lead Managers (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice to our Company to terminate the Hong Kong Underwriting Agreement jointly with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(A) there shall develop, occur, exist or come into effect:

- (1) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, outbreak of disease, economic sanctions (in whatever form, directly or indirectly), strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, volcanic eruptions, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting the EU (or any member thereof), Japan, the PRC, Hong Kong, the United States or any other jurisdiction relevant to any member of the Group (each, a **Relevant Jurisdiction**); or
- (2) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions

UNDERWRITING

in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting Hong Kong, the PRC, the United States, the EU (or any member thereof) or Japan; or

- (3) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the NASDAQ Global Market, the London Stock Exchange or the Tokyo Stock Exchange; or
- (4) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the EU (or any member thereof), Japan or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (5) any new law or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or
- (6) a change or development involving a prospective change in Taxation, exchange control, currency exchange rates or foreign investment regulations (including without limitation a material devaluation of the Hong Kong dollar, the Euro, the Japanese yen, the Renminbi, the United States dollar or the British pound sterling against any foreign currencies and any disruptions in monetary, trading or securities settlement or clearance services, procedures or matters), or the implementation of any exchange control (except for the PRC), in any Relevant Jurisdiction; or
- (7) any action, suit, claim (whether or not any such claim involves or results in any action or proceeding), demand, investigation, judgment, award and proceeding (in each case whether joint or several) of any third party being threatened or instigated against any Group company; or
- (8) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (9) save as disclosed in this prospectus in respect of Mr. Pierre Maurice Georges Milet, an authority or a political body or organisation in any relevant jurisdiction commencing any action, suit, claim (whether or not any such claim involves or results in any action or proceeding), demand, investigation, judgment, award and proceeding (in each case whether joint or several), or announcing an intention to take any action, suit, claim (whether or not any such claim involves or results in any action or proceeding), demand, investigation, judgment, award and proceeding (in each case whether joint or several), against any Director; or

UNDERWRITING

(10) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares to be subscribed for or purchased by, or by investors procured by, the International Underwriters pursuant to the Over-Allotment Option) pursuant to the terms of the Global Offering; or

(11) the chairman of our Company vacating his office; or

(12) a material contravention by any Group company of the Listing Rules or applicable laws,

which, individually or in the aggregate, in the sole opinion of the Joint Lead Managers (for themselves and on behalf of the Hong Kong Underwriters) (1) result in or will or is likely to result in a material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole; or (2) has or will or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or (3) makes or will or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(B) there has come to the notice of the Joint Lead Managers:

(1) that any statement contained in any of this prospectus, the Application Forms and/or in any announcements issued by our Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of this prospectus, the Application Forms and/or any announcements issued by our Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) is not fair, honest and based on reasonable assumptions; or

(2) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, result in a material misstatement in, or constitute a material omission from, any of this prospectus, the Application Forms and/or in any announcements issued by our Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto); or

(3) any material breach of any of the obligations imposed upon any party (other than any of the Hong Kong Underwriters or the International Underwriters) to the Hong Kong Underwriting Agreement or the International Placing Agreement; or

(4) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or

UNDERWRITING

- (5) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, conditions, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, condition or position, financial or otherwise, or performance, of any Group company; or
- (6) any breach of, or any event rendering untrue or incorrect in any respect, any of the representations, warranties or undertakings given by the Company or LOG in the Hong Kong Underwriting Agreement (or, in the case of any such representations, warranties or undertakings not qualified by materiality, any breach of, or any event rendering untrue or incorrect in any material respect, such representations, warranties or undertakings); or
- (7) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (8) material non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law; or
- (9) an order or petition for the winding up of any Group company with substantive business operations or any composition or arrangement made by any such Group company with its creditors or a scheme of arrangement entered into by any such Group company or any resolution for the winding-up of any such Group company or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any such Group company or anything analogous thereto occurring in respect of any such Group company.

Lock-up

Pursuant to Rule 10.07 of the Listing Rules, each of Mr. Reinold Geiger and LOG has undertaken to us and to the Hong Kong Stock Exchange that he or it will not, and shall procure that any other registered holder (if any) will not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) in the period of six months commencing on the Listing Date (the **First Six-month Period**), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he or it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the **Parent Shares**); or
- (b) during the period of six months commencing on the date on which the First Six-month Period expires (the **Second Six-month Period**), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder (as defined in the Listing Rules) of us.

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Further, pursuant to Rule 10.07 of the Listing Rules, each of Mr. Reinold Geiger and LOG has undertaken to us and to the Hong Kong Stock Exchange that, during the First Six-month Period and the Second Six-month Period, he or it will:

- (a) if he or it pledges or charges any of our securities beneficially owned by him or it in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and
- (b) if he or it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities will be disposed of, immediately inform us of such indications.

International Placing

In connection with the International Placing, it is expected that we and the Selling Shareholder will enter into the International Underwriting Agreement with the Joint Bookrunners and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for such International Placing Shares.

The Company and LOG will grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (after consulting with CLSA Limited and The Hongkong and Shanghai Banking Corporation Limited) on behalf of the International Underwriters on or before 29 May 2010, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer, to require the Company to issue up to 27,309,000 additional Shares and the Selling Shareholder to sell up to 27,309,000 additional Shares, respectively, representing, in aggregate, 15% of the Initial Offer Shares, at the Offer Price, to cover, among other things, over-allocations in the International Placing, if any.

Commission and expenses

Under the terms and conditions of the Underwriting Agreements, the Underwriters will receive a gross underwriting commission of 2.50% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commissions.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK\$13.98, being the mid-point of our offer price range of HK\$12.88 to HK\$15.08 per Share, the fees and commissions in connection with the Hong Kong Public Offer and the International Placing, together with the Hong Kong Stock Exchange listing fees, the Hong Kong Stock Exchange transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, are estimated to amount to approximately HK\$196.0 million in aggregate. Such commissions, fees and expenses are payable by us (as to approximately HK\$98.0 million), being in proportion to the number of Offer Shares offered by us and the Selling Shareholder in the Global Offering.

We and the Selling Shareholder have agreed to indemnify the Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreements and any breach by us of the Underwriting Agreements.

UNDERWRITING

Underwriters' Interests in our Company

Save as disclosed above, none of the Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offer of 36,412,000 new Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed “The Hong Kong Public Offer”; and
- (ii) the International Placing of an aggregate of 327,708,000 Shares (comprising 145,648,000 new Shares and 182,060,000 sale Shares, and subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the US Securities Act.

Investors may apply for Shares under the Hong Kong Public Offer or apply for or indicate an interest for Shares under the International Placing, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offer.

THE HONG KONG PUBLIC OFFER

Number of Shares initially offered

We are initially offering 36,412,000 new Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Placing and (ii) the Hong Kong Public Offer, the Hong Kong Offer Shares will represent approximately 2.5% of our Company’s enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Hong Kong Public Offer”.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

The total number of Offer Shares available under the Hong Kong Public Offer (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will consist of 18,206,000 Offer Shares and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in pool B will consist of 18,206,000 Offer Shares and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 18,206,000 Offer Shares, being the number of Offer Shares initially allocated to each pool, are to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offer, then Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offer will be increased to 109,236,000 Offer Shares (in the case of (i)), 145,648,000 Offer Shares (in the case of (ii)) and 182,060,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may reallocate Offer Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer.

If the Hong Kong Public Offer is not fully subscribed, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Bookrunners deem appropriate.

Applications

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International

STRUCTURE OF THE GLOBAL OFFERING

Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum price of HK\$15.08 per Offer Share in addition to the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and Allocation" below, is less than the maximum price of HK\$15.08 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares offered

The International Placing will consist of an initial offering of 327,708,000 Shares, comprising 145,648,000 New Shares and 182,060,000 Sale Shares, and representing approximately 90% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of our Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that the Company and the Selling Shareholder will grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator (after consulting with CLSA Limited and The Hongkong and Shanghai Banking Corporation Limited) on behalf of the International Underwriters.

STRUCTURE OF THE GLOBAL OFFERING

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Sole Global Coordinator (after consulting with CLSA Limited and The Hongkong and Shanghai Banking Corporation Limited) at any time from the Listing Date to 29 May 2010, being the 30th day after the last day for lodging applications under the Hong Kong Public Offer, to require the Company to issue up to 27,309,000 additional Shares and the Selling Shareholder to sell up to 27,309,000 additional Shares, representing, in aggregate, 15% of the initial Offer Shares, at the same price per Share under the International Placing, to, among other things, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional International Placing Shares will represent approximately 3.68% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

STOCK BORROWING ARRANGEMENT

For the purpose of settlement of over-allocations in the International Placing, UBS AG, Hong Kong Branch may choose to borrow up to 54,618,000 Shares from LOG pursuant to the stock borrowing arrangement (being the maximum number of Shares which may be issued and sold pursuant to the Over-allotment Option), or acquire Shares from other sources, including exercising the Over-allotment Option.

If such stock borrowing arrangement with LOG is entered into, it will only be effected by UBS AG, Hong Kong Branch for the purpose of settlement of over-allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with:

- (a) the Stock Borrowing Agreement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in the International Placing;
- (b) the maximum number of our Shares to be borrowed from LOG by UBS AG, Hong Kong Branch is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;
- (c) the same number of Shares so borrowed will be returned to LOG or its nominees, as the case may be, within three business days after the last day on which the Over-allotment Option may be exercised or, if earlier, the date on which the Over-allotment Option is exercised in full;
- (d) the borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and
- (e) no payments will be made to LOG by UBS AG, Hong Kong Branch in relation to such Stock Borrowing Agreement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline

STRUCTURE OF THE GLOBAL OFFERING

in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, UBS AG, Hong Kong Branch, its affiliates or any person acting for it, as stabilising manager, on behalf of the Underwriters, may effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on UBS AG, Hong Kong Branch, its affiliates or any persons acting for them, to conduct any such stabilising action. Such stabilisation action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilising transactions be effected in connection with the Global Offering, this will be at the absolute discretion of UBS AG, Hong Kong Branch, its affiliates or any person acting for them.

Stabilisation activities will only be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation. Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- UBS AG, Hong Kong Branch, its affiliates or any person acting for them, may, in connection with the stabilising action, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time or period for which UBS AG, Hong Kong Branch, its affiliates or any person acting for them, will maintain such a long position;
- liquidation of any such long position by UBS AG, Hong Kong Branch, its affiliates or any person acting for them, may have an adverse impact on the market price of our Shares;
- no stabilising action can be taken to support the price of our Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on 29 May 2010, being the 30th day after the last date for lodging applications under the Hong Kong Public Offer. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

STRUCTURE OF THE GLOBAL OFFERING

- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Following any over-allocation of Shares in connection with the Global Offering resulting in a short position, UBS AG, Hong Kong Branch, its affiliates or any person acting for them may cover such short position by (among other methods) using Shares purchased by UBS AG, Hong Kong Branch, its affiliates or any person acting for them in the secondary market or by exercising the Over-allotment Option in full or in part during the period when stabilisation activities are permitted and any such purchases or exercise will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilising) Rules, as amended, made under the SFO. The covered short position will not exceed the number of Shares which may be issued upon exercise of the Over-allotment Option, being 54,618,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around 30 April 2010 and in any event on or before 3 May 2010, by agreement between the Joint Bookrunners, on behalf of the Underwriters, and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Offer Share under the Hong Kong Public Offer will be identical to the offer price per Offer Share under the International Placing based on the Hong Kong dollar price per Offer Share under the International Placing, as determined by the Joint Bookrunners, on behalf of the Underwriters, and our Company. The Offer Price per Offer Share under the Hong Kong Public Offer will be fixed at the Hong Kong dollar amount which, when increased by the 1% brokerage, 0.004% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee payable thereon, is (subject to any necessary rounding) effectively equivalent to the Hong Kong dollar price per Offer Share under the International Placing. The SFC transaction levy and the Hong Kong Stock Exchange trading fee otherwise payable by investors in the International Placing on Offer Shares purchased by them will be paid by us.

The Offer Price will not be more than HK\$15.08 per Offer Share and is expected to be not less than HK\$12.88 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. Prospective

STRUCTURE OF THE GLOBAL OFFERING

investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Joint Bookrunners, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer, cause there to be published in the *South China Morning Post* (in English) and the *Hong Kong Economic Times* (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.loccitane.com notices of the reduction. Upon issue of such a notice, the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners, on behalf of the Underwriters, and our Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. Applicants under the Hong Kong Public Offer should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares and/or the offer price range is so reduced. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company and the Joint Bookrunners, will under no circumstances be set outside the offer price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Bookrunners may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offer and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offer shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offer and the Offer Shares to be offered in the International Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Bookrunners.

The net proceeds from the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming that the Over-allotment Option is not exercised), are estimated to be approximately HK\$2,447.2 million, assuming an Offer Price of HK\$13.98 per Offer Share, being the approximate mid-point of the proposed offer price range of HK\$12.88 to HK\$15.08.

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The final Offer Price, the level of indications of interest in the Global Offering and the basis of allotment of Offer Shares available under the Hong Kong Public Offer are expected to be announced on 6 May 2010 in the *South China Morning Post* (in English), the *Hong Kong Economic Times* (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.loccitane.com.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Bookrunners, on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarised in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offer will be conditional on:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, our Shares in issue (including the Shares that may be allocated pursuant to the exercise of the Over-allotment Option) and our Shares being offered pursuant to the Global Offering (subject only to allotment);
- (ii) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and
- (iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 7 May 2010.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters) on or before 3 May 2010, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

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If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be published by our Company in the South *China Morning Post* (in English), the *Hong Kong Economic Times* (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.loccitane.com on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares — Despatch/Collection of Share Certificates and Refund Monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)(as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on 7 May 2010 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination” has not been exercised.

DEALING

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on 7 May 2010, it is expected that dealings in our Shares on the Hong Kong Stock Exchange will commence at 9:30 a.m. on 7 May 2010.

HOW TO APPLY FOR HONG KONG OFFER SHARES

METHODS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are three ways to make an application for Hong Kong Offer Shares. You may either (i) use a **WHITE** or **YELLOW** Application Form; (ii) apply online through the designated website of the **White Form eIPO** Service Provider, referred to herein as the “**White Form eIPO**” service; or (iii) **electronically instruct** HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **WHITE FORM eIPO** service or by giving **electronic application instructions** to HKSCC.

WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form, or if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States;
- are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the People’s Republic of China (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service (www.eipo.com.hk), in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm’s name. If the applicant is a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made by a person duly authorised under a valid power of attorney, our Company and the Joint Bookrunners (or their agents or nominees) may accept it at our or their discretion, and subject to any conditions we or they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Joint Bookrunners or the designated **White Form eIPO** Service Provider (where applicable) or our or their respective agents and nominees have full discretion to reject or accept any application, in full or in part, without assigning any reason.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The Hong Kong Offer Shares are not available to existing legal and beneficial owners of Shares, our Directors or chief executive officer, the directors or chief executive officer of any of our subsidiaries, or their respective associates or any other connected persons of our Company or persons who will become our connected persons immediately upon completion of the Global Offering.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Placing Shares under the International Placing, but may not do both.

1. APPLYING BY USING AN APPLICATION FORM

WHICH APPLICATION FORM TO USE

Use a **WHITE** Application Form if you want the Hong Kong Offer Shares issued in your own name.

Instead of using a **WHITE** Application Form, you may apply for the Hong Kong Offer Shares by means of **White Form eIPO** by submitting applications online through the designated website at www.eipo.com.hk. Use **White Form eIPO** if you want the Shares issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Instead of using a **YELLOW** Application Form, you may electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Any Hong Kong Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

WHERE TO COLLECT THE APPLICATION FORMS

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. to 4:30 p.m. from Monday, 26 April 2010 to Wednesday, 28 April 2010 and between 9:00 a.m. to 12:00 noon on Thursday, 29 April 2010 from:

(1) Any of the following addresses of the Hong Kong Underwriters

UBS AG, Hong Kong Branch	52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
CLSA Limited	18/F, One Pacific Place, 88 Queensway, Hong Kong
The Hongkong and Shanghai Banking Corporation	Level 15, HSBC Main Building, 1 Queen's Road Central, Hong Kong
BOCOM International Securities Limited	9/F., Man Yee Building, 68 Des Voeux Road Central, Hong Kong
CAF Securities Company Limited	13th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong
Guotai Junan Securities (Hong Kong) Limited	27th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
Platinum Securities Company Limited	22/F, Standard Chartered Bank Building, 4 Des Voeux Road Central, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(2) any of the following branches of The Hongkong and Shanghai Banking Corporation Limited:

	Branch Name	Address
Hong Kong Island:	Hong Kong Office	Level 3, 1 Queen's Road Central
	Des Voeux Road Central Branch	China Insurance Group Bldg 141 Des Voeux Road Central
	Causeway Bay Branch	1/F, Causeway Bay Plaza 2 463–483 Lockhart Road
Kowloon:	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Mong Kok Branch	L/G & U/G, 673 Nathan Road Mong Kok
	Whampoa Garden Branch	Shop No. G6 & 6A, G/F, Site 4 Whampoa Garden
New Territories:	Tuen Mun Town Plaza Branch	Shop 1, UG/F Shopping Arcade Phase II Tuen Mun Town Plaza, Tuen Mun
	Citylink Plaza Branch	Shops 38–46, Citylink Plaza Shatin Station Circuit, Sha Tin
	Tai Po Branch	54–62 Kwong Fuk Road, Tai Po

(3) any of the following branches of Bank of China (Hong Kong) Limited:

	Branch Name	Address
Hong Kong Island:	Bank of China Tower Branch	3/F, 1 Garden Road
	Central District (Wing On House) Branch	71 Des Voeux Road Central
	North Point (Kiu Fai Mansion) Branch	413–415 King's Road, North Point
	Chai Wan Branch	Block B, Walton Estate 341–343 Chai Wan Road Chai Wan
Kowloon:	Kwun Tong Branch	20–24 Yue Man Square, Kwun Tong
	Tsim Sha Tsui East Branch	Shop G02–03, Inter-Continental Plaza 94 Granville Road, Tsim Sha Tsui
	Mong Kok Branch	589 Nathan Road, Mong Kok
New Territories:	Castle Peak Road (Tsuen Wan) Branch	201–207 Castle Peak Road Tsuen Wan
	Kau Yuk Road Branch	18–24 Kau Yuk Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 26 April 2010 until 12:00 noon on Thursday, 29 April 2010 from the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Your stockbroker may also have Application Forms and this prospectus available.

HOW TO COMPLETE THE WHITE OR YELLOW APPLICATION FORM

Obtain an Application Form as described in the section headed “Where to Collect the Application Forms” above.

Complete the Application Form in English using blue or black ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque or banker’s cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form. Each Application Form must be accompanied by payment, in the form of either one cheque or one banker’s cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the cheque or banker’s cashier order does not meet the requirements set out on the Application Form.

Lodge the Application Form in one of the collection boxes by the time and at one of the locations as described in the section headed “6. Members of the public — Time for Applying for Hong Kong Offer Shares” below.

You should note that by completing and submitting the **WHITE** and **YELLOW** Application Form, among other things:

- (i) you agree with our Company, for itself and for the benefit of each of our shareholder, to observe and comply with the Luxembourg Companies Law, the Hong Kong Companies Ordinance, the Memorandum of Association and the Articles of Association;
- (ii) you agree with our Company and each of our shareholders that the Shares in our Company are freely transferable by the holders thereof;
- (iii) you authorise our Company to enter into a contract on your behalf with each of our Directors and officer of our Company whereby such Directors and officers undertake to observe and comply with their obligations to shareholders as stipulated in Articles of Association;
- (iv) you confirm that you have received a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations concerning our Company;
- (v) you agree that none of our Company, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, other parties involved in the Global Offering or any of their respective directors, officers, employees, partners, agents or advisors is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) you undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in or received or been placed, allotted or allocated (including conditionally and/or provisionally), and will not apply for or take up, or indicate any interest in any International Placing Shares nor otherwise participated in the International Placing;
- (vii) you agree to disclose to our Company, and/or our Hong Kong Share Registrar, receiving bankers, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and their respective advisors and agents any information about you which they require or the person(s) for whose benefit you have made the application;
- (viii) you instruct our Company and the Joint Bookrunners (or their respective agents or nominees) as agent for our Company to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect registration of any Hong Kong Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the Application Form;
- (ix) you agree that the processing of your application may be done by any of our Company's receiving bankers and is not restricted to the bank at which your application was lodged;
- (x) you represent and warrant that you understand that the Offer Shares have not been and will not be registered under the US Securities Act and you are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph h(3) of Rule 902 of Regulation S;
- (xi) you agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation and you may not revoke it other than as provided in this prospectus;
- (xii) you warrant the truth and accuracy of the information contained in your application;
- (xiii) you agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xiv) confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Form and agree to be bound by them;
- (xv) you undertake and agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you, under the application; and
- (xvi) if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of the Company, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and other parties involved in the Global Offering nor any of their respective

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directors, employees, partners, agents, officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus.

In order for the **YELLOW** Application Forms to be valid, you, as an applicant(s), must complete the Application Form as indicated below and sign on the first page of the Application Form.

Only written signatures will be accepted:

(i) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**

the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) **If the application is made by an individual CCASS Investor Participant:**

- (a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and
- (b) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) **If the application is made by a joint individual CCASS Investor Participant:**

- (a) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card number of all joint CCASS Investor Participants; and
- (b) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) **If the application is made by a corporate CCASS Investor Participant:**

- (a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and
- (b) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. Failure to provide the account number(s) or other identification code(s) for the beneficial owner(s) will result in the application being deemed to be submitted for the benefit of the nominee(s) in question.

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If your application is made through a duly authorised attorney, we and the Joint Bookrunners, (or its agents or nominees) may accept it at our or their discretion, and subject to any conditions we or they think fit, including production of evidence of the authority of your attorney. We and the Joint Bookrunners (or its agents or nominees) will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

2. HOW TO APPLY THROUGH WHITE FORM eIPO

General

If you are an individual and meet the criteria set out in paragraph above entitled “Who can apply for the Hong Kong Offer Shares” under this section, you may apply through **White Form eIPO** by submitting an application through the designated website at www.eipo.com.hk. If you apply through **White Form eIPO**, the Shares will be issued in your own name.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at www.eipo.com.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.

If you give **electronic application instructions** through the designated website at www.eipo.com.hk, you will have authorised the designated **White Form eIPO** Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

In addition to the terms and conditions set out in this Prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at www.eipo.com.hk. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorised the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and our Hong Kong Share Registrar.

You may submit an application through the **White Form eIPO** service in respect of a minimum of 250 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 250 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.eipo.com.hk.

Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Our Company, our Directors, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the **White Form eIPO** Service Provider take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 per each “L’OCCITANE INTERNATIONAL S.A.” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your application through the **White Form eIPO** service (www.eipo.com.hk), you are advised not to wait until the last day for lodging applications in the Hong Kong Public Offer to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service (www.eipo.com.hk), you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. See the paragraph entitled “How Many Applications You May Make” by means of **White Form eIPO** under this section.

Conditions of the White Form eIPO service

In using the **White Form eIPO** service to apply for the Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- (i) applies for the desired number of Hong Kong Offer Shares on the terms and conditions of this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk, and subject to the Articles of Association of our Company;
- (ii) undertakes and agrees to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;
- (iii) warrants that this is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or the **White Form eIPO** Service Provider under the **White Form eIPO** service (www.eipo.com.hk), to benefit the applicant or the person for whose benefit the applicant is applying;
- (iv) undertakes and confirms that the applicant or the person(s) for whose benefit the applicant is applying have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, and have not received or been placed or allotted (including conditionally and/or provisionally) any International Placing Shares under the International Placing, nor otherwise participated in the International Placing;
- (v) understands that this declaration and representation will be relied upon by our Company and the Joint Bookrunners in deciding whether or not to make any allotment of Hong Kong Offer Shares in response to such application;

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- (vi) authorises our Company to place the applicant's name on the register of members of our Company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and (subject to the terms and conditions set forth in this prospectus) to send any share certificates (where applicable) by ordinary post at the applicant's own risk to the address given on the **White Form eIPO** application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any share certificate(s) in person in accordance with the procedures prescribed in the **White Form eIPO** designated website at www.eipo.com.hk and this prospectus;
- (vii) requests that any refund cheque(s) be made payable to the applicant who had used multiple bank accounts to pay the application monies; and (subject to the terms and conditions set forth in this prospectus) to send any refund cheques by ordinary post and at the applicant's own risk to the address given on the **White Form eIPO** application (except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and collects any refund cheque(s) in person in accordance with the procedures prescribed in the **White Form eIPO** designated website at www.eipo.com.hk and this prospectus;
- (viii) request that any e-Refund payment instructions be despatched to the application payment bank account where the applicant had paid the application monies from a single bank account;
- (ix) has read the terms and conditions and application procedures set forth on the **White Form eIPO** designated website at www.eipo.com.hk and this prospectus and agrees to be bound by them;
- (x) represents, warrants and undertakes that the applicant, and any persons for whose benefit the applicant is applying are non-US person(s) outside the United States (as defined in Regulation S) when completing and submitting the Application Form or is a person described in paragraph (h)(3) of Rule 902 of Regulation S or the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require our Company to comply with any requirements under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong; and
- (xi) agrees that such application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Supplemental Information

If any supplement to this prospectus is issued, applicant(s) who have already submitted **electronic application instructions** through the **White Form eIPO** service may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications through the **White Form eIPO** service that have been submitted remain valid and may be accepted. Subject to the above and below, an application once made through the **White Form eIPO** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the **White Form eIPO** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- (i) instruct and authorise our Company and the Joint Bookrunners as agent for our Company (or their respective agents or nominees) to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk;
- (ii) confirm that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information or representations save as set forth in any supplement to this prospectus;
- (iii) agree that our Company, our Directors and any person who has authorised this prospectus are liable only for the information and representations contained in this prospectus and any supplement thereto;
- (iv) agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (v) (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service;
- (vi) (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, and that you are duly authorised to submit the application as that other person's agent;
- (vii) undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any Offer Shares under the International Placing nor otherwise participate in the International Placing;
- (viii) agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (ix) agree to disclose to our Company, the Joint Sponsors, the Sole Global Coordinator, the Underwriters, the Hong Kong Share Registrar, the Joint Bookrunners, the Joint Lead Managers, the receiving bankers and/or their respective advisors and agents personal data and any information which they require about you or the person(s) for whose benefit you have made this application;

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- (x) agree with our Company and each shareholder of our Company, and our Company agrees with each of its shareholders, to observe and comply with the Luxembourg Companies Law, the Hong Kong Companies Ordinance, the Memorandum of Association and the Articles of Association;
- (xi) agree with our Company and each shareholder of our Company that the Shares in our Company are freely transferable by the holders thereof;
- (xii) represent and warrant that you understand that the Shares have not been and will not be registered under the US Securities Act and you are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph (h)(3) of rule 902 of Regulation S;
- (xiii) confirm that you have read the terms and conditions and application procedures set forth in this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk and agree to be bound by them;
- (xiv) undertake and agree to accept the Shares applied for, or any lesser number allocated to you under your application; and
- (xv) if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of our Company, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and the other parties involved in the Global Offering nor any of their respective directors, employees, partners, agents, officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk.

Our Company, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other parties involved in the Global Offering and their respective directors, officers, employees, partners, agents, advisors are entitled to rely on any warranty, representation or declaration made by you in such application.

Power of attorney

If your application is made by a duly authorised attorney, our Company and the Joint Bookrunners (or its agents or nominees), may accept it at their discretion and subject to any conditions as any of them may think fit, including production of evidence of the authority of your attorney.

Additional information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White**

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Form eIPO Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at www.eipo.com.hk.

Otherwise, any monies payable to you due to a refund for any of the reasons set out below in the paragraph entitled “Refund of Application Monies”.

3. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979-7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
2/F Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and our registrar.

Giving electronic application instructions to HKSCC to Apply for Hong Kong Offer Shares by HKSCC Nominees On Your Behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

- (i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

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(ii) HKSCC Nominees does the following things on behalf of each such person:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
- undertakes and confirms that that person has not indicated an interest for, applied for or taken up or indicated an interest for, and has not received or been placed or allocated (including conditionally or provisionally) any Offer Shares under the International Placing nor otherwise participated in the International Placing;
- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;
- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;
- understands that the above declaration will be relied upon by our Company, our Directors and the Joint Bookrunners in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;
- authorises our Company to place the name of HKSCC Nominees on our register of members as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between us and HKSCC;
- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf save as set out in any supplement to this prospectus;
- agrees that our Company, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;

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- agrees to disclose that person's personal data to our Company, the Sole Global Coordinator and/or its respective agents and the Hong Kong Share Registrar and any information which they may require about that person;
- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before Wednesday, 26 May 2010, such agreement to take effect as a collateral contract with us and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before Wednesday, 26 May 2010, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer published by our Company;
- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;
- agrees with our Company, for ourselves and for the benefit of each of our shareholders (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Luxembourg Companies Law, the Hong Kong Companies Ordinance and our Memorandum of Association and Articles of Association; and
- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

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Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 250 Hong Kong Offer Shares. Such instructions in respect of more than 250 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **WHITE** and **YELLOW** Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instruction is given will be treated as an applicant.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance).

Personal Data

The section of the Application Form entitled “Personal Data” applies to any personal data held by us and our Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

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Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Joint Sponsors, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 29 April 2010.

4. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Hong Kong Offer Shares if, and only if:

You are a nominee, in which case you may give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one **WHITE** or **YELLOW** Application Form in your own name if each application is made on behalf of different beneficial owners.

In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving **electronic application instructions** through the designated website at www.eipo.com.hk and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

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If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an **electronic application instruction** you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk); or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) and that you are duly authorised to sign the Application Form or give **electronic application instructions** as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk); or
- apply both (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk); or
- apply (whether individually or jointly) on one **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or applying through a CCASS Clearing or Custodian Participant) or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) for more than 18,206,000 Hong Kong Offer Shares, being 50% of the Hong Kong Offer Shares initially being offered for public subscription under the Hong Kong Public Offer, as more particularly described in the section entitled "Structure of the Global Offering — The Hong Kong Public Offer"; or

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- have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

All of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

5. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK\$15.08 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 250 Shares you will pay HK\$3,808.04. The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for numbers of Shares up to 18,206,000 Shares. Your application must be for a minimum of 250 Shares. Applications must be in one of the numbers set forth in the tables in the Application Forms. No application for any other number of Shares will be considered and any such application is liable to be rejected.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares by a cheque or a banker's cashier order in accordance with the terms set out in the Application Forms (if you apply by an Application Form) or this prospectus.

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange, the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

6. MEMBERS OF THE PUBLIC — TIME FOR APPLYING FOR HONG KONG OFFER SHARES

Completed **WHITE** or **YELLOW** Application Forms, together with a cheque attached and marked payable to “HSBC Nominees (Hong Kong) Limited — LOI Public Offer” for the payment, must be lodged by 12:00 noon on Thursday, 29 April 2010, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed “7. Effect of Bad Weather on the Opening of the Application Lists” below.

Your completed Application Form, together with a cheque attached and marked payable to “HSBC Nominees (Hong Kong) Limited — LOI Public Offer” for the payment, should be deposited in the special collection boxes provided at any of the branches of The Hongkong and Shanghai Banking Corporation Limited and Bank of the China (Hong Kong) Limited listed under the section headed “1. Applying by Using an Application Form — Where to Collect the Application Forms” above at the following times:

Monday, 26 April 2010	— 9:00 a.m. to 4:30 p.m.
Tuesday, 27 April 2010	— 9:00 a.m. to 4:30 p.m.
Wednesday, 28 April 2010	— 9:00 a.m. to 4:30 p.m.
Thursday, 29 April 2010	— 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 29 April 2010. No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until the closing of the application lists. No allotment of any of the Shares will be made until after Thursday, 29 April 2010.

White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk from 9:00 a.m. on Monday, 26 April 2010 until 11:30 a.m. on Thursday, 29 April 2010 or such later time as described under the paragraph headed “7. Effect of Bad Weather on the Opening of the Applications Lists” under this section below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 29 April 2010, the last application day, or, if the application lists are not open on that day, then by the time and date stated in “7. Effect of Bad Weather on the Opening of the Applications Lists” under this section below.

You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for lodging applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for lodging applications, when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Thursday, 29 April 2010, or such later time as described under the paragraph headed “7. Effect of Bad Weather on the Opening of the Application Lists” under this section, the designated **White Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.

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Time for Inputting Electronic application instructions

Those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Clearing/Custodian Participants to give **electronic application instructions** to HKSCC via CCASS terminals to apply for Hong Kong Offer Shares.

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, 26 April 2010	— 9:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 27 April 2010	— 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 28 April 2010	— 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 29 April 2010	— 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 26 April 2010 until 12:00 noon on Thursday, 29 April 2010 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 29 April 2010, the last application day, or if the application lists are not open on that day, by the time and date stated in the sub-paragraph headed “7. Effect of Bad Weather on the Opening of the Application Lists” below.

7. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 29 April 2010. Instead the last application day will be postponed and the application lists will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

8. PUBLICATION OF RESULTS

We expect to announce the Offer Price, the level of indication of interest in the International Placing, the level of indication of interest in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares on Thursday, 6 May 2010 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), on our Company’s website at www.loccitane.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

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The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer will be available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offer can be found in our announcement to be posted on our Company's website at www.locitane.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 6 May 2010.
- Results of allocations for the Hong Kong Public Offer will be available from our designated results of allocations website at www.iporesults.com.hk on a 24-hour basis from 8:00 a.m. on Thursday, 6 May 2010 to 12:00 midnight on Wednesday, 12 May 2010. Search by ID function will be available on our Hong Kong Public Offer results of allocations website at www.iporesults.com.hk, or via a hyperlink from our website at www.locitane.com to our Hong Kong Public Offer results of allocations website at www.iporesults.com.hk. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/ its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, 6 May 2010 to Sunday, 9 May 2010;
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Thursday, 6 May 2010 to Saturday, 8 May 2010 at all the receiving bank branches and sub-branches at the addresses set out in the section headed "1. Applying by Using an Application Form — Where to Collect the Application Forms" above.

9. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or through the **White Form eIPO** service (www.eipo.com.hk) or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

By completing and submitting an Application Form or giving an **electronic application instruction** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk), you agree that your application or the application made by HKSCC Nominees on your behalf or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) cannot be revoked on or before Wednesday, 26 May 2010. This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form or give your

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electronic application instruction to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before Wednesday, 26 May 2010 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees or the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) on your behalf may only be revoked on or before Wednesday, 26 May 2010 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of our Company or our agents to reject or accept your application:**

Our Company, the Joint Bookrunners (or their respective agents and nominees) or the designated **White Form eIPO** Service Provider (where applicable), or our respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

Our Company, the Joint Bookrunners (or their respective agents and nominees) and the designated **White Form eIPO** Service Provider (where applicable), in their capacity as our agents, and our agents and nominees do not have to give any reason for any rejection or acceptance.

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- **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Hong Kong Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and/or Offer Shares in the International Placing. By filling in any of the **WHITE** or **YELLOW** Application Forms or applying by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk), you agree not to apply for Hong Kong Offer Shares as well as Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offer;
- your application is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form) or on the **White Form eIPO** website (www.eipo.com.hk);
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
- the Hong Kong Underwriting Agreement and the International Placing Agreement do not become unconditional;
- the Hong Kong Underwriting Agreement and the International Placing Agreement are terminated in accordance with their respective terms;
- the Company and/or the Joint Bookrunners believes that by accepting your application, it would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed; or

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- your application is for more than 18,206,000 Hong Kong Offer Shares, representing 50% of the Hong Kong Offer Shares initially offered for public subscription under the Hong Kong Public Offer.

10. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the offer price of HK\$15.08 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed “Structure of the Global Offer — Conditions of the Hong Kong Public Offer” or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one share certificate for all the Hong Kong Offer Shares issued to you under the Hong Kong Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the application:

- (a) for applications on **WHITE** Application Form or by giving **electronic application instructions** through the **White Form eIPO** service:
 - (i) share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or
 - (ii) share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applications on **YELLOW** Application Forms: share certificates for the Shares successfully applied for will be deposited into CCASS as described below); and/or
- (b) for applications on **WHITE** or **YELLOW** Application Forms, refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you

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may be printed on your refund cheque, if any. Such data would also be transferred to a third-party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

- (c) for applications by giving **electronic application instructions** to HKSCC and if your application is wholly or partially successful, share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on Thursday, 6 May 2010 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees. Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 6 May 2010. No interest will be paid thereon.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms; and share certificates for wholly and partially successful applicants under **WHITE** Application Forms or by giving **electronic application instructions** through the **White Form eIPO** service are expected to be posted on or around Thursday, 6 May 2010. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, 7 May 2010 provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section entitled “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination” has not been exercised.

(a) if you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have indicated your intention in your **WHITE** Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 6 May 2010 or such other date as notified by us in the newspapers as the date of collection/despatch of refund cheques/e-Refund payment instructions/share certificates. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to

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Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed “Structure of the Global Offering — Conditions of the Hong Kong Public Offer” in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage fee, Hong Kong Stock Exchange trading fee, and SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Thursday, 6 May 2010, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above. If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your **YELLOW** Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed “Structure of the Global Offer — Conditions of the Hong Kong Public Offer” in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your refund cheque(s) (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage fee, Hong Kong Stock Exchange trading fee, and SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Thursday, 6 May 2010, by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Thursday, 6 May 2010, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

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If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer on Thursday, 6 May 2010 in the manner described in "8. Publication of Results" above. You should check such results and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 6 May 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

(c) If you are applying through White Form eIPO

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website www.eipo.com.hk and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 6 May 2010, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk on Thursday, 6 May 2010 by ordinary post and at your own risk.

If you apply through the **White Form eIPO** service and paid the application monies from a single bank account, refund monies (if any) will be despatched to your payment bank account in the form of e-Refund payment instructions. If you apply through **White Form eIPO** service and paid the application monies from multiple bank accounts, refund monies (if any) will be despatched to the address as specified on your **White Form eIPO** application in the form of refund cheque(s), by ordinary post at your own risk.

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Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out above in the section headed “2. How to Apply Through White Form eIPO — Additional Information”.

(d) If you apply by giving electronic application instructions to HKSCC

Deposit of Share Certificates into CCASS and Refund of application monies

We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the newspapers on Thursday, 6 May 2010. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 6 May 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Thursday, 6 May 2010. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

11. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, we will refund your application monies, including brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of e-Refund payment instructions/refund cheques will be retained for our benefit.

If your application is accepted only in part, we will refund the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK\$15.08 per Offer Share, appropriate refund payments, including the brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies will be made to successful applicants, without interest. Details of the procedure for refund are set out above in the paragraph headed “10. Dispatch/Collection of Share Certificates and Refund Monies”.

All such interest accrued prior to the date of despatch of refund will be retained for our benefit.

HOW TO APPLY FOR HONG KONG OFFER SHARES

In a contingency situation involving a substantial over-subscription, at the discretion of the Company and the Joint Bookrunners cheques for applications for certain small denominations of Hong Kong Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Thursday, 6 May 2010 in accordance with the various arrangements as described in this section.

12. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on Friday, 7 May 2010. The Shares will be traded in board lots of 250 Shares each. The stock code of the Shares is 973.

13. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants."



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

26 April 2010

The Directors
L'Occitane International S.A.

UBS AG, Hong Kong Branch
CLSA Equity Capital Markets Limited
The Hongkong and Shanghai Banking Corporation Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of L'Occitane International S.A. (the "Company") and its subsidiaries (together, the "Group") set out in Sections I to III below, for inclusion in the prospectus of the Company dated 26 April 2010 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The Financial Information comprises the consolidated balance sheets as at 31 March 2007, 2008 and 2009 and 31 December 2009, the balance sheets of the Company as at 31 March 2007, 2008 and 2009 and 31 December 2009 and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in shareholders' equity and the consolidated statements of cash flows for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in Luxembourg on 22 December 2000 as 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.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries and associated companies as set out in Note 34 of Section II below. All of these companies are private companies.

The financial statements of the Company, the principal subsidiaries and associated companies of the Company were audited by independent auditors as set out in Note 35 of Section II below.

For the purpose of this report, the directors of the Company have prepared consolidated financial statements of the Company for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") (the "Underlying Financial Statements"). PricewaterhouseCoopers Marseille, France has audited the Underlying Financial Statements for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2009 in accordance with International Standards on Auditing.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' responsibility

The directors of the Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements in accordance with IFRSs.

For the financial information for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2009, the directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with IFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the nine months ended 31 December 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with IFRSs.

Reporting accountant's responsibility

For the financial information for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the Underlying Financial Statements used in preparing the financial information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the financial information for the nine months ended 31 December 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the 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.

Opinion and review conclusion

In our opinion, the financial information for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2009, for the purpose of this report, gives a true and fair view of the state of affairs of the Company and the Group as at 31 March 2007, 2008 and 2009 and 31 December 2009, and of the Group's results and cash flows for the respective years and period then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the nine months ended 31 December 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with IFRSs.

I. FINANCIAL INFORMATION OF THE GROUP AND THE COMPANY

CONSOLIDATED STATEMENTS OF INCOME

Notes	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
(unaudited)					
In thousands of Euros, except per share data					
Net Sales	334,949	414,965	537,335	403,100	462,694
Cost of sales	(63,802)	(78,601)	(105,550)	(81,150)	(87,626)
Gross profit	271,147	336,364	431,785	321,950	375,068
% of net sales	81.0%	81.06%	80.36%	79.87%	81.06%
Distribution expenses	(149,256)	(180,221)	(239,906)	(176,481)	(197,647)
Marketing expenses	(37,144)	(44,658)	(59,434)	(48,081)	(44,450)
General and administrative expenses	(32,298)	(38,379)	(50,803)	(36,488)	(40,982)
Direct costs related to the projected IPO — net (23)	—	—	(1,996)	(1,996)	—
Other (losses)/gains-net (29.2)	(338)	30	844	737	1,752
Operating profit	52,111	73,136	80,490	59,641	93,741
Finance costs — net (25)	(4,535)	(970)	(5,856)	(4,336)	(2,787)
Foreign currency gains/(losses) (26)	(2,137)	(7,029)	1,677	2,202	3,080
Share of gain/(loss) in associates and joint-ventures (10)	(114)	134	—	—	—
Profit before income tax	45,325	65,271	76,311	57,507	94,034
Income tax expense (27)	(9,818)	(15,656)	(16,927)	(11,275)	(25,307)
Profit for the year/period from continuing operations	35,507	49,615	59,384	46,232	68,727
Profit/(loss) for the year/period from discontinued operations (12)	—	(91)	—	—	—
Profit for the year/period	35,507	49,524	59,384	46,232	68,727
Attributable to:					
Equity holders of the Company	33,157	47,898	58,383	45,275	66,377
Minority interests	2,350	1,626	1,001	957	2,350
Total	35,507	49,524	59,384	46,232	68,727
Earnings per share for profit attributable to the equity holders of the Company during the year/period (expressed in Euros per share)					
Basic (28)	0.034	0.038	0.046	0.036	0.052
Diluted (28)	0.028	0.038	0.046	0.036	0.052
Number of shares used in earnings per share calculation adjusted for the new par value of €0.03 (see note 33)					
Basic (28)	989,021,132	1,273,619,558	1,274,396,391	1,274,396,391	1,274,396,391
Diluted (28)	1,256,719,278	1,274,359,308	1,274,396,391	1,274,396,391	1,274,396,391

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 March			Nine months ended 31 December	
	Notes	2007	2008	2009	2008	2009
		(unaudited)				
		In thousands of Euros				
Profit for the year/period		35,507	49,524	59,384	46,232	68,727
Other comprehensive income:						
Cash flow hedges fair value gains/ (losses) net of tax	(16)	—	—	237	251	(913)
Currency translation differences		(2,099)	(5,428)	4,080	4,111	(1,597)
Other comprehensive (loss)/income for the year/period, net of tax . . .		(2,099)	(5,428)	4,317	4,362	(2,510)
Total comprehensive income for the year/period		33,408	44,096	63,701	50,594	66,217
Attributable to:						
— Equity holders of the Company . . .		31,254	42,397	62,291	49,592	63,775
— Minority interests		2,154	1,699	1,410	1,002	2,442
Total		33,408	44,096	63,701	50,594	66,217

CONSOLIDATED BALANCE SHEETS

		As at 31 March			As at
		2007	2008	2009	31 December
	Notes				2009
In thousands of Euros					
ASSETS					
Property, plant and equipment, net.	(7)	47,028	51,729	69,350	71,556
Goodwill	(8)	31,749	35,334	78,510	83,477
Intangible assets, net.	(9)	16,464	18,629	37,414	39,828
Investments in associates and joint-ventures	(10)	1,080	—	—	—
Deferred income tax assets. . .	(27.2)	17,383	25,130	30,966	27,732
Available-for-sale financial assets		28	36	33	38
Other non-current receivables	(11)	7,882	10,856	17,181	16,852
Non-current assets		121,614	141,714	233,454	239,483
Inventories, net.	(13)	41,616	57,245	77,666	65,894
Trade receivables, net	(14)	29,339	39,197	42,512	61,203
Other current assets	(15)	10,145	17,124	23,608	21,088
Derivative financial instruments	(16)	210	43	2,644	472
Cash and cash equivalents . . .	(17)	55,916	39,073	27,279	88,323
Current assets		137,226	152,682	173,709	236,980
TOTAL ASSETS		258,840	294,396	407,163	476,463

		As at 31 March			As at 31 December
	Notes	2007	2008	2009	2009
In thousands of Euros					
EQUITY AND LIABILITIES					
Share capital.	(18)	38,185	38,232	38,232	38,232
Additional paid-in capital	(18)	49,995	49,995	49,995	49,329
Other reserves		(669)	(5,741)	(1,120)	(2,390)
Retained earnings		52,722	69,765	98,148	132,525
Capital and reserves attributable to the equity holders					
Minority interest in equity . . .		140,233	152,251	185,255	217,696
		2,049	2,989	2,004	2,692
Total equity		142,282	155,240	187,259	220,388
Borrowings.	(19)	27,185	9,452	75,137	60,039
Deferred income tax liabilities	(27.2)	827	781	5,851	5,699
Derivative financial instruments	(16)	—	—	1,335	1,189
Other financial liabilities. . . .	(6.6)	—	3,969	5,145	5,414
Other non-current liabilities . .	(20)	6,028	5,720	8,681	8,649
Non-current liabilities		34,040	19,922	96,149	80,990
Trade payables	(21)	37,184	53,702	50,702	49,557
Salaries, wages, related social items and other tax liabilities		13,435	14,478	19,608	29,034
Current income tax liabilities		12,623	15,783	13,998	16,076
Borrowings.	(19)	15,873	29,044	33,831	73,754
Other current liabilities.	(20)	1,865	2,273	3,187	3,343
Derivative financial instruments	(16)	—	1,637	769	1,082
Provisions for other liabilities and charges	(22)	1,538	2,317	1,660	2,239
Current liabilities		82,518	119,234	123,755	175,085
TOTAL EQUITY AND LIABILITIES.		258,840	294,396	407,163	476,463
NET CURRENT ASSETS		54,708	33,448	49,954	61,895
TOTAL ASSETS LESS CURRENT LIABILITIES		176,322	175,162	283,408	301,378

COMPANY-ALONE BALANCE SHEETS

		As at 31 March			As at
		2007	2008	2009	31 December
	Notes				2009
In thousands of Euros					
ASSETS					
Property, plant and equipment, net.		242	922	1,097	1,231
Intangible assets, net.		204	121	951	1,329
Investments in subsidiaries . . .	(34)	96,966	105,951	109,464	113,463
Deferred income tax assets. . .		295	755	—	155
Other non-current receivables due from subsidiaries		7,669	3,917	1,647	4
Non-current assets		105,376	111,666	113,159	116,182
Inventories, net.		1,103	1,787	1,959	1,611
Trade receivables due from subsidiaries, net.		19,057	32,016	31,743	32,814
Trade receivables, net	(14)	7,807	9,845	6,331	6,435
Other current assets due from subsidiaries		49,168	60,149	132,967	133,705
Other current assets		2,043	2,596	1,953	358
Derivative financial instruments	(16)	210	4	2,644	472
Cash and cash equivalents . . .	(17)	35,171	21,529	10,095	57,866
Current assets		114,559	127,926	187,692	233,261
TOTAL ASSETS		219,935	239,592	300,851	349,443

		As at 31 March			As at 31 December
	Notes	2007	2008	2009	2009
In thousands of Euros					
Share capital.	(18)	38,185	38,232	38,232	38,232
Additional paid-in capital	(18)	49,995	49,995	49,995	49,329
Retained earnings		75,536	84,881	115,556	134,843
Total equity		163,716	173,108	203,783	222,404
Borrowings.	(19)	15,389	—	35,517	25,730
Deferred income tax liabilities		—	—	406	—
Derivative financial instruments	(16)	—	—	307	254
Other financial liabilities.	(6.6)	—	3,969	4,339	4,574
Non-current liabilities		15,389	3,969	40,569	30,558
Trade payables due to subsidiaries		25,546	30,277	19,166	17,261
Trade payables		2,815	2,071	4,282	5,649
Salaries, wages, related social items and other tax liabilities		1,210	1,646	2,273	2,504
Current income tax liabilities		6,476	5,843	7,809	6,462
Borrowings.	(19)	4,398	19,127	21,983	64,385
Other current liabilities.		385	1,898	440	158
Derivative financial instruments	(16)	—	1,637	546	57
Provisions for other liabilities and charges		—	16	—	5
Current liabilities		40,830	62,515	56,499	96,481
TOTAL EQUITY AND LIABILITIES		219,935	239,592	300,851	349,443
NET CURRENT ASSETS		73,729	65,411	131,193	136,780
TOTAL ASSETS LESS CURRENT LIABILITIES		179,105	177,077	244,352	252,962

The profits attributable to shareholders for the years ended 31 March 2007, 2008 and 2009 are dealt with in the Financial Information of the Group to the extent of €29,992,000, €39,771,000 and €58,819,000. The profits attributable to shareholders for the nine months ended 31 December 2008 and 2009 are dealt with in the Financial Information of the Group to the extent of €51,561,000 and €51,285,000.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Capital and reserves attributable to the equity holders										
Notes	Number of shares	Share capital	Additional paid-in capital	Other reserves			Retained earnings		Minority interest	TOTAL EQUITY
				Share Based Payment	Compound Financial instrument/Hedging reserve	Cumulative Currency Translation Differences	Prior years	Profit for the year		
In thousands of Euros (except "Number of Shares")										
Balance at 31 March 2006	13,656,492	27,065	8,772	—	(3,912)	1,234	2,789	24,782	3,566	64,296
Comprehensive income										
Profit for the year	—	—	—	—	—	—	—	33,157	2,350	35,507
Other comprehensive income										
Currency translation differences	—	—	—	—	—	(1,903)	—	—	(196)	(2,099)
Total comprehensive income	—	—	—	—	—	(1,903)	—	33,157	2,154	33,408
Transactions with owners										
Allocation of prior year earnings	—	—	—	—	—	—	24,782	(24,782)	—	—
Capital Increase – conversion of options	(18.1)	1,500,676	2,974	—	—	—	—	—	—	2,974
Dividends paid	(18.5)	—	—	—	—	—	(8,006)	—	(1,792)	(9,798)
Conversion of compound financial instruments, net of tax	(19.3)	3,644,965	7,224	22,894	3,912	—	—	—	—	34,030
Increase in capital in connection with the acquisition of minority interest	(6.5)	465,023	922	18,329	—	—	—	—	—	19,251
Acquisition of minority interests	(6.5)	—	—	—	—	—	—	—	(1,879)	(1,879)
Total transactions with owners	5,610,664	11,120	41,223	—	3,912	—	16,776	(24,782)	(3,671)	44,578
Balance at 31 March 2007	19,267,156	38,185	49,995	—	—	(669)	19,565	33,157	2,049	142,282
Comprehensive income										
Profit for the year	—	—	—	—	—	—	—	47,898	1,626	49,524
Other comprehensive income										
Currency translation differences	—	—	—	—	—	(5,501)	—	—	73	(5,428)
Total comprehensive income	—	—	—	—	—	(5,501)	—	47,898	1,699	44,096
Transactions with owners										
Allocation of prior year earnings	—	—	—	—	—	—	33,157	(33,157)	—	—
Capital Increase- conversion of options into LOI shares	(18.1)	23,518	47	—	—	—	—	—	—	47
Dividends paid	(18.5)	—	—	—	—	—	(30,855)	—	(1,999)	(32,854)
Contribution from the parent	(18.3)	—	—	—	429	—	—	—	—	429
Minority interest in capital increase	—	—	—	—	—	—	—	—	1,240	1,240
Total transactions with owners	23,518	47	—	429	—	—	2,302	(33,157)	(759)	(31,138)
Balance at 31 March 2008	19,290,674	38,232	49,995	429	—	(6,170)	21,867	47,898	2,989	155,240
Comprehensive income										
Profit for the year	—	—	—	—	—	—	—	58,383	1,001	59,384
Other comprehensive income										
Currency translation differences	—	—	—	—	—	3,671	—	—	409	4,080
Cash flow hedges fair value gains/(losses) net of tax	(16)	—	—	—	237	—	—	—	—	237
Total comprehensive income	—	—	—	—	237	3,671	—	58,383	1,410	63,701
Transactions with owners										
Allocation of prior year earnings	—	—	—	—	—	—	47,898	(47,898)	—	—
Dividends paid	(18.5)	—	—	—	—	—	(30,000)	—	(1,882)	(31,882)
Contribution from the parent	(18.3)	—	—	—	713	—	—	—	—	713
Minority interest in capital increase	—	—	—	—	—	—	—	—	425	425
Acquisition of minority interests	(6.5)	—	—	—	—	—	—	—	(938)	(938)
Total transactions with owners	—	—	—	713	—	—	17,898	(47,898)	(2,395)	(31,682)
Balance at 31 March 2009	19,290,674	38,232	49,995	1,142	237	(2,499)	39,765	58,383	2,004	187,259

Capital and reserves attributable to the equity holders											
Notes	Number of shares	Share capital	Other reserves					Retained earnings		Minority interest	TOTAL EQUITY
			Additional paid-in capital	Share Based Payment	Compound Financial instrument/ Hedging reserve	Cumulative Currency Translation Differences	Prior years	Profit for the year			
In thousands of Euros (except "Number of Shares")											
Balance at 31 March 2008	19,290,674	38,232	49,995	429	—	(6,170)	21,867	47,898	2,989	155,240	
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	45,275	957	46,232	
Other comprehensive income											
Currency translation differences	—	—	—	—	—	4,066	—	—	45	4,111	
Cash flow hedges fair value gains/(losses) net of tax	(16)	—	—	—	251	—	—	—	—	251	
Total comprehensive income	—	—	—	—	251	4,066	—	45,275	1,002	50,594	
Transactions with owners											
Allocation of prior year earnings	—	—	—	—	—	—	47,898	(47,898)	—	—	
Dividends paid	(18.5)	—	—	—	—	—	(30,000)	—	(1,882)	(31,882)	
Contribution from the parent	(18.3)	—	—	558	—	—	—	—	—	558	
Minority interest in capital increase	—	—	—	—	—	—	—	—	12	12	
Acquisition of minority interests	(6.5)	—	—	—	—	—	—	—	(938)	(938)	
Total transactions with owners	—	—	—	558	—	—	17,898	(47,898)	(2,808)	(32,250)	
Balance at 31 December 2008 (unaudited)	19,290,674	38,232	49,995	987	251	(2,104)	39,765	45,275	1,183	173,584	
Balance at 31 March 2009	19,290,674	38,232	49,995	1,142	237	(2,499)	39,765	58,383	2,004	187,259	
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	66,377	2,350	68,727	
Other comprehensive income											
Currency translation differences	—	—	—	—	—	(1,689)	—	—	92	(1,597)	
Cash flow hedges fair value gains/(losses) net of tax	(16)	—	—	—	(913)	—	—	—	—	(913)	
Total comprehensive income	—	—	—	—	(913)	(1,689)	—	66,377	2,442	66,217	
Transactions with owners											
Allocation of prior year earnings	—	—	—	—	—	—	58,383	(58,383)	—	—	
Dividends paid	(18.5)	—	—	—	—	—	(32,000)	—	(1,633)	(33,633)	
Contribution from the parent	(18.3)	—	—	1,332	—	—	—	—	—	1,332	
Incremental costs directly attributable to the issue of new shares net of tax	(23)	—	—	(666)	—	—	—	—	—	(666)	
Minority interest in capital increase	—	—	—	—	—	—	—	—	124	124	
Acquisition of minority interests	(6.5)	—	—	—	—	—	—	—	(245)	(245)	
Total transactions with owners	—	—	(666)	1,332	—	—	26,383	(58,383)	(1,754)	(33,088)	
Balance at 31 December 2009	19,290,674	38,232	49,329	2,474	(676)	(4,188)	66,148	66,377	2,692	220,388	

CONSOLIDATED STATEMENTS OF CASH FLOWS

Notes	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
(unaudited)					
In thousands of Euros					
Cash flows from operating activities					
Profit for the year/period from continuing operations		35,507	49,615	59,384	46,232
Adjustments to reconcile profit for the year to net cash from operating activities					68,727
Depreciation, amortization and impairment	(29.3)	16,828	17,577	23,370	16,928
Deferred income taxes	(27.1)	(6,024)	(9,069)	(4,932)	(5,727)
Share of (gain)/loss in associates and joint-ventures	(10)	114	(134)	—	—
Unwinding of discount on other financial liabilities	(25)	—	—	595	490
Share based payment	(24)	—	429	713	558
Change in the fair value of derivatives	(16)	(170)	1,804	(1,878)	(2,618)
Other (losses) — net	(29.2)	338	(30)	(253)	(337)
Net movements in provisions	(29.4)	899	1,160	(100)	529
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation)					657
Inventories		(14,100)	(16,188)	(12,030)	(11,706)
Trade receivables		(8,696)	(10,773)	5,452	(14,573)
Trade payables		7,782	14,623	(9,227)	1,993
Salaries, wages, related social items and other tax liabilities		3,944	1,279	1,260	4,798
Current income tax liabilities		5,208	2,955	(2,593)	(4,076)
Unpaid finance costs		3,222	—	292	342
Other assets and liabilities, net		3,017	(2,110)	(3,721)	(5,277)
Net cash generated from operating activities		47,869	51,138	56,332	27,556
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	(6.5)	(1,825)	(2,907)	(57,018)	(57,018)
Purchases of property, plant and equipment	(7)	(18,154)	(21,580)	(30,587)	(24,311)
Purchases of intangible assets	(9)	(5,795)	(6,462)	(8,473)	(7,599)
Proceeds from sale of fixed assets	(29.2)	424	392	742	476
Proceeds from sale of investment in associates and joint-ventures	(10)	—	500	—	—
Change in deposits and key moneys paid to the landlords		(3,300)	(2,138)	(4,684)	(3,117)
Change in non-current receivables and liabilities		—	(183)	(83)	(221)
Net cash used in investing activities		(28,650)	(32,378)	(100,103)	(91,790)
					(27,938)

		Year ended 31 March			Nine months ended 31 December	
	Notes	2007	2008	2009	2008	2009
					(unaudited)	
		In thousands of Euros				
Cash flows from financing activities						
Payments directly attributable to the issue of new shares	(23)	—	—	—	—	(429)
Proceeds from the capital contributed by the minority shareholders		—	1,240	425	12	124
Proceeds from the exercise of stock options		2,974	47	—	—	—
Dividends paid to shareholders	(18.5)	(7,996)	(30,855)	(30,000)	(30,000)	(32,000)
Dividends paid to minority shareholders		(1,792)	(1,999)	(1,882)	(1,882)	(1,633)
Proceeds from borrowings	(19), (29.6)	16,720	2,049	69,338	90,790	7,802
Change in financing from parent	(19.4)	—	19,127	5,280	17,167	40,300
Repayments of borrowings	(19), (29.6)	(4,163)	(22,385)	(5,037)	(657)	(22,810)
Repayments on obligations under finance leases	(19)	(1,344)	(1,141)	(1,175)	(892)	(796)
Net cash generated from/(used in) financing activities		4,399	(33,917)	36,949	74,538	(9,442)
Effects of the exchange rate changes	(29.5)	937	(423)	(4,130)	(5,148)	(1,435)
Net increase/(decrease) in cash and bank overdrafts of discontinued operations		—	(91)	—	—	—
Net (decrease)/ increase in cash, cash equivalents and bank overdrafts		24,555	(15,671)	(10,952)	5,156	60,269
Cash, cash equivalents and bank overdrafts at beginning of the year/period		28,996	53,551	37,880	37,880	26,928
Cash		29,889	55,916	39,073	39,073	27,279
Bank overdrafts		(893)	(2,365)	(1,193)	(1,193)	(351)
Cash, cash equivalents and bank overdrafts at end of the year/period		53,551	37,880	26,928	43,036	87,197
Cash		55,916	39,073	27,279	44,376	88,323
Bank overdrafts		(2,365)	(1,193)	(351)	(1,340)	(1,126)

II. NOTES TO THE 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 products are marketed in France and in some ninety other countries primarily through a selective owned stores chain.

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

The Group markets a range of olive oil based foodstuffs under the brand "Oliviers & Co".

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Information is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The Financial Information of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB").

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

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

As at the date of this report, the following new standards, amendments to standards and interpretations have been issued by IASB, but are not effective for the period ended 31 December 2009 and have not been early adopted by the Group:

- IAS 17 (Amendment), 'Leases' (effective for annual periods beginning on or after 1 January 2010) related to the classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification.
- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 April 2010.
- IFRS 3 (Revised), 'Business combinations' (effective for annual periods beginning on or after 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 April 2010.

- IAS 38 (Amendment), 'Intangible assets', (effective for annual periods beginning on or after 1 January 2010) clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement (effective for annual periods beginning on or after 1 January 2010): the amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit and loss.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective for annual periods beginning on or after 1 October 2008). The interpretation clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group.
- IFRS 9, 'Financial Instruments'. This is the first instalment of a 3 phased project to replace the existing standard on financial instruments, IAS39. IFRS 9 deals with classification and measurement of financial assets. The standard is effective for annual periods beginning on or after 1 January 2013.

2.2. Principles of consolidation

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

(a) *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

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

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

(b) *Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals of minority interests result in gains and losses for the Group that are recorded in the statement of income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

When the minority interests have the right to sell the remaining shares through a put option, a liability is recognized for the put option. The liability is measured at present value of the redemption amount. When the put option is written as part of a business combination and when control over the subsidiary is acquired, no minority interest is recognized in respect of the shares subject to the put option and the goodwill arising on the business combination includes the goodwill related to the shares subject to the put option.

Subsequently to the initial recognition, the changes in the financial liability are recorded as follows:

- The unwinding of discount is recorded in finance costs.

- If any, the change in estimates in the redemption amount is recorded against goodwill.

(c) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's investment in associates includes goodwill identified on acquisition, if any (net of any impairment loss) (note 10).

The Group's share of its associates' post-acquisition profits or losses is recognized in the statement of income, and its share of post-acquisition movements in reserves is recognized in the Group's reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(d) *Interest in joint-ventures*

The Group's interests in jointly controlled entities are accounted for using the equity method of accounting and are initially recognized at cost.

2.3. Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

(c) *Group companies*

None of the Group's entities has the functional currency of a hyperinflationary economy. The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

- iii. All resulting exchange differences are recognized as a separate component of shareholders' equity within "Cumulative currency translation differences".

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

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

2.4. Segment reporting

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

2.5. Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is presented on the Consolidated Balance Sheet under the line "Goodwill". Goodwill on acquisitions of associates is included in investments in associates. Separately recognized goodwill is tested annually for impairment and carried at cost less impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) *Key moneys*

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

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

(c) *Contractual customer relationship*

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

(d) *Trademarks*

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

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

(e) *Computer software*

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

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Directly attributable costs include the software development employee costs and an appropriate portion of relevant overheads. These costs are amortized using the straight-line method over their estimated useful lives (not exceeding 5 years).

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

(f) *Development costs*

Given the nature of the products developed and sold by the Group (products manufactured with natural ingredients), research and development costs for the products are non-significant and are expensed when incurred.

2.6. Property, Plant and Equipment

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

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

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

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

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

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

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

2.7. Impairment of non-financial assets(a) *Intangible assets (other than goodwill and trademarks) and property, plant and equipment*

Intangible assets that are subject to amortization and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of

money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In assessing the fair value, an external valuation is obtained or management's best estimate is used to the extent the assumptions used by management reflect market expectations.

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

- For testing the asset's carrying amount of the stores (mainly: key moneys, architect/decorator costs, leasehold improvements, furniture), the cash-generating unit is the store.
- For the corporate assets where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

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

(b) *Goodwill and trademarks*

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

2.8. Deposits

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

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

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

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

2.10. Inventories

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

Inventories also include distribution and marketing promotional goods that are intended to be sold to third parties.

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

2.11. Trade receivables

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

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement within "Distribution expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "Distribution expenses" in the statement of income.

2.12. Financial assets

Classification of financial assets

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

Recognition and measurement

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

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit and loss" category are presented in the statement of income within "Finance costs" for interest derivatives and within "Foreign currency gains/(losses)" for currency derivatives in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss, translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of income as "Other (losses)/gains — net". Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of income. Dividends on available-for-sale equity instruments are recognised in the statement of income as part of other income when the Group's right to receive payments is established.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 2.11.

2.13. Derivative financial instruments and hedging activities

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

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

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

The fair value of the various derivative instruments used for hedging purposes is disclosed in note 16. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in shareholders' equity.

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

(a) Fair value hedge

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

The Group does not use fair value hedges.

(b) Cash flow hedge

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

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

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

(c) *Net investment hedge*

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

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

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

The Group does not use net investment hedges.

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

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

2.14. Cash and cash equivalents

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

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

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

2.15. Share capital

Ordinary shares are classified as equity. If any, mandatory redeemable preference shares are classified as liabilities.

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

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

2.16. Dividend distribution

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

2.17. Trade payables

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

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

2.18. Provisions

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

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

— And the amount has been reliably estimated.

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

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

Provision for costs of dismantling and restoring

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

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

Provision for onerous contracts

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

2.19. Employee benefits

(a) Pension obligations

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

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

Defined benefit plans

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of income in the period in which they arise.

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

Defined contribution plans

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

(b) Other post-employment obligations

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

(c) Share-based compensation

All equity instruments granted before 7 November 2002 are out of the scope of IFRS 2. Therefore, the fair value of the employee services received in exchange for the grant of these equity instruments is not recognised as an expense.

Following decisions approved on 28 September 2007, L'Occitane Groupe S.A., the parent of the Company, operates a number of equity-settled, share-based compensation plans which are granted to employees of the Group and its subsidiaries. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The expense is determined by reference to the fair value of the equity instruments at grant date, excluding the impact of any service and non-market performance conditions if any. Service and non-market performance conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity (contribution from the parent).

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

(d) Termination benefits

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

(e) Profit-sharing and bonus plans

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

2.20. Borrowings and compound financial instruments

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

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

On initial recognition the fair value of the liability portion of a convertible bond is the present value of the contractually determined stream of future cash flows discounted using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax if compliant with the definition of an equity instrument according to IAS 32. The issuer's obligation to make scheduled payments of interest and principal is a financial liability that exists as long as the instrument is not converted. On conversion of a convertible instrument at maturity, the entity derecognizes the liability component and recognizes it as equity. The original equity component remains as equity. There is no gain or loss on conversion at maturity.

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

2.21. Revenue recognition

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

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

Revenue is recognized as follows:

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

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

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

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

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

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

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

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

(c) *Sale of gift-certificates*

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

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

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

(d) *Loyalty program*

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

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

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

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

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

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

(e) *Consideration paid to distributors*

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

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

2.22. Distribution expenses

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

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

2.23. Marketing expenses

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

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

2.24. Accounting of rent expenses

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

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

Should the landlord grant free rent — in particular during the first months of the lease during the construction of the store — the free part is recognized on a straight-line basis over the remaining duration of the lease. Similarly, in the case of escalation clauses, lease payments are recognized as an expense on a straight-line basis.

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

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

2.26. Foreign currency gains/(losses)

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

- Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies (note 2.3 (b)). These foreign currency gains and losses are mainly related to the financing of the subsidiaries;
- Gains or losses arising from changes in the fair value of the foreign exchange derivatives at fair value through profit and loss (note 2.13 and note 16);
- Gains or losses arising from the ineffective portion of changes in the fair value of foreign exchange derivatives that are designated as hedging instruments (note 2.13 and note 16).

2.27. Income taxes

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

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

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

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

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

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

2.28. Earnings per share

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

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Anti-dilutive potential ordinary shares are not considered in the calculation of the diluted earnings per share. Potential ordinary shares are anti-dilutive when the conversion in ordinary shares increases the earnings per share or decreases the net losses per share. The Group has two categories of dilutive potential ordinary shares: share options and free shares. For the share options a calculation is made to determine the number

of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

2.29 Interim financial information at 31 December 2008 and 31 December 2009

The consolidated interim financial information for the nine-months ended 31 December 2009 and 31 December 2008 has been prepared using accounting policies consistent with those of the annual financial information for the years ended 31 March 2007, 31 March 2008 and 31 March 2009, as described in notes 2.1 to 2.28 except for taxes on income in the interim periods which are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group is subject to significant seasonal variances in sales, especially within the United States. However, as the sales have become more international, the effect of seasonal fluctuations has correspondingly decreased. Nonetheless, the Group still experiences and relies to a certain extent on significantly higher sales in its financial third quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. For the three-month period ended 31 December 2008, the level of sales represented 35% of the annual level of sales in the year ended 31 March 2009.

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 and new product launches during the Christmas holiday season.

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

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

(a) Market risk

Foreign exchange risk

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

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

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

During the years ended 31 March 2007, 2008 and 2009 and on 31 March 2007, 2008 and 2009, and during the nine months ended 31 December 2008 and 2009 and on 31 December 2008 and 2009, if the euro had weakened/strengthened by 10% in comparison to the currencies listed below with all other variables held constant, equity, net sales and post-tax profit for the year/periods would have been higher/lower as illustrated below:

	Currency translation differences (equity)			Net sales			Profit for the year		
				31 March					
	2007	2008	2009	2007	2008	2009	2007	2008	2009
	In thousands of Euros								
USD.	5,147	5,130	4,759	8,913	9,006	9,119	3,306	3,617	3,241
JPY.	2,917	5,164	7,618	5,043	7,876	12,766	2,378	3,842	5,158
HKD.	1,704	2,673	3,180	2,070	2,896	3,620	1,161	1,568	1,817
GBP.	1,136	1,617	1,438	2,151	2,641	2,600	829	1,258	1,126

	Currency translation differences (equity)		Net sales		Profit for the period	
			31 December			
	2008	2009	2008	2009	2008	2009
	(unaudited)		(unaudited)		(unaudited)	
	In thousands of Euros					
USD.	4,596	3,505	7,145	7,058	2,973	1,716
JPY.	6,329	6,858	8,738	10,769	4,178	3,615
HKD.	3,050	2,798	2,682	3,101	1,360	1,512
GBP.	1,506	1,515	2,101	2,462	1,154	1,121

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

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The analysis of the borrowings by category of rate is provided in note 19.6.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the differences between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

In accordance with debt covenants described in note 19.8, the interest rate of certain bank borrowings can be re-priced.

Based on the simulations performed, on 31 March 2007, 2008 and 2009, and on 31 December 2008 and 2009, if interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the years/periods would have been lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings (note 25).

Impact on post-tax profit					
Year ended 31 March			31 December		
2007	2008	2009	2008	2009	
(unaudited)					
In thousands of Euros					
Sensitivity of finance costs	106	27	345	173	149
Sensitivity of the post-tax profit	<u>73</u>	<u>18</u>	<u>237</u>	<u>119</u>	<u>103</u>

The above sensitivity takes into consideration the impact of the interest rate derivatives existing at 31 December 2009 on the interest expense but does not take into consideration the effect of a higher/lower interest rate on the fair market value of the derivatives designed to manage the cash flow interest risk floating-to-fixed interest rate swaps. The fair value of these derivatives at period end is not material.

Price risk

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

(b) Credit risk

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

The Group has no significant concentrations of credit risk:

- For cash and cash equivalents and derivatives financial instruments, only major financial institutions are accepted by the Group;
- For wholesales, the Group maintains adequate allowances for potential credit losses and follows regularly the solvency of its counterpart. As of 31 March 2007, 2008, and 2009, and as of 31 December 2008 and 2009, the Group did not have any significant concentration of business conducted with a particular customer that could, if suddenly eliminated, severely impact the operations of the Group;
- For retail sales, the sales to retail customers are made in cash or via major credit cards.

(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 (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. The liquidity reserve on 31 December 2009 is as follows:

		As at
		31 December 2009
		In thousands of Euros
Cash and cash equivalents and bank overdrafts		87,197
Undrawn borrowing facilities (note 19.10)		<u>96,032</u>
Liquidity reserves		<u>183,229</u>

The repayment of existing borrowings on 31 March 2007, 2008, 2009 and on 31 December 2009 and the related interest to be paid, assuming interest rate applicable on 31 March 2007, 2008, 2009 and on 31 December 2009 are as follows:

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
In thousands of Euros					
Borrowings	15,873	10,684	10,729	5,772	43,058
Interest payments on borrowings.	<u>2,137</u>	<u>1,319</u>	<u>2,498</u>	<u>635</u>	<u>6,589</u>
Total on 31 March 2007	<u>18,010</u>	<u>12,003</u>	<u>13,227</u>	<u>6,407</u>	<u>49,647</u>
Borrowings	29,044	1,579	3,819	4,054	38,496
Interest payments on borrowings.	<u>2,082</u>	<u>527</u>	<u>1,190</u>	<u>455</u>	<u>4,254</u>
Total on 31 March 2008	<u>31,126</u>	<u>2,106</u>	<u>5,009</u>	<u>4,509</u>	<u>42,750</u>
Borrowings	33,831	1,942	40,632	32,563	108,968
Interest payments on borrowings.	<u>3,898</u>	<u>3,465</u>	<u>3,734</u>	<u>611</u>	<u>11,708</u>
Total on 31 March 2009	<u>37,729</u>	<u>5,407</u>	<u>44,366</u>	<u>33,174</u>	<u>120,676</u>
Borrowings	73,754	14,330	43,341	2,368	133,793
Interest payments on borrowings.	<u>1,322</u>	<u>956</u>	<u>1,485</u>	<u>89</u>	<u>3,852</u>
Total on 31 December 2009.	<u>75,076</u>	<u>15,286</u>	<u>44,826</u>	<u>2,457</u>	<u>137,645</u>

The amount of interest to be paid does not take into consideration the effect of interest rate derivatives.

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.

3.3. Fair value estimation

Fair value of financial instruments

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

	As at 31 March						As at 31 December	
	2007		2008		2009		2009	
	Net book value	Fair value	Net book value	Fair value	Net book value	Fair value	Net book value	Fair value
In thousands of Euros								
Assets								
Available-for-sale								
financial assets (a)	28	28	36	36	33	33	38	38
Other non-current receivables . .	7,882	7,882	10,856	10,856	17,181	17,181	16,852	16,852
Derivatives financial								
instruments (b)	210	210	43	43	2,644	2,644	472	472
Total assets	<u>8,120</u>	<u>8,120</u>	<u>10,935</u>	<u>10,935</u>	<u>19,858</u>	<u>19,858</u>	<u>17,362</u>	<u>17,362</u>
Liabilities								
Non-current borrowings								
Fixed rate	2,274	2,274	1,015	1,015	—	—	—	—
Floating rate	24,911	24,911	8,437	8,437	75,137	75,137	60,039	60,039
Total borrowings	<u>27,185</u>	<u>27,185</u>	<u>9,452</u>	<u>9,452</u>	<u>75,137</u>	<u>75,137</u>	<u>60,039</u>	<u>60,039</u>
Derivatives financial								
instruments (b)	—	—	1,637	1,637	2,104	2,104	2,271	2,271
Total liabilities	<u>—</u>	<u>—</u>	<u>1,637</u>	<u>1,637</u>	<u>2,104</u>	<u>2,104</u>	<u>2,271</u>	<u>2,271</u>

(a) Non-consolidated investments are not significant and are valued as described in the note 2.12.

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

Fair value measurement hierarchy

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

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

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

	As at 31 March 2009			As at 31 December 2009		
	Level 1 (a)	Level 2 (b)	Level 3 (c)	Level 1 (a)	Level 2 (b)	Level 3 (c)
In thousands of Euros						
Assets						
Derivatives at fair value through profit and loss	—	882	—	—	451	—
Derivatives designated as hedging instruments	—	1,762	—	—	21	—
Cash and cash equivalents	27,279	—	—	88,323	—	—
Total assets	27,279	2,644	—	88,323	472	—
Liabilities						
Derivatives at fair value through profit and loss	—	(769)	—	—	(1,080)	—
Derivatives designated as hedging instruments	—	(1,335)	—	—	(1,191)	—
Total liabilities	—	(2,104)	—	—	(2,271)	—

- (a) The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- (b) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by external counterparties using methods and assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- (c) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Information requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Information and the reported amounts of revenue and expenses during the reporting period. Estimates are used for, but not limited to, depreciation, amortization and impairment (notes 2.5, 2.6 and 2.7) of non-current assets, allocation of the excess of the cost of an acquisition over the carrying value of the net assets acquired to key money (note 2.5) and to contractual customer relationship (note 2.5), valuation of inventories (note 2.10), depreciation of inventories (note 2.10), provisions (note 2.18), the provision for impairment of trade receivables (note 2.11), revenue recognition (note 2.21), income taxes (note 2.27), fair value of the derivative instruments (note 2.13) and contingencies (note 30).

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

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

4.1. Impairment test of non-current assets

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

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

- Forecasted sales are determined for each store based on its location. This may vary significantly from one location to another or from one country to another. Management determined budgeted net sales, gross margin and operating cash flows based on past performance and its expectations of market developments;
- The terminal value is based on a long term growth rate of 1%;
- The pre-tax discount rate of 9.00% (9.27% for the year ended 31 March 2009 and 7.7% for the year ended 31 March 2008). The same pre-tax discount rate has been used for all the segments as;
 - o All the products are produced in France;
 - o Most of the financing is done centrally, and;
 - o The specific local market risks are embedded in the cash flows projections.

4.2. Depreciation and amortization periods

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

4.3. Allowance on inventories

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

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

4.4. Legal claims

The estimates for provisions for litigation are based upon available information and advice of counsel and are regularly reviewed on this basis by management (see notes 22 and 30).

4.5. Income taxes

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

5. SEGMENT INFORMATION

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

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

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

- Sell-out comprises the sale of our products directly to the final customers. These sales are mainly done in the Group's stores and/or through the Group's website;
- Sell-in comprises the sale of our products to an intermediate. These intermediates are mainly distributors, wholesalers, TV show channels and travel retailers. This segment also comprises sales of products to corporate customers which will give them out as presents, for example to their customers or employees;
- Business to business (B to B) comprises the sale of the Group's products to an intermediate who will provide them as free amenities to its final customers. These intermediates are mainly airline companies and hotels.

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

5.1. Operating segments

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

The operating segments information for the years ended 31 March 2007, 2008, 2009 and for the nine months ended 31 December 2008 and 2009 is as follows:

	Year ended 31 March				
	2007				
	Sell-Out	Sell-In	B to B	Other reconciling items	Total
	In thousands of Euros				
Sales	238,834	85,726	10,389	—	334,949
In %	71.3%	25.6%	3.1%	—	100.0%
Gross profit	208,772	59,099	3,276	—	271,147
% of sales	87.4%	68.9%	31.5%	—	81.0%
Distribution expenses	(121,025)	(12,055)	(1,436)	(14,740)	(149,256)
Marketing expenses	(11,908)	(4,545)	(82)	(20,609)	(37,144)
General and administrative expenses	(1,159)	(294)	—	(30,845)	(32,298)
Goodwill amortization and impairment	—	—	—	—	—
Other (losses)/gains – net	(191)	(77)	—	(70)	(338)
Operating profit	74,489	42,128	1,758	(66,264)	52,111
% of sales	31.2%	49.1%	16.9%		15.6%

Year ended 31 March					
2008					
	Sell-Out	Sell-In	B to B	Other reconciling items	Total
In thousands of Euros					
Sales	293,158	105,797	16,010	—	414,965
<i>In %</i>	70.6%	25.5%	3.9%	—	100.0%
Gross profit	256,842	73,963	5,559	—	336,364
<i>% of sales</i>	87.6%	69.9%	34.7%	—	81.1%
Distribution expenses	(142,796)	(15,768)	(2,236)	(19,421)	(180,221)
Marketing expenses	(16,671)	(5,937)	(90)	(21,960)	(44,658)
General and administrative expenses	(1,822)	(303)	—	(36,254)	(38,379)
Goodwill amortization and impairment	—	—	—	—	—
Other (losses)/gains – net	118	(4)	—	(84)	30
Operating profit	95,671	51,951	3,233	(77,719)	73,136
<i>% of sales</i>	32.6%	49.1%	20.2%	—	17.6%
Year ended 31 March					
2009					
	Sell-Out	Sell-In	B to B	Other reconciling items	Total
In thousands of Euros					
Sales	384,406	132,561	20,368	—	537,335
<i>In %</i>	71.5%	24.7%	3.8%	—	100.0%
Gross profit	336,953	88,998	5,834	—	431,785
<i>% of sales</i>	87.7%	67.1%	28.6%	—	80.4%
Distribution expenses	(190,972)	(24,086)	(2,638)	(22,210)	(239,906)
Marketing expenses	(24,984)	(7,231)	(100)	(27,119)	(59,434)
General and administrative expenses	(2,192)	(2,551)	—	(46,060)	(50,803)
Direct costs related to the projected IPO – net	—	—	—	(1,996)	(1,996)
Goodwill amortization and impairment	—	—	—	—	—
Other (losses)/gains – net	227	79	—	538	844
Operating profit	119,032	55,209	3,096	(96,847)	80,490
<i>% of sales</i>	31.0%	41.6%	15.2%	—	15.0%

Nine months ended 31 December					
2008 (unaudited)					
	Sell-Out	Sell-In	B to B	Other reconciling items	Total
In thousands of Euros					
Sales	285,776	101,515	15,809	—	403,100
<i>In %</i>	70.9%	25.2%	3.9%	—	100.0%
Gross profit	249,930	67,393	4,627	—	321,950
<i>% of sales</i>	87.5%	66.4%	29.3%	—	79.9%
Distribution expenses	(139,665)	(18,027)	(2,050)	(16,739)	(176,481)
Marketing expenses	(20,216)	(5,557)	(70)	(22,238)	(48,081)
General and administrative expenses	(1,694)	(1,939)	—	(32,855)	(36,488)
Direct costs related to the projected IPO	—	—	—	(1,996)	(1,996)
Goodwill amortization and impairment	—	—	—	—	—
Other (losses)/gains – net	346	(10)	—	401	737
Operating profit	88,701	41,860	2,507	(73,427)	59,641
<i>% of sales</i>	31.0%	41.2%	15.9%	—	14.8%
Nine months ended 31 December					
2009					
	Sell-Out	Sell-In	B to B	Other reconciling items	Total
In thousands of Euros					
Sales	339,935	107,087	15,672	—	462,694
<i>In %</i>	73.5%	23.1%	3.4%	—	100.0%
Gross profit	297,789	72,520	4,759	—	375,068
<i>% of sales</i>	87.6%	67.7%	30.4%	—	81.1%
Distribution expenses	(158,400)	(16,461)	(1,702)	(21,084)	(197,647)
Marketing expenses	(22,306)	(4,086)	(37)	(18,021)	(44,450)
General and administrative expenses	(1,295)	—	—	(39,687)	(40,982)
Direct costs related to the projected IPO	—	—	—	—	—
Goodwill amortization and impairment	—	—	—	—	—
Other (losses)/gains – net	1,345	(4)	—	411	1,752
Operating profit	117,133	51,969	3,020	(78,381)	93,741
<i>% of sales</i>	34.5%	48.5%	19.3%	—	20.3%

There are no significant inter-segment transfers or transactions.

5.2. Geographic areas

(a) Sales

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

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

	Year ended 31 March					
	2007		2008		2009	
	Total	In %	Total	In %	Total	In %
In thousands of Euros						
Japan.	50,403	15.0%	78,676	19.0%	127,470	23.7%
United States	89,046	26.6%	89,928	21.7%	90,872	16.9%
France	46,313	13.8%	53,781	13.0%	77,136	14.4%
Hong-Kong.	24,360	7.3%	35,552	8.6%	43,312	8.1%
United Kingdom	21,479	6.4%	26,406	6.4%	26,004	4.8%
Luxembourg	19,728	5.9%	27,159	6.5%	24,231	4.5%
Taiwan.	25,254	7.5%	24,758	6.0%	24,163	4.5%
Brazil.	11,118	3.3%	14,332	3.5%	19,282	3.6%
Other countries.	47,248	14.1%	64,373	15.5%	104,865	19.5%
Sales.	334,949	100%	414,965	100%	537,335	100%

	Nine months ended 31 December			
	2008		2009	
	(unaudited)			
	Total	In %	Total	In %
In thousands of Euros				
Japan.	87,243	21.6%	107,190	23.2%
United States	71,189	17.7%	70,580	15.3%
France	58,986	14.6%	61,592	13.3%
Hong-Kong.	32,176	8.0%	36,190	7.8%
United Kingdom	21,012	5.2%	24,621	5.3%
Luxembourg	19,345	4.8%	20,910	4.5%
Taiwan.	19,017	4.7%	19,526	4.2%
Brazil.	15,418	3.8%	19,994	4.3%
Other countries.	78,714	19.5%	102,091	22.1%
Sales.	403,100	100.0%	462,694	100.0%

(b) Assets

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

	As at 31 March 2007			As at 31 March 2008		
	Property, Plant and Equipment	Goodwill	Intangible assets	Property, Plant and Equipment	Goodwill	Intangible assets
In thousand of Euros						
Luxembourg	242	—	204	922	—	121
France	20,233	125	7,449	24,014	125	7,727
United States	14,030	5,386	701	11,686	4,278	301
United Kingdom	2,910	1,847	237	2,981	1,543	133
Japan	2,423	17,416	487	2,818	16,525	611
Hong-Kong	668	2,336	—	948	1,861	—
Brazil	991	1,047	963	1,270	1,041	1,040
Spain	773	880	2,016	545	880	1,775
Mexico	148	—	1,089	418	—	1,877
Russia	—	—	—	398	6,449	24
Taiwan	765	1,508	35	645	1,396	139
Other countries	3,845	1,204	3,283	5,084	1,236	4,881
Total	47,028	31,749	16,464	51,729	35,334	18,629
As at 2009						
	31 March			31 December		
	Property, Plant and Equipment	Goodwill	Intangible assets	Property, Plant and Equipment	Goodwill	Intangible assets
In thousand of Euros						
Luxembourg	258	—	1,790	392	—	2,168
France	32,452	36,056	23,009	32,334	36,056	24,539
United States	10,585	5,083	224	8,899	4,695	168
United Kingdom	2,865	1,319	57	3,792	1,383	32
Japan	6,089	19,787	617	5,540	19,490	532
Hong-Kong	1,629	2,221	—	1,580	2,050	—
Brazil	1,716	939	1,305	2,379	3,939	2,070
Spain	1,018	880	2,694	1,053	880	2,423
Mexico	839	—	2,105	889	—	2,234
Russia	1,547	5,315	44	2,228	5,429	176
Taiwan	665	1,505	104	503	1,476	84
Other countries	9,687	5,405	5,465	11,967	8,079	5,402
Total	69,350	78,510	37,414	71,556	83,477	39,828

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE**6.1. For the year ended 31 March 2007***L'Occitane Airport LLC*

In early fiscal year 2007, a new subsidiary, L'Occitane Airport LLC, was created in order to distribute L'Occitane products in the Fort Worth airport of Dallas, USA. L'Occitane Airport LLC is held 65% by the Group.

L'Occitane Japan K.K.

On 29 September 2006, during the Annual General Meeting, the Company has authorized the issuance of 465,023 new shares in return of the contributions to the Group by the minority shareholders of their shares in the subsidiary L'Occitane Japan K.K. for 40% of the capital. After the exchange, L'Occitane Japan K.K. is now 100% held by the Group.

The shares issued in exchange of the minority shareholdings were estimated at market value. The market value was based on several approaches:

- method of discounted cash flows;
- method of the multiple which consisted of comparing the Group with comparable listed companies operating in the same business or having a similar scheme of distribution network;
- method which consisted of comparing the Group with the last transactions on the capital of other companies operating in the same business.

L'Occitane China Ltd

On 20 June 2006, a new intermediary holding subsidiary, L'Occitane China, was created in order to own the shares of the subsidiary L'Occitane Trading Shanghai (Co) Ltd. L'Occitane China is held at 51% by the Group. This restructuring resulted in the reduction of minority interests by €524,000.

L'Occitane Mexico

On 13 October 2006, a new subsidiary, L'Occitane Mexico, was created in order to distribute L'Occitane products in Mexico. L'Occitane Mexico is held at 50.1 % by the Group. On 1 November 2006, the Group then entered through L'Occitane Mexico into an asset deal to acquire, from an external agent, assets and liabilities related to retail and wholesale activities in Mexico. The objective of this acquisition was to strengthen the Group's position in this market. The purchase consideration had amounted to €1,752,000. The acquired business had contributed revenues of €732,000 and net loss of €13,000 to the Group for the period from 1 November 2006 to 31 March 2007.

6.2. For the year ended 31 March 2008*L'Occitane (Macau) Limitada*

On 14 June 2007, a new intermediary holding subsidiary, L'Occitane (Macau) Limitada, was created in order to distribute L'Occitane products in Macau. L'Occitane (Macau) Limitada is held at 100 % by the Group.

L'Occitane Russia

On 18 December 2007, the Group acquired a 51% stake in a Group that was acting as an agent distributing L'Occitane products in Russia. The remaining 49% are held by Anton Lyubimov.

As at the same date, the Group obtained the right to purchase and Anton Lyubimov obtained the right to sell the remaining 49% through a call, respectively put, option giving the Group the right to acquire, at any time, respectively Anton Luybimov to sell these shares, during the option period. The option period means any three month period starting on 1 January and ending 31 March of every year, but not before the 1 January 2011. The valuation of exercise price will be based on a mutually agreed price or at a market value determined by an expert.

In accordance with IAS 32, a liability was recognized for the put option. The liability was measured at the present value of the redemption amount (note 6.6). As the put option was written as part of a business combination when control over the subsidiary was acquired, no minority interest was recognized in respect of the shares subject to the put option and the goodwill arising on the business combination included the goodwill related to the shares subject to the put option.

The objective of this acquisition was to strengthen the Group's position in this market. The purchase consideration for the 51% stake had amounted to €4,131,000. The acquired business had contributed revenues of €3,825,000 and net profit of €432,000 to the Group for the period from the acquisition date to 31 March 2008.

6.3. For the year ended 31 March 2009

(a) *Business combinations and acquisitions of minority interests*

M&A Développement (France)

On 5 June 2008, the Group signed a share purchase agreement for the purchase of 85% of M&A Développement (M&A) for a purchase price of €46,750,000. The remaining 15% were held by Bernard Chevilliat. M&A is the holding company which holds 100% of its following subsidiaries: M&A Santé Beauté, Melvita and Ardecosm. M&A Group is located in Lagorce (Ardèche — South of France) and is specialized in manufacturing and the distribution of organic cosmetic and hygiene products under the brand Melvita.

As at the same date, the Group obtained the right to purchase and Bernard Chevilliat obtained the right to sell the remaining 15% through a call, respectively put, option giving the Group the right to acquire, at any time, respectively Bernard Chevilliat to sell these shares, during the option period or when certain triggering events occurred. The option period was the period starting from 6 June 2013. The valuation of option shares was based on a formula deemed to approximate the fair value of the shares at the date of transaction. Depending upon certain triggering events, the valuation can be adjusted downward.

In accordance with IAS 32, a liability was recognized for the put option. The liability was measured at the present value of the redemption amount (note 6.6). As the put option was written as part of a business combination when control over the subsidiary was acquired, no minority interest was recognized in respect of the shares subject to the put option and the goodwill arising on the business combination included the goodwill related to the shares subject to the put option.

Following an agreement with the minority shareholder dated 21 November 2008, L'Occitane Groupe S.A., the parent company, has authorized on 30 March 2009, the issuance of 183,433 new shares in return of the contribution to the parent company by the minority shareholder Bernard Chevilliat of his shares in the company M&A Développement (M&A) for 15% of the capital. The shares issued by the parent company in exchange of the minority shareholdings were estimated at market value (€4,516,000). The market value was based on method of the multiple which consisted of comparing the Group with comparable listed companies operating in the same business or having a similar scheme of distribution network. These 15% of the shares in the company M&A Développement (M&A) were sold for an amount of €4,516,000 by the parent company to L'Occitane S.A., a 100% subsidiary of the Group (note 19.4). After the exchange, M&A Développement (M&A) is now 100% held by the Group.

After the acquisition of the 15% remaining shares, the goodwill was adjusted downward for an amount of €3,930,000 to reflect the final consideration.

The acquired business had contributed revenues of €19,101,000 and net profit of €1,351,000 to the Group for the period from the acquisition date to 31 March 2009.

L'Occitane (China) limited

On 5 December 2008, L'Occitane (Far East) Limited finalised the acquisition of 49% of the issued share capital of L'Occitane (China) limited from LS Holding Company Ltd, the minority shareholder. These shares were paid through €684,000 in cash and 92,469 of the L'Occitane Groupe S.A.'s treasury shares. The treasury shares of the parent company were valued at market value (€2,271,000). The market value was based on method of the multiple which consisted of comparing the Group with comparable listed companies operating in the same business or having a similar scheme of distribution network. Because the minority interests have been partly paid by the parent to the vendor, this transaction resulted in the increase of the financing from parent for the same amount of €2,271,000.

After this transaction, L'Occitane (China) Limited is now 100% held by the Group.

As indicated in note 19.4, on 2 November 2009 LS Holding Company Ltd has released and discharged the Group from the obligation to repay a loan amounting to €686,000. This has been recorded as an adjustment to the consideration to purchase the minority interests and the goodwill was adjusted downward accordingly (note 8.1).

Urban Design Sp.z.o.o (Poland)

On 7 July 2008, the Group acquired 100% of the issued share capital of Urban Design Sp.z.o.o (renamed L'Occitane Polska Sp.z.o.o.) for a total consideration of €1,773,000. L'Occitane Polska Sp.z.o.o is located in Warsaw, Poland and is specialized in the distribution of L'Occitane products in the territory of Poland.

The acquired business had contributed revenues of €1,495,000 and net loss of €94,000 to the Group for the period from the acquisition date to 31 March 2009.

L'Occitane (Thailand) Limited

Following various arrangements signed in April and May 2008, the Group acquired 49% of the business conducted by its agent distributing L'Occitane products in Thailand through the newly constituted subsidiary L'Occitane (Thailand) Limited. The transfer of risks and rewards was effective on 30 June 2008. The objective of this acquisition was to strengthen the Group's position in this market. The purchase consideration for the transfer of 49% of the business had amounted to €409,000. The inventories and fixed assets necessary to run the business were acquired separately for €1,475,000. The remaining 51% in L'Occitane (Thailand) Limited are held by Harald Link and Nunthinee Sudhirak. In accordance with these arrangements, the Group controls L'Occitane (Thailand) Limited.

As part of these arrangements, Harald Link and Nunthinee Sudhirak obtained the right to sell the remaining 51% through a put option during the option period which starts three years after the completion of these arrangements. The valuation of exercise price will be based on a mutually agreed price.

In accordance with IAS 32, a liability was recognized for the put option. The liability was measured at the present value of the redemption amount (note 6.4). As the put option was written as part of a business combination when control over the subsidiary was acquired, no minority interest was recognized in respect of the shares subject to the put option and the goodwill arising on the business combination included the goodwill related to the shares subject to the put option.

The acquired business had contributed revenues of €3,551,000 and net loss of €119,000 to the Group for the period from the acquisition date to 31 March 2009.

(b) Disposals*Oliviers & Co Importação Ltda*

On 31 March 2009, the Group disposed its investment in Oliviers & Co Importação Ltda for an amount of €114,000 and recorded a gain amounting to €46,000.

The disposed business had contributed revenues of €235,000 and net profit of €(15,000) to the Group for the year ended 31 March 2009.

6.4. For the nine months ended 31 December 2009*L'Occitane Do Brazil*

On 16 November 2009, L'Occitane Holding Brazil LTDA, a fully owned subsidiary of L'Occitane International SA, acquired the remaining minority interests in L'Occitane Do Brazil S/A for a consideration of €2,701,000 in cash.

After this transaction, L'Occitane Do Brazil is now 100% held by the Group.

L'Occitane Canada Corp.

On 29 January 2009, a new intermediary subsidiary, L'Occitane Canada Corp was created. On 17 April 2009, the Group has acquired through L'Occitane Canada Corp., from the Canadian agent, the net assets related to retail and wholesales activities in Canada. The objective of this acquisition is to strengthen the Group's position in North America. The purchase consideration amounted to €4,684,000.

The acquired business had contributed revenues of €4,188,000 and net profit of €281,000 to the Group for the period from the acquisition date to 31 December 2009.

6.5. Cash used in acquisitions and fair value of the net assets acquired

For the year ended 31 March 2007

The cash used in acquisitions made during the year ended 31 March 2007 can be analyzed as follows:

	On 31 March 2007			
	L'Occitane Mexico SA de CV (Mexico)	L'Occitane Australia PTY LTD (Australia)	L'Occitane Japan	Total
	In thousands of Euros			
Cash payments	1,752	73	—	1,825
Direct costs relating to the acquisitions	—	—	—	—
Cash acquired	—	—	—	—
Purchase of activities net of cash acquired	1,752	73	—	1,825
Fair value of the Company's shares issued	—	—	19,251	19,251
Acquisition costs net of cash acquired	1,752	73	19,251	21,076
Property, plant and equipment (note 7)	118	—	—	118
Key moneys (note 9)	1,198	—	—	1,198
Trademarks (note 9)	—	—	—	—
Contractual customer relationship (note 9)	—	—	—	—
Other non-current assets	—	—	—	—
Goodwill (note 8)	—	82	17,124	17,206
Deferred tax assets	—	—	—	—
Inventories	436	—	—	436
Trade receivables and other current assets	—	—	—	—
Trade payables and other current liabilities	—	—	772	772
Deferred tax liabilities	—	—	—	—
Changes in minority interest	—	(9)	1,355	1,346
Fair value of net assets acquired	1,752	73	19,251	21,076

The excess of the acquisition costs over the share of the fair value at the acquisition date of the acquiree's assets, liabilities and contingent liabilities is recorded to goodwill. The main differences between the fair value of assets and liabilities and the corresponding acquiree's carrying amount is related mainly to key moneys for €1,198,000 as the acquired business in Mexico mainly operates through owned stores.

The goodwill related mainly to the purchase of the minority shares in L'Occitane Japan K.K.

For the year ended 31 March 2008

The cash used in acquisitions made during the year ended 31 March 2008 can be analyzed as follows:

	On 31 March 2008	
	L'Occitane Russia	Total
	In thousands of Euros	
Cash payments	4,131	4,131
Direct costs relating to the acquisitions	—	—
Cash acquired	(1,224)	(1,224)
Purchase of activities net of cash acquired	2,907	2,907
Fair value of the Company's shares issued	—	—
Acquisition costs net of cash acquired	2,907	2,907
Acquisition of minority shareholdings (option rights: note 6.6)	3,969	3,969
Total acquisition costs including options	6,876	6,876
Property, plant and equipment (note 7)	295	295
Key moneys (note 9)	—	—
Trademarks (note 9)	—	—
Contractual customer relationship (note 9)	—	—
Other non-current assets	—	—
Goodwill (note 8)	6,651	6,651
Deferred tax assets (note 27.3)	69	69
Inventories	1,419	1,419
Trade receivables and other current assets	1,079	1,079
Trade payables and other current liabilities	(2,637)	(2,637)
Deferred tax liabilities (note 27.3)	—	—
Changes in minority interest	—	—
Fair value of net assets acquired	6,876	6,876

The excess of the acquisition costs over the share of the fair value at the acquisition date of the acquiree's assets, liabilities and contingent liabilities is recorded to goodwill. The goodwill related to L'Occitane Russia was attributable to the increased profitability linked to the margins previously earned by the agent and also to the fact that the access of the Group to this market will be facilitated.

For the year ended 31 March 2009

The cash used in acquisitions made during the year ended 31 March 2009 can be analyzed as follows:

	On 31 March 2009				
	M&A Développement	L'Occitane (China) limited	L'Occitane Polska (Poland)	L'Occitane (Thailand) Limited	Total
	In thousands of Euros				
Cash payments	46,750	684	1,773	1,884	51,091
Direct costs relating to the acquisitions.	116	—	—	—	116
Fair value of the parent company's shares issued and related debt to parent	4,516	2,271	—	—	6,787
Cash acquired.	(804)	—	(172)	—	(976)
Purchase of activities net of cash acquired	50,578	2,955	1,601	1,884	57,018
Unwinding of discount of the put option (note 6.6).	(196)	—	—	—	(196)
Acquisition costs net of cash acquired	50,382	2,955	1,601	1,884	56,822
Acquisition of minority shareholdings (option rights: note 6.6).	—	—	—	777	777
Total acquisition costs including options	50,382	2,955	1,601	2,661	57,599
Property, plant and equipment (note 7)	2,607	—	312	268	3,187
Key moneys (note 9)	255	—	—	—	255
Trademarks (note 9)	14,717	—	—	—	14,717
Contractual customer relationship (note 9)	334	—	—	—	334
Other non-current assets	134	—	98	—	232
Goodwill (note 8)	35,931	2,017	1,300	1,186	40,434
Deferred tax assets (note 27.3)	209	—	—	—	209
Inventories	5,553	—	203	1,207	6,963
Trade receivables and other current assets	6,891	—	81	—	6,972
Borrowings.	(3,241)	—	—	—	(3,241)
Trade payables and other current liabilities.	(7,093)	—	(393)	—	(7,486)
Other non current liabilities (note 20.1)	(270)	—	—	—	(270)
Deferred tax liabilities (note 27.3)	(5,645)	—	—	—	(5,645)
Changes in minority interest.	—	938	—	—	938
Fair value of net assets acquired	50,382	2,955	1,601	2,661	57,599

The excess of the acquisition cost over the share of the fair value at the acquisition date of the acquiree's assets, liabilities and contingent liabilities is recorded to goodwill. The main differences between the fair value of assets and liabilities and the corresponding acquiree's carrying amount are related to the trademarks and the key moneys and to the related deferred tax liabilities.

The goodwill related to M&A was attributable to the fact that it will accelerate and facilitate the access of the Group to the organic cosmetic and hygiene markets. A portion of the goodwill is also attributable to synergies with the Group.

The goodwill related to L'Occitane (China) Limited related to the purchase of the minority shares in this subsidiary.

The goodwill related to L'Occitane (Thailand) Limited and L'Occitane Polska Sp.z.o.o (Poland) was attributable to the increased profitability linked to the margins previously earned by the agent and also to the fact that the access of the Group to these geographical markets will be facilitated.

For the nine months ended 31 December 2009

The cash used in acquisitions made during the nine months ended 31 December 2009 can be analyzed as follows:

	On 31 December 2009		
	L'Occitane Canada	L'Occitane do Brazil	Total
In thousands of Euros			
Cash payments	4,684	2,701	7,385
Direct costs relating to the acquisitions	107	—	107
Cash acquired	(218)	—	(218)
Purchase of activities net of cash acquired	4,573	2,701	7,274
Fair value of the Company's shares issued	—	—	—
Acquisition costs net of cash acquired	4,573	2,701	7,274
Property, plant and equipment (note 7)	555	—	555
Key moneys (note 9)	—	—	—
Trademarks (note 9)	—	—	—
Contractual customer relationship (note 9)	—	—	—
Other non-current assets	—	(263)	(263)
Goodwill (note 8)	3,171	2,719	5,890
Deferred tax assets (note 27.3)	327	—	327
Inventories	507	—	507
Trade receivables and other current assets	155	—	155
Trade payables and other current liabilities	(142)	—	(142)
Deferred tax liabilities (note 27.3)	—	—	—
Changes in minority interest	—	245	245
Fair value of net assets acquired	4,573	2,701	7,274

The excess of the acquisition cost over the share of the fair value at the acquisition date of the acquiree's assets, liabilities and contingent liabilities is recorded to goodwill.

The goodwill for L'Occitane do Brazil is related to the purchase of minority interests.

The goodwill related to L'Occitane Canada is attributable to the increased profitability linked to the margins previously earned by the agent and also to the fact that the access of the Group to this geographical market will be facilitated (there is no contractual customer relationship as the acquired business is mainly related to the Sell-out operating segment).

6.6. Other financial liabilities

For the year ended 31 March 2009

The following put options have been granted by the Group to the minority shareholders:

	31 March 2008	Grant of puttable instruments	Unwinding of discount (note 25)	Change in estimates in the valuation of the exercise price	Exercise of the option/ purchase of minority interests	31 March 2009
In thousands of Euros						
Anton Luybimov (L'Occitane Russia)	3,969	—	370	—	—	4,339
Bernard Chevilliat (M&A Développement)	—	8,250	196	(3,930)	(4,516)	—
Harald Link and Nunthinee Sudhirak (L'Occitane Thailand)	—	777	29	—	—	806
Total put options	3,969	9,027	595	(3,930)	(4,516)	5,145

The unwinding of discount is recognised as finance costs in the statement of income (note 25).

For the nine months ended 31 December 2009

The following put options have been granted by the Group to the minority shareholders:

	31 March 2009	Grant of puttable instruments	Unwinding of discount (note 25)	Change in estimates in the valuation of the exercise price	Exercise of the option/ purchase of minority interests	31 December 2009
In thousands of Euros						
Anton Luybimov (L'Occitane Russia)	4,339	—	235	—	—	4,574
Harald Link and Nunthinee Sudhirak (L'Occitane Thailand)	806	—	34	—	—	840
Total put options	5,145	—	269	—	—	5,414

7. PROPERTY, PLANT AND EQUIPMENT, NET

7.1. Year ended 31 March 2007

As of 31 March 2007, property, plant and equipment, net can be analyzed as follows:

	Land	Buildings	Machinery and equipment	Other tangible assets	Leasehold improvements related to the stores	Other tangible assets related to the stores	Tangible assets in progress	Total
In thousands of Euros								
Cost as of 1 April								
2006	1,069	12,227	10,731	6,067	40,186	8,737	1,053	80,070
Additions	138	2,955	1,750	1,631	9,244	1,711	725	18,154
Disposals	—	(17)	(516)	(47)	(1,016)	(327)	—	(1,923)
Acquisition of subsidiaries	—	—	—	1	117	—	—	118
Other movements	—	(6)	24	355	292	(654)	(469)	(458)
Exchange differences	—	(111)	(166)	(44)	(2,580)	(535)	(24)	(3,460)
Cost as of 31 March								
2007	1,207	15,048	11,823	7,963	46,243	8,932	1,285	92,501
Accumulated depreciation as of								
1 April 2006	—	(2,527)	(6,580)	(3,279)	(17,910)	(5,323)	—	(35,619)
Depreciation	—	(916)	(1,741)	(1,458)	(7,889)	(1,401)	—	(13,405)
Impairment loss	—	—	—	—	(136)	—	—	(136)
Reversal of impairment loss	—	—	—	28	282	—	—	310
Disposals	—	—	442	18	782	248	—	1,490
Other movements	—	6	(56)	12	(82)	317	—	197
Exchange differences	—	42	101	34	1,190	323	—	1,690
Accumulated depreciation as of								
31 March 2007	—	(3,395)	(7,834)	(4,645)	(23,763)	(5,836)	—	(45,473)
Net book value as of								
31 March 2007	1,207	11,653	3,989	3,318	22,480	3,096	1,285	47,028
Including assets under finance leases:								
Property, plant & equipment, gross	1,069	10,212	2,737	—	—	680	—	14,698
Accumulated depreciation	—	(2,392)	(2,044)	—	—	(680)	—	(5,116)
Net book value under finance leases as of								
31 March 2007	1,069	7,820	693	—	—	—	—	9,582

Main additions during the year relate to land and building for the new logistical center for €3,093,000, leasehold improvements for the new stores for €9,244,000 and other tangible assets related to the stores for €1,711,000.

There was no new acquisition under finance lease.

7.2. Year ended 31 March 2008

As of 31 March 2008, property, plant and equipment, net can be analyzed as follows:

	Land	Buildings	Machinery and equipment	Other tangible assets	Leasehold improvements related to the stores	Other tangible assets related to the stores	Tangible assets in progress	Total
In thousands of Euros								
Cost as of 1 April								
2007	1,207	15,048	11,823	7,963	46,243	8,932	1,285	92,501
Additions	120	375	2,423	3,761	9,945	1,416	3,540	21,580
Disposals	—	—	(24)	(229)	(924)	(123)	—	(1,300)
Acquisition of subsidiaries	—	—	—	—	290	—	5	295
Other movements	—	787	155	565	(396)	413	(1,629)	(105)
Exchange differences	—	(271)	(316)	(317)	(5,238)	(985)	(117)	(7,244)
Cost as of 31 March 2008	1,327	15,939	14,061	11,743	49,920	9,653	3,084	105,727
Accumulated depreciation as of								
1 April 2007	—	(3,395)	(7,834)	(4,645)	(23,763)	(5,836)	—	(45,473)
Depreciation	—	(1,061)	(1,887)	(1,741)	(7,353)	(1,644)	—	(13,686)
Impairment loss	—	—	—	—	(199)	—	—	(199)
Reversal of impairment loss	—	—	—	—	45	—	—	45
Disposals	—	—	21	186	794	74	—	1,075
Other movements	—	—	—	(105)	202	(32)	—	65
Exchange differences	—	131	235	204	2,889	716	—	4,175
Accumulated depreciation as of 31 March 2008	—	(4,325)	(9,465)	(6,101)	(27,385)	(6,722)	—	(53,998)
Net book value as of 31 March 2008	1,327	11,614	4,596	5,642	22,535	2,931	3,084	51,729
Including assets under finance leases:								
Property, plant & equipment, gross	1,069	10,212	2,737	—	—	680	—	14,698
Accumulated depreciation	—	(2,979)	(2,362)	—	—	(680)	—	(6,021)
Net book value under finance leases as of 31 March 2008	1,069	7,233	375	—	—	—	—	8,677

Main additions during the year related to leasehold improvements for the stores, the new logistical center in Manosque and the renovation of the Paris office.

There is no new acquisition under finance lease.

7.3. Year ended 31 March 2009

As of 31 March 2009, property, plant and equipment, net can be analyzed as follows:

	Land	Buildings	Machinery and equipment	Other tangible assets	Leasehold improvements related to the stores	Other tangible assets related to the stores	Tangible assets in progress	Total
In thousands of Euros								
Cost as of 1 April								
2008	1,327	15,939	14,061	11,743	49,920	9,653	3,084	105,727
Additions	—	161	2,990	4,141	15,734	4,566	4,352	31,944
Disposals	—	(91)	(208)	(1,139)	(4,136)	(778)	—	(6,352)
Acquisition of subsidiaries	31	686	950	679	215	328	298	3,187
Other movements	—	1,220	260	1,036	1,202	192	(3,962)	(52)
Exchange differences	—	172	290	(40)	4,253	616	82	5,373
Cost as of 31 March 2009	1,358	18,087	18,343	16,420	67,188	14,577	3,854	139,827
Accumulated depreciation as of								
1 April 2008	—	(4,325)	(9,465)	(6,101)	(27,385)	(6,722)	—	(53,998)
Depreciation	—	(1,224)	(2,214)	(2,489)	(10,473)	(2,016)	—	(18,416)
Impairment loss	—	—	—	—	(428)	—	—	(428)
Reversal of impairment loss	—	—	—	—	69	—	—	69
Disposals	—	81	197	1,092	3,579	991	—	5,940
Other movements	—	(8)	—	97	—	(117)	—	(25)
Exchange differences	—	(109)	(250)	4	(2,663)	(598)	—	(3,616)
Accumulated depreciation as of 31 March 2009	—	(5,585)	(11,732)	(7,397)	(37,301)	(8,462)	—	(70,477)
Net book value as of 31 March 2009	1,358	12,502	6,611	9,023	29,887	6,115	3,854	69,350
Including assets under finance leases:								
Property, plant & equipment, gross	1,100	10,893	2,737	—	—	682	—	15,412
Accumulated depreciation	—	(3,605)	(2,592)	—	—	(682)	—	(6,879)
Net book value under finance leases as of 31 March 2009	1,100	7,288	145	—	—	—	—	8,533

Main additions during the year related to leasehold improvements for the opening of 155 stores, the finalisation of the renovation of the Paris office and new offices in Manosque.

The additions in Other tangible assets related to the stores include the costs for dismantling and restoring that are recorded at the inception of the lease and that amount to €1,357,000. This component is subsequently depreciated over the lease term (note 2.18 and 20.3). Excluding these non-cash costs, total additions amount to €30,587,000.

The increase in finance leases is related to the acquisition of land and buildings.

Land is located in France.

7.4. Nine months ended 31 December 2009

As of 31 December 2009, property, plant and equipment, net can be analyzed as follows:

	Land	Buildings	Machinery and equipment	Other tangible assets	Leasehold improvements related to the stores	Other tangible assets related to the stores	Tangible assets in progress	Total
In thousands of Euros								
Cost as of 1 April								
2009	1,358	18,087	18,343	16,420	67,188	14,577	3,854	139,827
Additions	—	261	1,931	2,210	6,632	2,224	3,561	16,819
Disposals	—	—	(624)	(355)	(1,386)	(372)	(150)	(2,887)
Acquisition of subsidiaries	—	—	102	453	—	—	—	555
Other movements	—	(1,890)	173	4,714	1,549	(959)	(3,101)	486
Exchange differences	—	(71)	(73)	366	(1,310)	(112)	15	(1,185)
Cost as of 31 December 2009	1,358	16,387	19,852	23,808	72,673	15,358	4,179	153,615
Accumulated depreciation as of 1 April 2009	—	(5,585)	(11,732)	(7,397)	(37,301)	(8,462)	—	(70,477)
Depreciation	—	(634)	(1,878)	(2,752)	(7,754)	(1,450)	—	(14,468)
Impairment loss	—	—	—	—	(220)	—	—	(220)
Reversal of impairment loss	—	—	—	—	184	—	—	184
Disposals	—	—	503	312	1,178	332	—	2,325
Other movements	—	1,340	(412)	(2,532)	(713)	1,624	—	(693)
Exchange differences	—	60	101	(102)	1,023	208	—	1,290
Accumulated depreciation as of 31 December 2009	—	(4,819)	(13,418)	(12,471)	(43,603)	(7,748)	—	(82,059)
Net book value as of 31 December 2009	1,358	11,568	6,434	11,337	29,070	7,610	4,179	71,556
Including assets under finance leases:								
Property, plant & equipment, gross	1,100	10,893	2,737	—	—	682	—	15,412
Accumulated depreciation	—	(3,895)	(2,672)	—	—	(682)	—	(7,249)
Net book value under finance leases as of 31 December 2009	1,100	6,998	65	—	—	—	—	8,163

Main additions during the period related to leasehold improvements for the opening of 91 stores.

The additions in Other tangible assets related to the stores include the costs for dismantling and restoring that are recorded at the inception of the lease and that amount to €121,000. This component is subsequently depreciated over the lease term (note 2.18 and 20.3). Excluding these non-cash costs, total additions amount to €16,698,000.

The tangible assets in progress are mainly related to the refurbishment of the plant's store, the furniture related to stores that are not yet opened and to the extension of the plant in Lagorce.

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

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

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
				(unaudited)	
	In thousands of Euros				
Cost of goods sold	1,535	1,740	2,353	1,726	1,993
Distribution expenses	10,112	10,265	13,893	10,039	10,918
General and administrative expenses	1,758	1,681	2,170	1,435	1,557
Depreciation expenses	13,405	13,686	18,416	13,200	14,468

7.6. Impairment tests for property, plant and equipment

	As at 31 March			As at 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
Accumulated impairment at the beginning of the period	(930)	(602)	(641)	(641)	(1,141)
Impairment loss	(136)	(199)	(428)	(421)	(220)
Reversal of impairment loss	310	45	69	67	184
Disposals	94	—	—	—	50
Exchange differences	60	115	(141)	(126)	(52)
Accumulated impairment at end of the period	(602)	(641)	(1,141)	(1,121)	(1,179)

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

An impairment loss amounting to €136,000, €199,000, €428,000, €421,000 and €220,000 for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2008 and 2009, respectively, has been recorded within the distribution expenses to adjust the carrying amount of certain assets.

A reversal of impairment loss amounting to €310,000, €45,000, €69,000, €67,000 and €184,000 for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2008 and 2009, respectively, has been recorded within the distribution expenses. No impairment loss has been recorded in the general and administrative expenses.

8. GOODWILL

Goodwill variation analysis is as follows:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Cost at the beginning of the period	14,645	31,749	35,334	78,510
Acquisition of new companies and of additional shareholdings (see note 6.5)	17,206	6,651	40,434	5,890
Adjustment to the purchase consideration	—	—	—	(686)
Exchange differences	(102)	(3,066)	2,742	(237)
Cost at the end of the period	<u>31,749</u>	<u>35,334</u>	<u>78,510</u>	<u>83,477</u>
Accumulated impairment at the beginning of the period	—	—	—	—
Impairment loss	—	—	—	—
Exchange differences	—	—	—	—
Accumulated impairment at the end of the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

8.1. Year ended 31 March 2007

As of 31 March 2007, the breakdown of the Group's goodwill by country of origin was detailed as follows:

	Net book value on	Acquisitions of subsidiaries or of additional shareholdings	Exchange differences	Net book value on
	1 April 2006			31 March 2007
Geographic areas	In thousands of Euros			
France	125	—	—	125
United States	5,386	—	—	5,386
United Kingdom	1,847	—	—	1,847
Japan	307	17,124	(10)	17,421
Hong Kong	2,336	—	—	2,336
Taiwan	1,556	—	(48)	1,508
Brazil	1,086	—	(44)	1,042
Spain	880	—	—	880
Australia	669	82	—	751
Belgium	323	—	—	323
Germany	130	—	—	130
TOTAL	<u>14,645</u>	<u>17,206</u>	<u>(102)</u>	<u>31,749</u>

8.2. Year ended 31 March 2008

As of 31 March 2008, the breakdown of the Group's goodwill by country of origin was detailed as follows:

Geographic areas	Net book value on 1 April 2007	Acquisitions of subsidiaries or of additional shareholdings	Exchange differences	Net book value on 31 March 2008
	In thousands of Euros			
France	125	—	—	125
United States	5,386	—	(1,108)	4,278
United Kingdom	1,847	—	(305)	1,542
Japan	17,421	—	(896)	16,525
Hong Kong	2,336	—	(475)	1,861
Taiwan	1,508	—	(112)	1,396
Brazil	1,042	—	(1)	1,041
Spain	880	—	—	880
Australia	751	—	33	784
Belgium	323	—	—	323
Germany	130	—	—	130
Russia	—	6,651	(202)	6,449
TOTAL	31,749	6,651	(3,066)	35,334

8.3. Year ended 31 March 2009

As of 31 March 2009, the breakdown of the Group's goodwill by country of origin was detailed as follows:

Geographic areas	Net book value on 1 April 2008	Acquisitions of subsidiaries or of additional shareholdings	Exchange differences	Net book value on 31 March 2009
	In thousands of Euros			
France	125	35,931	—	36,056
United States	4,278	—	805	5,083
United Kingdom	1,542	—	(223)	1,319
Japan	16,520	—	3,267	19,787
Hong Kong	1,861	—	360	2,221
Taiwan	1,396	—	109	1,505
Brazil	1,046	—	(107)	939
Spain	880	—	—	880
Australia	784	—	(128)	656
Belgium	323	—	—	323
Germany	130	—	—	130
Russia	6,449	—	(1,134)	5,315
Thailand	—	1,186	39	1,225
Poland	—	1,300	(371)	929
China	—	2,017	125	2,142
TOTAL	35,334	40,434	2,742	78,510

8.4. Nine months ended 31 December 2009

As of 31 December 2009, the breakdown of the Group's goodwill by country of origin is detailed as follows:

Geographic areas	Net book value on 1 April 2009	Acquisitions of subsidiaries or of additional shareholdings	Adjustment to the purchase consideration	Exchange differences	Net book value on 31 December 2009
In thousands of Euros					
France (a)	36,056	—	—	—	36,056
Japan (b)	19,787	—	—	(297)	19,490
Russia	5,315	—	—	114	5,429
United States	5,083	—	—	(388)	4,695
Brazil	939	2,719	—	281	3,939
Canada	—	3,171	—	123	3,294
Hong Kong	2,221	—	—	(171)	2,050
Taiwan	1,505	—	—	(29)	1,476
United Kingdom	1,319	—	—	64	1,383
China (c)	2,142	—	(686)	(158)	1,298
Thailand	1,225	—	—	(51)	1,174
Poland	929	—	—	133	1,062
Spain	880	—	—	—	880
Australia	656	—	—	142	798
Belgium	323	—	—	—	323
Germany	130	—	—	—	130
TOTAL	78,510	5,890	(686)	(237)	83,477

- (a) The French goodwill mostly related to Melvita acquisition is allocated to the Sell-out operating segment for an amount of €22,067,000 and to the Sell-in operating segment for an amount of €13,864,000. The key step in relation to the impairment test is the international launch of the Melvita brand which has not yet started;
- (b) The Japanese goodwill is allocated to the Sell-out operating segment.
- (c) On 2 November 2009, LS Holding Company Ltd has released and discharged the Group from the obligation to repay a loan amounting to €686,000. This has been recorded as an adjustment to the consideration to purchase the minority interests (note 6.2) and the goodwill was adjusted downward accordingly.

8.5. Impairment test for goodwill

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

No impairment loss was recognized during the periods.

9. INTANGIBLE ASSETS, NET

Indemnities paid to the previous lessee at the inception of the lease are recorded as key money and amortized over a period of 10 years or over the lease term if shorter.

Other intangible assets relate mainly to internally used software including enterprise resources planning system, point-of-sales system and others.

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

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

9.1. Year ended 31 March 2007

As of 31 March 2007, intangible assets, net can be analyzed as follows:

	<u>Website</u>	<u>Trademarks</u>	<u>Key moneys</u>	<u>Contractual customer relationships</u>	<u>Other intangible assets</u>	<u>Total</u>
In thousands of Euros						
Cost as of 1 April 2006	658	—	17,609	1,427	4,354	24,048
Additions	36	—	4,672	—	1,087	5,795
Disposals	—	—	(705)	—	(24)	(729)
Acquisition of subsidiaries	—	—	1,198	—	—	1,198
Other movements	—	—	(4)	—	267	263
Exchange differences . . .	—	—	(199)	—	(154)	(353)
Cost as of 31 March 2007	<u>694</u>	<u>—</u>	<u>22,571</u>	<u>1,427</u>	<u>5,530</u>	<u>30,222</u>
Accumulated amortization and impairment as of 1 April 2006	(573)	—	(7,216)	(499)	(2,395)	(10,683)
Impairment loss	—	—	—	—	—	—
Reversal of impairment loss	—	—	—	—	—	—
Amortization	(74)	—	(1,969)	(285)	(1,269)	(3,597)
Disposals	—	—	378	—	22	400
Other movements	—	—	—	—	(16)	(16)
Exchange differences . . .	—	—	62	—	76	138
Accumulated amortization and impairment as of 31 March 2007	<u>(647)</u>	<u>—</u>	<u>(8,745)</u>	<u>(784)</u>	<u>(3,582)</u>	<u>(13,758)</u>
Net book value as of 31 March 2007	<u>47</u>	<u>—</u>	<u>13,826</u>	<u>643</u>	<u>1,948</u>	<u>16,464</u>
Including assets under finance leases						
Intangible assets, gross	—	—	—	—	1,170	1,170
Accumulated amortization	—	—	—	—	(1,093)	(1,093)
Net book value under finance leases as of 31 March 2007	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>77</u>	<u>77</u>

Additions mainly concerned key moneys for an amount of €4,672,000. Such key moneys were mainly acquired in France and Spain.

The amount of intangible assets whose title was restricted or that were pledged as security for liabilities was €4,507,000 as at 31 March 2007.

9.2. Year ended 31 March 2008

As of 31 March 2008, intangible assets, net can be analyzed as follows:

	<u>Website</u>	<u>Key moneys</u>	<u>Contractual customer relationships</u>	<u>Intangible Assets in progress</u>	<u>Other intangible assets</u>	<u>Total</u>
	<u>In thousands of Euros</u>					
Cost as of 1 April 2007	694	22,571	1,427	—	5,530	30,222
Additions	11	4,656	—	498	1,297	6,462
Disposals	(9)	(240)	—	—	(120)	(369)
Acquisition of subsidiaries	—	—	—	—	—	—
Other movements	—	(100)	—	153	(148)	(95)
Assets classified as held for sale	—	—	—	—	—	—
Exchange differences . . .	—	(466)	—	—	(204)	(670)
Cost as of 31 March 2008	<u>696</u>	<u>26,421</u>	<u>1,427</u>	<u>651</u>	<u>6,355</u>	<u>35,550</u>
Accumulated amortization and impairment as of 1 April 2007	(647)	(8,745)	(784)	—	(3,582)	(13,758)
Impairment loss	—	—	—	—	(39)	(39)
Reversal of impairment loss	—	—	—	—	—	—
Amortization	(49)	(2,363)	(285)	—	(1,001)	(3,698)
Disposals	9	157	—	—	66	232
Other movements	—	35	—	—	(10)	25
Exchange differences . . .	—	151	—	—	166	317
Accumulated amortization and impairment as of 31 March 2008	<u>(687)</u>	<u>(10,765)</u>	<u>(1,069)</u>	<u>—</u>	<u>(4,400)</u>	<u>(16,921)</u>
Net book value as of 31 March 2008	<u>9</u>	<u>15,656</u>	<u>358</u>	<u>651</u>	<u>1,955</u>	<u>18,629</u>
Including assets under finance leases						
Intangible assets, gross	—	—	—	—	1,170	1,170
Accumulated amortization	—	—	—	—	(1,170)	(1,170)
Net book value under finance leases as of 31 March 2008	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Additions mainly concern key moneys for an amount of €4,656,000. Such key moneys were mainly acquired in France, Mexico and Italy.

The amount of intangible assets whose title is restricted or that are pledged as security for liabilities is €3,060,000 as at 31 March 2008.

9.3. Year ended 31 March 2009

As of 31 March 2009, intangible assets, net can be analyzed as follows:

	Website	Trademarks	Key moneys	Contractual customer relationships	Intangible assets in progress	Other intangible assets	Total
In thousands of Euros							
Cost as of 1 April 2008	696	—	26,421	1,427	651	6,355	35,550
Additions	13	—	6,612	—	700	1,148	8,473
Disposals	(22)	—	(189)	—	—	(90)	(301)
Acquisition of subsidiaries	—	14,717	255	334	—	12	15,318
Other movements	11	—	(466)	—	(512)	514	(453)
Exchange differences	—	—	(552)	—	—	290	(262)
Cost as of 31 March 2009	<u>698</u>	<u>14,717</u>	<u>32,081</u>	<u>1,761</u>	<u>839</u>	<u>8,229</u>	<u>58,325</u>
Accumulated amortization and impairment as of 1 April 2008	(687)	—	(10,765)	(1,069)	—	(4,400)	(16,921)
Impairment loss	—	—	—	—	—	—	—
Reversal of impairment loss	—	—	—	—	—	—	—
Amortization	(7)	—	(3,059)	(413)	—	(1,116)	(4,595)
Disposals	11	—	188	—	—	82	281
Other movements	(3)	—	326	(1)	—	63	385
Exchange differences	—	—	135	—	—	(196)	(61)
Accumulated amortization and impairment as of 31 March 2009	<u>(686)</u>	<u>—</u>	<u>(13,175)</u>	<u>(1,483)</u>	<u>—</u>	<u>(5,567)</u>	<u>(20,911)</u>
Net book value as of 31 March 2009	<u>12</u>	<u>14,717</u>	<u>18,906</u>	<u>278</u>	<u>839</u>	<u>2,662</u>	<u>37,414</u>
Including assets under finance leases							
Intangible assets, gross	—	—	—	—	—	1,170	1,170
Accumulated amortization	—	—	—	—	—	(1,170)	(1,170)
Net book value under finance leases as of 31 March 2009	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Additions and acquisitions mainly concern:

- Trademarks acquired through the business combination with M&A Développement (M&A): Melvita, Prosun, Procarbo and Algascience. These trademarks which have an indefinite useful life are not amortized but are tested for impairment;
- Key moneys for an amount of €6,612,000. Such key moneys were mainly acquired in France, Mexico and Spain.

The amount of intangible assets whose title is restricted or that are pledged as security for liabilities is €2,087,000 as at 31 March 2009.

9.4. Nine months ended 31 December 2009

As of 31 December 2009, intangible assets, net can be analyzed as follows:

	Website	Trademarks	Key moneys	Contractual customer relationships	Intangible assets in progress	Other intangible assets	Total
In thousands of Euros							
Cost as of 1 April 2009	698	14,717	32,081	1,761	839	8,229	58,325
Additions	—	—	2,122	—	2,507	777	5,406
Disposals	—	—	(68)	—	—	(12)	(80)
Acquisition of subsidiaries	—	—	—	—	—	—	—
Other movements	—	—	33	—	(1,269)	1,480	244
Exchange differences	—	—	558	—	—	(13)	545
Cost as of 31 December 2009	<u>698</u>	<u>14,717</u>	<u>34,726</u>	<u>1,761</u>	<u>2,077</u>	<u>10,461</u>	<u>64,440</u>
Accumulated amortization and impairment as of 1 April 2009	(686)	—	(13,175)	(1,483)	—	(5,567)	(20,911)
Impairment loss	—	—	—	—	—	—	—
Reversal of impairment loss	—	—	75	—	—	—	75
Amortization	(12)	—	(2,386)	(161)	—	(1,104)	(3,663)
Disposals	—	—	68	—	—	7	75
Other movements	—	—	7	—	—	(19)	(12)
Exchange differences	—	—	(224)	—	—	48	(176)
Accumulated amortization and impairment as of 31 December 2009	<u>(698)</u>	<u>—</u>	<u>(15,635)</u>	<u>(1,644)</u>	<u>—</u>	<u>(6,635)</u>	<u>(24,612)</u>
Net book value as of 31 December 2009	<u>—</u>	<u>14,717</u>	<u>19,091</u>	<u>117</u>	<u>2,077</u>	<u>3,826</u>	<u>39,828</u>
Including assets under finance leases							
Intangible assets, gross	—	—	—	—	—	1,170	1,170
Accumulated amortization	—	—	—	—	—	(1,170)	(1,170)
Net book value under finance leases as of 31 December 2009	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Additions mainly concern:

- Key moneys for an amount of €2,122,000. Such key moneys were mainly acquired in France, Mexico and Brazil;
- Intangible assets in progress for an amount of €2,507,000.

The amount of intangible assets whose title is restricted or that are pledged as security for liabilities is €1,509,000 as at 31 December 2009.

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

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

	Year ended 31 March			Nine months 31 December	
	2007	2008	2009	2008	2009
				(unaudited)	
	In thousands of Euros				
Cost of goods sold	262	14	—	—	1
Distribution expenses	2,551	3,053	3,914	2,779	2,471
General and administrative expenses	784	631	681	595	1,191
Amortization expenses	3,597	3,698	4,595	3,374	3,663

9.6. Impairment tests for intangible assets

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

	As at 31 March			As at 31 December	
	2007	2008	2009	2008	2009
				(unaudited)	
	In thousands of Euros				
Accumulated impairment at the beginning of the period	(59)	(59)	(94)	(94)	(101)
Impairment loss.	—	(39)	—	—	—
Reversal of impairment loss	—	—	—	—	75
Exchange differences	—	4	(7)	(7)	(12)
Accumulated impairment at end of the period	(59)	(94)	(101)	(101)	(38)

No new impairment loss has been recorded during the periods except for €39,000 for the year ended 31 March 2008 within the distribution expenses to adjust the carrying amount of certain assets. This impairment loss is fully allocated to the Sell-Out segment.

A reversal of impairment loss amounting to €75,000 for the nine months ended 31 December 2009 has been recorded within the distribution expenses. No reversal of impairment loss has been recorded for each of the years ended 31 March 2007, 2008 and 2009.

10. INVESTMENTS IN JOINT-VENTURES

Investments in joint-ventures can be analyzed as follows:

	As at 31 March			As at
	2007	2008	2009	31 December 2009
	In thousands of Euros			
As of 1 April	776	1,080	—	—
Change in cash advances	418	(1,214)	—	—
Share of gain/(loss) in joint-ventures	(114)	134	—	—
Disposals	—	—	—	—
As of 31 March	1,080	—	—	—

During the year ended 31 March 2006, the Group entered into a partnership ("Les Minimes SAS") to create and manage a hotel. The share capital was 50% held by the Group and 50% held by two other partners. According to the by-laws of the partnership, no single partner was in a position to control the activity unilaterally. On 31 March 2008, the Group had sold this investment to its parent and to Reinold Geiger (one of the shareholders of L'Occitane Group S.A.) for €500,000. The resulting gain of €433,000 has been recorded within "Share of gain/(loss) in associates and joint-venture". The related cash advances have been transferred to the parent company L'Occitane Groupe S.A..

At 31 March 2007, investments in joint-ventures did not include any goodwill. Investments in joint-ventures included cash advances granted by L'Occitane International to "Les Minimes SAS", amounting to a cumulative amount of €1,214,000 (€418,000 were granted in 2007). In accordance with principles described in note 2.2, the Group's share of interests in "Les Minimes SAS" amounting to a net accumulated loss of €134,000 on 31 March 2007 was recognized against the investment and the cash advances.

11. OTHER NON-CURRENT RECEIVABLES

The other non-current receivables consist of the following:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Deposits.	7,339	9,953	15,049	15,583
Key moneys paid to the landlord.	—	—	1,112	1,269
Loans to employees.	543	903	1,020	—
Other non-current receivables.	7,882	10,856	17,181	16,852

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

The decrease in the loans to employees is mainly explained by repayments that occurred during the period and by the fact that certain loans were assigned to LOG on 31 December 2009 for an amount of €454,000. This resulted in a corresponding change in the current account from parent (note 32.4).

The fair value of these loans to employees (based on discounted cash flows at a market rate) was not significantly different from the above nominal value.

12. DISCONTINUED OPERATIONS

The assets and liabilities related to Oliviers & Co S.A., Oliviers & Co Boutiques SARL, Oliviers & Co Sprl and Oliviers & Co. Levis (the "Discontinued Oliviers & Co. companies") were presented as held for sale at 31 March 2005 following the approval of the Group's management to sell these entities on 9 March 2005. The Discontinued Oliviers & Co. companies used to package and market a range of olive oil based foodstuffs. The completion date for the transaction was 14 April 2005. The result from disposal was adjusted during the year ended 31 March 2008, which resulted in a loss of €91,000.

13. INVENTORIES, NET

Inventories, net consist of the following items:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Raw materials and supplies	10,477	14,516	15,559	14,258
Finished goods and work in progress	34,858	47,182	68,801	58,087
Inventories, gross	45,335	61,698	84,360	72,345
Less, allowance	(3,719)	(4,453)	(6,694)	(6,451)
Inventories, net	<u>41,616</u>	<u>57,245</u>	<u>77,666</u>	<u>65,894</u>

14. TRADE RECEIVABLES, NET**Group:**

Trade receivables, net consist of the following:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Trade receivables, gross	30,625	40,316	44,865	62,763
Less, allowances for doubtful accounts	(1,286)	(1,119)	(2,353)	(1,560)
Trade receivables, net	<u>29,339</u>	<u>39,197</u>	<u>42,512</u>	<u>61,203</u>

Credit risk:

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

The Group's sales to end customers are retail sales and no credit terms are granted to the end customers. For customers in the Sell-in and B to B segments, sales are made with credit terms generally from 60 and 90 days. Ageing analysis of trade receivables from due date at the respective balance sheet date is as follows:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Current and past due within 3 months	28,940	38,573	41,965	60,880
3 to 6 months	674	996	1,875	454
6 to 12 months	358	63	309	552
Over 12 months	653	684	716	877
Trade receivables-gross	<u>30,625</u>	<u>40,316</u>	<u>44,865</u>	<u>62,763</u>

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

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
At beginning of the year/period	903	1,286	1,119	2,353
Provision for impairment	544	187	1,693	210
Reversal of impairment.	(110)	(268)	(459)	(994)
Exchange differences	(51)	(86)	—	(9)
At end of the year/period.	<u>1,286</u>	<u>1,119</u>	<u>2,353</u>	<u>1,560</u>

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

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

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
Within 3 months	357	176	761	771
3 to 6 months	327	358	860	53
6 to 12 months.	102	27	103	113
Over 12 months	<u>500</u>	<u>558</u>	<u>629</u>	<u>623</u>
Impaired receivables	<u>1,286</u>	<u>1,119</u>	<u>2,353</u>	<u>1,560</u>

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

The ageing analysis of trade receivables from due date that were past due but not impaired as of 31 March 2007, 2008 and 2009 and 31 December 2009 is as follows:

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
Within 3 months	3,772	5,092	4,067	7,518
3 to 6 months	347	638	1,015	401
6 to 12 months.	256	36	205	439
Over 12 months	<u>153</u>	<u>126</u>	<u>88</u>	<u>254</u>
Trade receivables past due but not impaired.	<u>4,528</u>	<u>5,892</u>	<u>5,375</u>	<u>8,612</u>

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

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

Denomination in currencies:

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

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Euros	12,042	15,522	15,956	18,480
US Dollar	2,474	2,990	2,777	5,186
Sterling Pound	1,336	1,244	683	1,397
Japanese Yen	4,883	7,226	9,860	13,843
Hong Kong Dollar	3,226	6,163	5,002	5,419
Brazilian Real	1,452	1,660	2,286	6,507
Taiwan Dollar	1,510	1,297	1,464	3,030
Chinese Renminbi	657	1,621	2,164	3,087
Other currencies	1,759	1,474	2,320	4,254
Total	29,339	39,197	42,512	61,203

Company

Trade receivables, net consist of the following:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Trade receivables, gross	7,946	9,883	7,433	6,864
Less, allowances for doubtful accounts	(139)	(38)	(1,102)	(429)
Trade receivables, net	7,807	9,845	6,331	6,435

Credit risk:

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

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

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Current and past due within 3 months.	7,204	9,347	6,803	6,703
3 to 6 months	312	398	453	62
6 to 12 months.	185	17	75	15
Over 12 months	245	121	102	84
Trade receivables-gross	7,946	9,883	7,433	6,864

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

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
At beginning of the year/period	(139)	(139)	(38)	(1,102)
Provision for impairment	—	—	(1,064)	—
Reversal of impairment.	—	101	—	673
At end of the year/period	(139)	(38)	(1,102)	(429)

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

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

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
Within 3 months	—	—	567	347
3 to 6 months	—	—	423	17
6 to 12 months.	—	—	10	5
Over 12 months	139	38	102	60
Impaired receivables	139	38	1,102	429

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

The ageing analysis of trade receivables from due date that were past due but not impaired as at 31 March 2007, 2008 and 2009 and 31 December 2009 is as follows:

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
Within 3 months	1,629	2,374	1,036	1,980
3 to 6 months	312	398	30	45
6 to 12 months.	185	17	65	10
Over 12 months	106	83	—	24
Trade receivables past due but not impaired.	2,232	2,872	1,131	2,059

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

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

Denomination in currencies:

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

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Euros	6,676	9,215	5,912	5,802
US Dollar	1,078	555	388	549
Sterling Pound	53	75	31	84
Total	7,807	9,845	6,331	6,435

15. OTHER CURRENT ASSETS

The following table presents details of other current assets:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Value added tax receivable and other taxes and social items receivable	3,615	10,033	8,637	6,926
Prepaid expenses	4,352	5,469	7,496	8,976
Income tax receivable	—	—	5,173	4,390
Loans to employees (Note 11)	595	260	321	98
Prepaid expenses relating to structured financing bank borrowing	129	—	—	—
Other current assets	1,454	1,362	1,981	698
Total other current assets	10,145	17,124	23,608	21,088

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

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.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Analysis of derivatives financial instruments

Derivative financial instruments are analyzed as follows:

	As at 31 March						As at 31 December	
	2007		2008		2009		2009	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
In thousands of Euros								
Interest rate derivatives — held for trading	—	—	39	—	—	223	—	195
Foreign exchange derivatives — held for trading	210	—	4	1,637	882	546	451	885
Sub-total derivatives at fair value through profit and loss	210	—	43	1,637	882	769	451	1,080
Interest rate derivatives — cash flow hedges	—	—	—	—	—	1,335	—	1,189
Foreign exchange derivatives — cash flow hedges	—	—	—	—	1,762	—	21	2
Sub-total derivatives designated as hedging instruments	—	—	—	—	1,762	1,335	21	1,191
Total derivatives financial instruments	210	—	43	1,637	2,644	2,104	472	2,271
Less non-current portion:								
— Interest rate derivatives — cash flow hedges	—	—	—	—	—	1,335	—	1,189
— Interest rate derivatives — held for trading	—	—	—	—	—	—	—	—
Non current portion of derivatives financial instruments	—	—	—	—	—	1,335	—	1,189
Current portion of derivatives financial instruments	210	—	43	1,637	2,644	769	472	1,082

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

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

Derivatives at fair value through profit and loss

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

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
— within “Finance costs” for interest derivatives (note 25)	—	39	(262)	(154)	28
— within “Foreign currency gains/(losses)” for currency derivatives (note 26).	210	(1,843)	1,970	2,418	(770)
Total change in the fair value of derivatives at fair value through profit and loss : gains / (losses).	210	(1,804)	1,708	2,264	(742)

Derivatives designated as hedging instruments

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

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
				(unaudited)	
	In thousands of Euros				
Interest rate derivatives — cash flow hedges.	—	—	(1,334)	(828)	145
Foreign exchange derivatives — cash flow hedges.	—	—	1,761	1,660	(1,741)
Total change in the fair value of hedging instruments.	—	—	427	832	(1,596)
Less ineffective portion:					
— Ineffective portion of interest rate derivatives.	—	—	(19)	6	(7)
— Ineffective portion of foreign exchange derivatives.	—	—	189	348	(310)
Ineffective portion	—	—	170	354	(317)
Effective portion.	—	—	257	478	(1,279)

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 for €0, €0, €237,000, €251,000 and (€913,000) for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2008 and 2009 respectively.

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

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
				(unaudited)	
	In thousands of Euros				
— within "Finance costs" for interest derivatives (note 25)	—	—	(19)	6	(7)
— within "Foreign currency gains/(losses)" for currency derivatives (note 26) . . .	—	—	189	348	(310)
Total change in the fair value of derivatives at fair value through profit and loss : gains/(losses)	—	—	170	354	(317)

Notional amounts of derivatives

(a) Foreign exchange derivatives

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

Currencies	As at 31 March			As at 31 December
	2007	2008	2009	2009
Sale of currencies				
USD	6,000	—	18,000	—
AUD	10,000	67	2,850	2,650
GBP	2,000	—	1,100	2,330
JPY	600,000	950,000	3,100,000	3,500,000
CAD	—	—	7,000	960
RUB	—	—	143,730	—
THB	—	—	40,800	40,800
MXN	—	—	—	3,000
Purchase of currencies				
USD	—	—	—	370
EUR	—	—	—	3,100
CHF	—	—	3,200	—

(b) Interest rate derivatives

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

Instruments	As at 31 March			As at 31 December
	2007	2008	2009	2009
Swap EUR	—	—	15,000	15,000
Swap USD	—	—	10,000	10,000

The fixed interest rate for the first swap for a notional amount of €15,000,000 is 4.0%. The fixed interest rate for the second swap for a notional amount of \$10,000,000 is 2.995%.

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts as of 31 December 2009 will be continuously released to the statement of income until the repayment of the bank borrowings.

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

Instruments	As at 31 March			As at
	2007	2008	2009	31 December 2009
Swap	4,998	4,652	4,294	4,019

As at 31 March 2007, 2008, 2009 and 31 December 2009, the fixed interest rate for the swap is 3.7625%.

17. CASH AND CASH EQUIVALENTS

Group:

The following table presents details of cash and cash equivalents:

	As at 31 March			As at
	2007	2008	2009	31 December 2009
In thousands of Euros				
Cash at bank and in hand	30,524	39,073	20,921	42,980
Cash equivalents	25,392	—	6,358	45,343
Cash and cash equivalents	55,916	39,073	27,279	88,323

Cash equivalents include highly liquid investments in money market instruments.

The effective interest rate on cash at bank and in hand is based on Eonia Index -0.10% for Euro and on Fed Funds Rate -0.10% for US dollar. The effective interest rate on cash equivalents (short-term bank deposits) is based on Eonia Index in 2007, 2008 and 2009.

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

Currencies	As at 31 March			As at
	2007	2008	2009	31 December 2009
EUR	28,824	18,081	11,438	54,314
USD	15,340	11,288	6,458	17,344
JPY	10,755	3,410	4,383	4,062
Others	997	6,294	5,000	12,603
Total	55,916	39,073	27,279	88,323

Company:

The following table presents details of cash and cash equivalents:

	As at 31 March			As at
	2007	2008	2009	31 December 2009
In thousands of Euros				
Cash at bank and in hand	9,779	21,529	3,737	12,540
Cash equivalents	25,392	—	6,358	45,326
Cash and cash equivalents	35,171	21,529	10,095	57,866

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

The effective interest rate on short-term bank deposits is based on Eonia Index.

18. CAPITAL AND RESERVES

L'Occitane International S.A. is a corporation incorporated in the Grand Duchy of Luxembourg. The authorized capital of the Company is €100,000,000 as at 31 December 2009. At 31 December 2009, the Company's share capital is held by the company "L'Occitane Groupe S.A.", in a proportion of 100% (fully diluted).

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

18.1. Share capital and Additional paid-in capital

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

	Number of shares	Share capital	Share premium
	In thousands of Euros except "Number of shares"		
Issued at 1 April 2005 and 31 March 2006.	13,656,492	27,065	8,772
Shares issued in connection with acquisition of minority interest (a)	465,023	922	18,329
Exercise of options (b)	1,500,676	2,974	—
Exercise of compound financial instruments, net of tax (c)	3,644,965	7,224	22,894
Balance at 31 March 2007	19,267,156	38,185	49,995
Conversion of options (d)	23,518	47	—
Balance at 31 March 2008	19,290,674	38,232	49,995
Balance at 31 December 2008	19,290,674	38,232	49,995
Balance at 31 March 2009	19,290,674	38,232	49,995
Costs directly attributable to the issue of new shares, net of tax (note 23)	—	—	(666)
Balance at 31 December 2009	19,290,674	38,232	49,329

(a) On 3 July 2006, the Board of directors of the Company decided to issue 465,023 new shares in return of the contributions to the Group by the minority shareholders of their shares in the subsidiary L'Occitane Japan K.K. for 40% of the capital. After the exchange, L'Occitane Japan K.K. is 100 % held by the Group. The exchange ratio has been calculated using the same valuation method for both companies involved in the said exchange.

(b) On 28 September 2006, the Board of directors approved the exercise of 1,486,061 share options with the exercise price of €1.982, resulting in a capital increase of €2,945,373.

On 26 February 2007, the Board of directors of the Company approved the exercise of 14,615 share options with the exercise price of €1.982, resulting in a capital increase of €28,966.93.

(c) On 26 February 2007, the Board of directors of the Company decided to issue 3,644,965 new shares in consideration for the conversion of the convertible bonds subscribed by the Clarins Group (note 19.3).

(d) On 29 September 2007, the shareholders general meeting of the Company approved the exercise of 23,518 share options with the exercise price of €1.982, resulting in a capital increase of €46,612.67.

18.2. Treasury shares

There is no treasury shares held by the Group.

18.3. Share-based payments***Share-based payments from the Company (first plan)***

Share options were granted before 7 November 2002 to directors and selected employees. Each option gave rise to a right to subscribe for one share of the Company at the exercise price of €1.982.

There were 1,524,194 and 23,518 share options outstanding on 31 March 2006 and 31 March 2007 respectively out of which 284,559 and 7,000 were held by members of the Company's Board. Each option was initially exercisable until 31 October 2005. However, on 22 February 2005, the exercise period was extended to 31 October 2008 under the same terms and conditions. Holders representing 98.4% of the total number of options decided to accept the extension of the exercise period for three years.

On 29 September 2006, the Board of directors approved the exercise of 1,486,061 share options. On 26 February 2007, the Board of directors approved the exercise of 14,615 share options. On 28 September 2007, the shareholders general meeting approved the exercise of 23,518 share options. All the share options have been exercised as at 31 March 2008.

As indicated in note 2.19(c) all these above options were out of scope of IFRS 2.

Share-based payments from the parent (second, third and fourth plans)***Main characteristics of the plans***

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

- Options, granted in July 2009 (formally authorized in January 2010) are conditional on the employee completing four year's service (the vesting period) and there are no performance conditions. The exercise price of the options is €23.20. Options have a contractual option term of 6 years.
- Options, granted on February 2008, are conditional on the employee completing four year's service (the vesting period) and there are no performance conditions. The exercise price of the options is €26.10. Options have a contractual option term of 6 years.
- The free shares, granted on July 2009, June 2008 and February 2008 are conditional upon the employee completing four year's service (the vesting period).
- On 27 December 2007, 60,651 shares of L'Occitane Groupe S.A., the parent company have been issued to the benefit of FCPE L'Occitane Actionnariat which is a fund held by employees of the French subsidiaries of the Group. The shares were issued for a subscription price with a discount of 20% as compared to the fair value at that date. There is no vesting condition. However the shares are subject to restrictions on transfer over a period of 5 years.

At the time they become LOG shareholders, employees are subject to a liquidity agreement signed with CIME, which is controlled by Mr. Reinold Geiger, a Director of the Company.

Accounting treatment

In accordance with IFRIC 11 as the share-based arrangements is accounted for as equity-settled in the Financial Information of L'Occitane Groupe S.A., they are also accounted for as an equity-settled share-based payment transaction in the Financial Information of L'Occitane International S.A..

In the Financial Information of the Group, the share-based compensation expense is therefore recognized with a corresponding effect in shareholders' equity: contribution from the parent.

As at 31 March 2009, the share-based payments were as follows:

2nd plan authorized on 28 September 2007 for 200,000 stock options	Granted at the beginning of the year	Granted during the year	Forfeited	Expired	Granted at the end of the year	Vesting period	Grantees
Granted on February 2008 at an exercise price of €26.10 (b)	200,000	—	(2,000)	—	198,000	4 years	Management and middle management
2nd plan authorized on 28 September 2007 for 40,000 free shares	Granted at the beginning of the year	Granted during the year	Forfeited	Expired	Granted at the end of the year	Vesting period	Grantees
Granted on February 2008 (c)	5,500	—	—	—	5,500	4 years	Management and middle management
Granted on June 2008 (c). . .	—	34,500	(3,565)	—	30,935	4 years	
3rd plan authorized on 27 December 2007 for 30,000 free shares	Granted at the beginning of the year	Granted during the year	Forfeited	Expired	Granted at the end of the year	Vesting period	Grantees
Granted on June 2008 (c). . .	—	4,807	—	—	4,807	4 years	Management and middle management

As at 31 December 2009, the share-based payments are as follows:

4th plan authorized on 28 January 2010 for 730,000 stock options	Granted at the beginning of the period	Granted during the period	Forfeited	Expired	Granted at the end of the period	Vesting period	Grantees
Granted in July 2009 (authorized in January 2010) at an exercise price of €23.20 (a)	—	365,700	—	—	365,700	4 years	Management and middle management
2nd plan authorized on 28 September 2007 for 200,000 stock options	Granted at the beginning of the period	Granted during the period	Forfeited	Expired	Granted at the end of the period	Vesting period	Grantees
Granted on February 2008 at an exercise price of €26.10 (b)	198,000	—	(5,800)	—	192,200	4 years	Management and middle management

2nd plan authorized on 28 September 2007 for 40,000 free shares	Granted at the beginning of the period	Granted during the period	Forfeited	Expired	Granted at the end of the period	Vesting period	Grantees
Granted on February 2008 (c)	5,500	—	—	—	5,500	4 years	Management and middle management
Granted on June 2008 (c) . .	30,935	—	(1,000)	—	29,935	4 years	
3rd plan authorized on 27 December 2007 for 30,000 free shares	Granted at the beginning of the period	Granted during the period	Forfeited	Expired	Granted at the end of the period	Vesting period	Grantees
Granted on June 2008 (c) . .	4,807	—	—	—	4,807	4 years	Management and middle management
Granted on July 2009 (c) . . .	—	14,340	—	—	14,340	4 years	Management and middle management

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

The share-based compensation expense recognized within the employee benefits for the above plans was €0, €429,000, €713,000, €558,000 and €1,332,000 for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2008 and 2009.

Measurement of grant date fair values

(a) The fair value of options granted in July 2009 (authorized in January 2010) as assessed by the Directors, determined using the Black-Scholes valuation model was €19.91 per option. The significant inputs into the model in addition to the exercise price were the following:

- Fair value of a share of L'Occitane Groupe S.A. at the grant date;
- Volatility of 35% (based on historical volatility of listed comparable companies over a period of 4 years);
- No dividend yield;
- An expected option life of four years (derived from the expected tax behaviour from individuals);
- And an annual risk-free interest rate of 2.5%.

(b) The fair value of options granted during the year ended 31 March 2008, as assessed by the Directors, determined using the Black-Scholes valuation model was €12.01 per option. The significant inputs into the model in addition to the exercise price were the following:

- Fair value of a share of L'Occitane Groupe S.A. at the grant date;
- Volatility of 26% (based on historical volatility of listed comparable companies over a period of 4 years);
- No dividend yield;
- An expected option life of four years (derived from the expected tax behaviour from individuals);

- And an annual risk-free interest rate of 4.40%.

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

- (c) The free shares were valued using the estimated fair value of L'Occitane Groupe S.A. shares at the grant date as determined above.
- (d) The discount of 20% on the fair value for shares issued to the benefit of FCPE L'Occitane actionnariat in December 2007 was based on a fair value of a share of L'Occitane Groupe S.A. using the same methodology as described above applied to information available at the grant date. The corresponding charge recognised in the employee benefits during the year ended 31 March 2008 was €317,000.

18.4. Distributable reserves

On 31 March 2007, 2008 and 2009, the distributable reserves of L'Occitane International S.A. amounted to €98,435,000, €105,860,000 and €135,841,000.

On 31 December 2008 and 2009, the distributable reserves of L'Occitane International S.A. amounted to €124,622,000 and €157,382,000.

The articles of association of L'Occitane International S.A. has been amended by the Board held on 9 April 2010. A list of undistributable reserves has been added. If this definition of undistributable reserves had been in place since 1 April 2006, the distributable reserves would have been modified as follows:

	<u>31 March 2007</u>	<u>31 March 2008</u>	<u>31 March 2009</u>	<u>31 December 2008</u> (unaudited)	<u>31 December 2009</u>
	In thousands of Euros				
Original amount of distributable reserves (I)	98,435	105,860	135,841	124,622	157,382
Amount of distributable reserves in accordance with the new list of undistributable reserves (II)	74,856	82,281	112,262	101,043	133,803
Difference between (II) and (I)	(23,579)	(23,579)	(23,579)	(23,579)	(23,579)

18.5. Dividend per share

The dividend paid in 2007 was €8,005,630 being €0.415 per share (before adjusting for the new par value of €0.03). Following decisions by the General Meeting held on 29 September 2006, and the Board of directors of the Company held on 26 February 2007, the following sums consist of:

- €6,477,144 paid to the shareholders;
- €1,512,660 paid to the owner of convertible bonds that would have decided to convert the instruments before 31 March 2007. Following the decision from the Clarins Group to convert the convertible debenture loan, this sum was paid to the Clarins Group in March 2007; and
- €15,826 reserved in case the remaining share options holders decided to convert their share options into share.

During the year ended 31 March 2008, the dividend paid was €30,855,000 being €1.599 per share (before adjusting for the new par value of €0.03).

During the year ended 31 March 2009, the dividend paid was €30,000,000 being €1.555 per share (before adjusting for the new par value of €0.03).

On 30 September 2009, the annual Shareholder's Meeting approved the distribution of €32,000,000 being €1.659 per share (before adjusting for the new par value of €0.03) which was paid before 31 December 2009.

For information, the dividend per share adjusted for the new par value of €0.03 as detailed in note 33 paid during the years ended 31 March 2007, 2008, 2009 and the nine months ended 31 December 2009 is €0.006, €0.024, €0.024 and €0.025 respectively.

18.6. Additional paid in capital

Additional paid in capital includes:

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

19. BORROWINGS

Group:

Borrowings include the following items:

	As at 31 March			As at 31 December
	2007	2008	2009	2009
	In thousands of Euros			
Capex facility	—	—	48,275	49,599
Revolving facility	—	—	16,507	1,345
Other bank borrowings	7,287	5,940	5,999	4,808
Structured financing bank borrowing	19,787	—	—	—
Finance lease liabilities	9,446	8,193	7,274	6,657
Current accounts with minority shareholders and related parties (note 19.4)	4,173	23,170	30,561	70,258
Bank overdrafts	2,365	1,193	351	1,126
Total	43,058	38,496	108,968	133,793
Less, current portion:				
— Capex facility	—	—	(246)	(211)
— Revolving facility	—	—	(18)	(2)
— Other bank borrowings	(3,770)	(3,579)	(1,845)	(1,380)
— structured financing bank borrowing	(4,398)	—	—	—
— finance lease liabilities	(1,167)	(1,102)	(810)	(777)
— current accounts with minority shareholders and related parties (note 19.4)	(4,173)	(23,170)	(30,561)	(70,258)
— bank overdrafts	(2,365)	(1,193)	(351)	(1,126)
Total current	(15,873)	(29,044)	(33,831)	(73,754)
Total non-current	27,185	9,452	75,137	60,039

Other bank borrowings are secured by key moneys (note 9 and 31.3). The capex facility and the revolving facility are secured by investments (note 31.3).

Company

Borrowings include the following items:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Capex facility	—	—	26,122	24,451
Revolving facility	—	—	9,498	1,345
Other bank borrowings	—	—	—	—
Structured financing bank borrowing	19,787	—	—	—
Current accounts with related parties	—	19,127	21,880	64,319
Total	19,787	19,127	57,500	90,115
Less, current portion:				
— Capex facility	—	—	(95)	(64)
— Revolving facility	—	—	(8)	(2)
— other bank borrowings	—	—	—	—
— structured financing bank borrowing	(4,398)	—	—	—
— current accounts (financing from parent)	—	(19,127)	(21,880)	(64,319)
Total current	(4,398)	(19,127)	(21,983)	(64,385)
Total non-current	15,389	—	35,517	25,730

19.1. Maturity of non-current borrowings

For the year ended 31 March 2007, 2008, 2009 and the nine months ended 31 December 2009, maturity of non-current borrowings, excluding current portion, can be broken down as follows:

	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	In thousands of Euros			
Structured financing bank borrowing	8,589	6,800	—	15,389
Other bank borrowings	1,158	1,909	450	3,517
Finance lease liabilities	937	2,020	5,322	8,279
Maturity on 31 March 2007	10,684	10,729	5,772	27,185
Other bank borrowings	762	1,349	250	2,361
Finance lease liabilities	817	2,470	3,804	7,091
Maturity on 31 March 2008	1,579	3,819	4,054	9,452
Capex facility	—	35,651	12,378	48,029
Revolving facility	—	—	16,489	16,489
Other bank borrowings	1,129	2,438	588	4,155
Finance lease liabilities	813	2,543	3,108	6,464
Maturity on 31 March 2009	1,942	40,632	32,563	75,137
Capex facility	12,347	37,041	—	49,388
Revolving facility	—	1,343	—	1,343
Other bank borrowings	1,032	2,043	353	3,428
Finance lease liabilities	951	2,914	2,015	5,880
Maturity on 31 December 2009	14,330	43,341	2,368	60,039

19.2. Senior credit facilities agreement

In the fiscal year 2006, the Group entered into a structured financing agreement with a bank pool, for a total amount of €60 million, made up of:

- A Senior loan of €35 million with a maturity of 7 years. On 31 March 2007, a total net amount of €20 million was drawn.
- A short term revolving bank borrowing of €25 million granted for a period of 3 years. During the year ended 31 March 2007, an amount of €5 million was drawn and is fully repaid at year end.

The structured financing agreement amounting to €19,787,000 on 31 March 2007 was secured by a pledge on 66% of the investment in L'Occitane Inc and L'Occitane Far East (note 31.3).

On 22 May 2007, the structured financing bank borrowing was repaid at nominal value without any penalties for early repayment. Unamortized transaction costs had been expensed for €232,000 as of 31 March 2008.

On 4 July 2007, the Company, its parent company and its subsidiary L'Occitane S.A. entered into a senior credit facilities agreement for the amount in principal of €280,000,000, made up of:

- A capex facility of € 50 million with a maturity of 7 years that can be drawn only by the Company or L'Occitane SA. This facility was drawn in the following currencies at the end of the following periods:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Drawn by L'Occitane SA				
EUR.	—	—	22,000	25,000
Drawn by the Company				
JPY.	—	—	7,433	5,933
GBP.	—	—	2,041	450
USD.	—	—	14,277	15,272
AUD.	—	—	2,277	2,733
Capex facility - nominal value	<u>—</u>	<u>—</u>	<u>48,028</u>	<u>49,388</u>
Accrued interests.	<u>—</u>	<u>—</u>	<u>247</u>	<u>211</u>
Capex facility	<u>—</u>	<u>—</u>	<u>48,275</u>	<u>49,599</u>

- A multi-currency revolving facility of € 25 million granted for a period of 7 years that can be drawn only by the Company or L'Occitane SA. This facility was drawn in the following currencies at the end of the following periods:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Drawn by L'Occitane SA				
EUR.	—	—	7,000	—
Drawn by the Company				
JPY.	—	—	2,783	—
GBP.	—	—	1,182	—
USD.	—	—	4,809	—
AUD.	—	—	716	1,332
Revolving facility - nominal value	<u>—</u>	<u>—</u>	<u>16,490</u>	<u>1,332</u>
Accrued interest	<u>—</u>	<u>—</u>	<u>17</u>	<u>13</u>
Revolving facility	<u>—</u>	<u>—</u>	<u>16,507</u>	<u>1,345</u>

- A senior loan of €205 million that can be drawn only by L'Occitane Groupe S.A.. An amount of €195 million net is drawn as at 31 March 2009. After a repayment of €20.75 million in April 2009, an amount of €174.25 million is drawn as at 31 December 2009. This loan is secured by a pledge on 100% of the Company's shares.

The capex and revolving facilities are secured by a pledge on respectively 100% of L'Occitane SA shares and 100% of Les Relais L'Occitane France shares (note 31.3). In addition, L'Occitane Groupe S.A. granted a guarantee ("caution solidaire") on the Group's borrowings in relation to the capex or revolving facilities above mentioned.

19.3. Compound financial instruments

On 19 April 2001, the Clarins Group subscribed to a convertible debenture loan issued by the Company.

During the fiscal year 2005, the non-conversion rate was reduced to 8.25% and the nominal value of the loan was increased. Since 1 April 2004, the main characteristics of the agreement were as follows:

- 1,834 convertible debentures of nominal value amounting to €15,245 per unit, representing a total amount of €27,959,330;
- Loan repayable in fine on 19 April 2011;
- In case of non-conversion, the convertible debentures reimbursed give right to a non-conversion bonus of 8.25% per year capitalized and payable in fine.

On 26 February 2007, the Clarins Group decided to use its right to convert the compound financial instrument. The conversion was mainly based on the Group's results and particularly on the Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). Based on this criterion, the Clarins Group increased its total stake in the Company from 5.18% to 22.97% (fully diluted) between 31 March 2006 and 31 March 2007. In this respect the Company issued 3,644,965 new shares (note 18.1).

The allocation of the convertible debenture loan between equity and liabilities and the impact of the conversion on the equity component was analyzed as follows on 31 March 2007:

	As at 31 March
	2007
	In thousands of
	Euros
Face value of convertible debenture loan at issuance	27,960
Equity component	(3,869)
Liability component at issuance	24,091
Interest	12,990
Conversion	(37,081)
Liability component at end of the year	—

On 31 March 2007, the conversion of compound financial instruments, net of tax recognized in the consolidated statement of changes in shareholders' equity is composed of:

	Equity component
	In thousands of
	Euros
Equity component, gross amount	37,081
Income taxes (note 27).	(2,707)
Transaction costs on the conversion.	(344)
Equity component, net amount.	34,030

19.4. Current accounts with minority shareholders and related parties

Current accounts with minority shareholders and related parties concern:

		As at 31 March			As at
		2007	2008	2009	31 December
		In thousands of Euros			2009
Subsidiaries	Minority shareholders and related parties				
L'Occitane China (a)	LS Holding Company Ltd.	1,060	934	1,102	—
L'Occitane Mexico (note 32.4)	Clarins Group	925	1,127	1,334	2,255
L'Occitane Korea (note 32.4)	Clarins Group	700	700	1,475	1,502
L'Occitane Suisse (note 32.4)	Clarins Group	1,134	1,146	1,165	1,165
L'Occitane Thailand	Various individual minority shareholders	—	—	882	781
L'Occitane India	Beauty Concepts Pvt Ltd.	—	—	—	232
L'Occitane Brazil (b)	Shower	74	74	104	—
Other	Other	280	62	93	4
Total current accounts with minority shareholders and related parties		4,173	4,043	6,155	5,939
Financing from parent (note 32.4 and (c))		—	19,127	24,406	64,319
Total current accounts		4,173	23,170	30,561	70,258

(a) On 2 November 2009, LS Holding Company Ltd has released and discharged the Group from the obligation to repay a portion of the loan. This has been recorded as an adjustment to the consideration to purchase the minority interests (note 6.3) and the goodwill was adjusted downward accordingly.

(b) Since the acquisition of minority interests in November 2009 (see note 6.4), this current account has been settled.

(c) The financing from parent is based on the following rules:

- Interest rate is based on Euribor 3M + 1%;
- There is no specified repayment date;
- There is no guarantee granted by the Group;
- This facility can be cancelled within 30 days notice.

During the year ended 31 March 2009, the financing from parent has increased mainly due to:

- The acquisition of the 15 % remaining shares of M&A Développement (M&A) in return of the issuance by the parent company of 183,433 new shares estimated at a market value of €4,516,000 (note 6);
- The acquisition of the 49% remaining shares of L'Occitane (China) Limited through €684,000 in cash and 92,469 of the parent company's treasury shares estimated at a market value of €2,271,000.

During the nine months ended 31 December 2009, the increase in the financing from parent is explained by the payment of dividends (€32,000,000) and by the financing of working capital needs.

19.5. Finance lease liabilities

Finance lease liabilities outstanding are analyzed as follows:

	As at 31 March			As at 31 December
	2007	2008	2009	2009
	In thousands of Euros			
Within one year	1,592	1,399	1,063	922
One to two years	1,357	1,192	987	938
Two to three years	1,154	1,127	992	954
Three to four years	1,093	1,113	998	970
Four to five years	1,083	1,098	1,004	987
Thereafter	5,606	4,644	3,392	2,505
Total minimum lease payments	11,885	10,573	8,436	7,276
Less, amount representing interest	(2,439)	(2,380)	(1,162)	(619)
Present value of finance lease liabilities	9,446	8,193	7,274	6,657
Less, current portion of finance lease liabilities	(1,167)	(1,102)	(810)	(777)
Non-current portion of finance lease liabilities	8,279	7,091	6,464	5,880

19.6. Effective interest rates

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

		As at 31 March			As at 31 December
		2007	2008	2009	2009
Other bank overdrafts and borrowings	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin
Structured financing bank borrowing	See note 19.7	—	—	—	—
Capex and revolving facilities	—	See note 19.7	See note 19.7	See note 19.7	See note 19.7
Other bank overdrafts and borrowings	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin
Finance lease liabilities	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin
Compound financial instruments	See note 19.3	—	—	—	—
Current accounts with minority shareholders and related parties	See note 19.4	See note 19.4	See note 19.4	See note 19.4	See note 19.4

19.7. Exposure to interest rate changes

Structured financing bank borrowing

The structured financing bank borrowing that was repaid on 22 May 2007 included a repricing option. The interest rates depended on a covenant and were calculated every year after the Financial Information was issued.

The covenant was based on the following ratio (leverage financial ratio): Consolidated net debt/EBITDA. For the measurement of this ratio, the definitions to be used were as follows:

- Consolidated net debt: current and non-current borrowings — cash and cash equivalents
- EBITDA: operating profit before depreciation, amortization and impairment, before net movements in provisions for other liabilities and before allowance for inventories and trade receivables and before any other allowance.

The change in the above ratio resulted in repricing the interest rate as follows:

Ratio being lower than 1.5	: Euribor 3M + Margin
Ratio being comprised between 1.5 and 2	: Euribor 3M + Margin + 0.2
Ratio being comprised between 2 and 3	: Euribor 3M + Margin + 0.5

On 31 March 2007 the ratio amounted to (0.19).

Capex and revolving credit facilities

The capex and revolving facilities issued on 4 July 2007, include a repricing option. The interest rates depend on a covenant and are calculated every semester after the consolidated financial statements of L'Occitane Groupe SA are issued.

The covenant is based on the leverage financial ratio: Consolidated net debt/EBITDA. For the measurement of this ratio, which is based on the consolidated financial statements of L'Occitane Groupe S.A., the definitions to be used are as follows:

- Consolidated net debt: current and non-current borrowings (excluding subordinated loan of L'Occitane Groupe S.A.) minus cash and cash equivalents
- EBITDA: operating profit before depreciation, amortization and impairment, before net movements in provisions for other liabilities and before allowance for inventories and trade receivables and before any other allowance.

The change in the above ratio results in repricing the interest rate as follows:

Leverage financial ratio	Capex and revolving facilities
Ratio being higher or equal than 2.4	: Euribor 3M + Margin
Ratio being comprised between 1.9 and 2.4	: Euribor 3M + Margin -0.1
Ratio being comprised between 1.4 and 1.9	: Euribor 3M + Margin -0.2
Ratio being comprised between 1.0 and 1.4	: Euribor 3M + Margin -0.25
Ratio being lower than 1.0	: Euribor 3M + Margin -0.3

During the year ended 31 March 2008, the interest rate was based on Euribor 3M + Margin.

On 31 March 2008 the ratio amounted to 2.12, therefore the rate used from July 2008 was based on Euribor 3M + Margin -0.1.

On 31 March 2009, the ratio amounted to 2.26, therefore the rate used from July 2009 is based on Euribor 3M+ Margin -0.1. On 30 September 2009, the unaudited ratio amounted to 1.75 and the rate to be used from January 2010 is based on Euribor 3M + Margin -0.2.

19.8. Exposure to debt covenants

Structured financing bank borrowing

Event of default resulting in the early repayment of the structured financing bank borrowings issued in 2006 depended on 2 ratios: the Gearing ratio and the Leverage financial ratio.

Gearing ratio

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio was calculated as net debt divided by total equity. Net debt was calculated as defined in above note.

According to the bank borrowing agreement applicable since fiscal year 2006, the gearing ratio should be lower than 1.7 for fiscal year 2006, and 1.2 for fiscal year 2007 and then 1.0 for the following fiscal years up to 2012.

The gearing ratio at 31 March 2007 amounted to (0.09). This ratio is no more applicable as this borrowing has been repaid.

Leverage financial ratio

The leverage financial ratio is calculated as defined in note 19.7. According to the bank borrowing agreement applicable since fiscal year 2006, the leverage financial ratio should be lower than 2.0 for fiscal year 2006, and 1.5 for the fiscal year 2007 and then 1.0 for the followings years up to 2012.

The leverage financial ratio on 31 March 2007 amounted to (0.19). This ratio is no more applicable as this borrowing has been repaid.

Capex and revolving facilities

Event of default resulting in the early repayment of the Capex and Revolving facilities issued on 4 July 2007 depends on 2 ratios based on L'Occitane Groupe S.A. Financial Information (issued each semester): the Leverage financial ratio and the Finance cost coverage ratio.

Leverage financial ratio

For the purpose of debt covenant, 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 (excluding subordinated loan of L'Occitane Groupe S.A.) — cash and cash equivalents
- EBITDA: operating profit before depreciation, amortization and impairment, before net movements in provisions for other liabilities and before allowance for inventories and trade receivables and before any other allowance.

According to the agreement, the leverage financial ratio should be lower than:

- 3.75 for the year ended 31 March 2008;
- 3.50 for the 6 months ended 30 September 2008;
- 3.25 for the year ended 31 March 2009;
- 3.00 for the 6 months ended 30 September 2009;
- 2.75 for the year ending 31 March 2010;
- 2.50 for the 6 months ending 30 September 2010 and the following 6-month periods.

The unaudited Leverage financial ratio on 31 March 2008 and 2009 and 30 September 2009 amounted to 2.12, 2.26 and 1.75 respectively.

On 15 December 2008, the Group re-negotiated the terms of the senior credit facilities. Characteristics remained unchanged except mainly for:

- The leverage financial ratio should be lower than 2.75 for the 6 months ending 30 September 2010 and the following 6-month periods;
- Reimbursement events were redefined to exclude the listing of the Group and more generally the agreement was modified to allow potential listing of the Group and to determine the use of the proceeds;
- Reduction on constraints made on investments.

Finance costs coverage ratio

This ratio was calculated as EBITDA (as defined above) divided by finance costs (only paid).

According to the agreement, the finance costs coverage ratio should be higher than:

- 4.00 for the year ended 31 March 2008;
- 4.25 for the 6 months ended 30 September 2008;
- 4.50 for the year ended 31 March 2009;
- 5.00 for the 6 months ended 30 September 2009 and the following 6-month periods.

The unaudited finance costs coverage ratio on 31 March 2008 and 2009 and 30 September 2009 amounted to 5.71, 6.09 and 6.08 respectively.

19.9. Denomination in currencies

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

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
Euro	35,682	31,929	67,207	104,168
US dollar	100	4	19,086	17,643
Japanese Yen	1,272	1,271	10,216	5,933
Sterling Pound	897	—	3,223	450
Australian dollar	—	—	2,992	4,079
Swiss Franc.	1,134	1,146	1,165	500
Mexican Peso	925	1,127	1,334	—
Other currencies	3,048	3,019	3,745	1,020
Total	43,058	38,496	108,968	133,793

19.10. Borrowing facilities

The Group has the following undrawn borrowing facilities:

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
Floating rate:				
— Expiring within one year	2,600	1,894	3,514	8,763
— Expiring beyond one year	25,400	75,000	55,483	87,269
Fixed rate:				
— Expiring within one year	—	—	—	—
— Expiring beyond one year	—	—	—	—
Total	28,000	76,894	58,997	96,032

The above amount includes:

- Three borrowing facilities for an amount of €15,000,000 each that were signed in August 2008, October 2008 and November 2008 for a total amount of €45,000,000 over the year ended 31 March 2009. These facilities were drawn up to €25,000,000 and were repaid during the period. No amount is drawn at 31 December 2009. The interest rates of these new borrowing facilities are based on Euribor + margin. One of the above borrowing facilities is subject to debt covenants. Event of default resulting in the early reimbursement of the borrowing facility depends on 2 ratios based on L'Occitane Groupe SA consolidated financial statements (issued each semester): the leverage financial ratio and the finance costs coverage ratio. These ratios are defined and measured as those used for the capex and revolving facilities (note 19.7 and note 19.8).
- Two new borrowing facilities issued for an amount of €23,000,000. No amount is drawn at 31 December 2009.

20. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include the following:

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
Retirement indemnities	720	953	1,411	1,794
Liabilities linked to operating leases	3,208	3,267	4,780	5,011
Provisions for dismantling and restoring	—	—	1,690	1,844
Grants to a foundation	2,100	1,500	800	—
Total non current liabilities	6,028	5,720	8,681	8,649
Grants to a foundation	500	600	700	800
Deferred revenue	1,365	1,673	2,487	2,543
Total current liabilities	1,865	2,273	3,187	3,343

20.1. Provision for retirement indemnities

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

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

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
Present value of unfunded obligations	720	953	1,411	1,794
Unrecognized past service cost	—	—	—	—
Liability in the balance sheet	720	953	1,411	1,794

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

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In thousands of Euros				
Beginning of the year/period	570	720	953	1,411
Acquisition of subsidiaries (note 6.5)	—	—	270	—
Current service cost	74	136	230	285
Interest cost	28	35	51	42
Actuarial losses/(gains)	47	59	(84)	72
Exchange differences	1	3	(9)	10
Benefits paid	—	—	—	(26)
Curtailments	—	—	—	—
Settlements	—	—	—	—
End of year/period	720	953	1,411	1,794

The amounts recognized in the income statement are as follows:

	Year ended 31 March			Nine months ended 31 December
	2007	2008	2009	2009
In thousands of Euros				
Current service cost	93	160	230	285
Interest cost	28	35	51	42
Actuarial losses/(gains)	47	59	(84)	72
Total included in employee benefit expenses (note 24)	168	254	197	399

The principal actuarial assumptions used were as follows:

	As at 31 March			As at 31 December
	2007	2008	2009	2009
In percentage				
Discount rate	4.75	5.75	5.75	5.00
Inflation rate	2.00	2.00	2.00	2.00
Future salary increases	4.00	4.00	3.00	3.00

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

20.2. Liabilities linked to operating leases

The liabilities linked to operating leases are related to:

- The impact of recognizing the lease payment as an expense on a straight-line basis (note 2.24);
- Incentives received from the lessors at the inception of the lease, which are recognized pro-rata over the lease term (note 2.24).

20.3. Provision for dismantling and restoring

As at 31 March 2009, provisions for dismantling and restoring costs are as follows:

	<u>31 March 2008</u>	<u>Provisions recorded in the statement of income</u>	<u>Provisions recorded as a component of tangible fixed assets</u>	<u>Unused amounts reversed</u>	<u>Used during the year</u>	<u>Exchange differences</u>	<u>31 March 2009</u>
In thousands of Euros							
Provisions recorded over the length of the lease	—	282	—	—	—	8	290
Provisions recorded at the inception of the lease	—	—	1,358	—	—	42	1,400
Total.	<u>—</u>	<u>282</u>	<u>1,358</u>	<u>—</u>	<u>—</u>	<u>50</u>	<u>1,690</u>

As at 31 December 2009, provisions for dismantling and restoring costs are as follows:

	<u>31 March 2009</u>	<u>Provisions recorded in the statement of income</u>	<u>Provisions recorded as a component of tangible fixed assets</u>	<u>Unused amounts reversed</u>	<u>Used during the period</u>	<u>Exchange differences</u>	<u>31 December 2009</u>
In thousands of Euros							
Provisions recorded over the length of the lease	290	73	—	(5)	—	(10)	348
Provisions recorded at the inception of the lease	1,400	—	121	(63)	—	38	1,496
Total.	<u>1,690</u>	<u>73</u>	<u>121</u>	<u>(68)</u>	<u>—</u>	<u>28</u>	<u>1,844</u>

20.4. Grants to a foundation

In early fiscal year 2007, L'Occitane SA and Relais de L'Occitane SARL, two wholly owned French subsidiaries of the Group, participated in the creation of a foundation ("La Fondation L'Occitane"). The objective of this foundation is to participate in the development of sustainable economic projects conducted by women in developing countries, in safeguarding traditions from Provence and in the integration of people suffering from visual deficiency.

At the creation of the foundation, the two companies L'Occitane SA and Relais de L'Occitane SARL were unconditionally committed to fund the foundation for an amount of €3,000,000. The maturity of the remaining obligation can be analyzed as follows:

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Within one year	500	600	700	800
One to two years	600	700	800	—
Two to three years	700	800	—	—
Three to four years	800	—	—	—
Total obligation	2,600	2,100	1,500	800
Less, current portion	(500)	(600)	(700)	(800)
Non-current portion of the obligation	2,100	1,500	800	—

The obligation is recorded at its nominal value. The impact for not discounting is not significant. The payment of the total obligation is guaranteed by the bank Calyon.

The payments to the foundation benefit from a tax incentive as the payments are deductible at a rate of 60% as opposed to the normal enacted rate of 34.43% in France.

20.5. Deferred revenue

Deferred revenue is related to:

- Sales for which the transfer of ownership and related risks has not occurred at year-end;
- The fair value of the consideration received allocated to the award credits granted in case of loyalty program.

21. TRADE PAYABLES

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

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

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Current and past due within 3 months.	35,541	53,195	50,157	49,134
Past due from 3 to 6 months	1,443	244	278	117
Past due from 6 to 12 months	70	109	176	215
Past due over 12 months	130	154	91	91
Trade payables	37,184	53,702	50,702	49,557

22. 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 litigation with employees in relation to staff benefits or potential claims from social security administrations authorities.

Commercial claims relate mainly to claims from distributors.

In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at each balance sheet date.

No reimbursement is expected in connection with these provisions and accordingly no corresponding asset was recognized.

22.1. Year ended 31 March 2007

As at 31 March 2007, provisions for other liabilities and charges can be analyzed as follows:

	31 March 2006	Additional provisions	Unused amounts reversed	Used during the year	Exchange differences	31 March 2007
In thousands of Euros						
Social litigations	738	883	(50)	(24)	(46)	1,501
Commercial claims	97	16	(67)	(9)	—	37
Total	835	899	(117)	(33)	(46)	1,538

22.2. Year ended 31 March 2008

As at 31 March 2008, provisions for other liabilities and charges can be analyzed as follows:

	31 March 2007	Additional provisions	Unused amounts reversed	Used during the year	Exchange differences	31 March 2008
In thousands of Euros						
Social litigations	1,501	1,508	(314)	(286)	(153)	2,256
Commercial claims	37	22	—	—	2	61
Total	1,538	1,530	(314)	(286)	(151)	2,317

22.3. Year ended 31 March 2009

As at 31 March 2009, provisions for other liabilities and charges can be analyzed as follows:

	31 March 2008	Additional provisions	Unused amounts reversed	Used during the year	Exchange differences	31 March 2009
In thousands of Euros						
Social litigations	2,256	114	(295)	(521)	(77)	1,477
Commercial claims	61	442	(23)	(296)	(1)	183
Total	2,317	556	(318)	(817)	(78)	1,660

22.4. Nine months ended 31 December 2009

As at 31 December 2009, provisions for other liabilities and charges can be analyzed as follows:

	31 March 2009	Additional provisions	Unused amounts reversed	Used during the period	Exchange differences	31 December 2009
In thousands of Euros						
Social litigations	1,477	324	(563)	(24)	289	1,503
Commercial claims	183	195	(103)	(12)	14	277
Onerous contracts	—	462	—	—	(3)	459
Total	1,660	981	(666)	(36)	300	2,239

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

23. DIRECT COSTS RELATED TO THE PROJECTED IPO — NET

During the year ended 31 March 2009, the Group has conducted an IPO project which has been postponed due to adverse market conditions in October 2008.

Transactions costs (external and incremental costs directly attributable to the project) incurred during the period and related to this project were expensed for an amount of €1,996,000, as the achievement of the IPO project was not probable in the foreseeable future and as the future economic benefits were questioned due to the time that has elapsed since the costs have been incurred. They are classified in a separate line in the operating profit in the statement of income. The total costs amounted to €3,986,000 and were partly recharged to L'Occitane Groupe S.A. the parent company, for an amount of €1,990,000.

In September 2009, the Group has decided to resume the IPO project. The total incremental transaction costs related to the new project amounted to €1,864,000. The accounting treatment of these costs is as follows:

- the costs associated with the listing of new shares amounting to €932,000 are recorded as a reduction to equity for €666,000 net of tax.;
- the costs allocated to the listing of existing shares amounting to €932,000 have been recharged to L'Occitane Groupe SA (note 32.2).

24. EXPENSES BY NATURE

Expenses by nature include the following amounts:

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
Employee benefit expenses	88,482	105,380	136,303	101,385	117,021
Rent and occupancy	49,794	61,899	83,734	59,135	76,781
Advertising costs	29,002	35,963	49,159	39,653	38,281
Raw materials and consumables used	50,658	57,975	71,820	60,510	48,093
Professional fees	12,926	18,475	28,045	20,282	21,181
Depreciation, amortization and impairment (note 29.3)	16,828	17,577	23,370	16,928	18,092
Transportation expenses	11,424	16,783	21,819	17,575	11,367
Change in inventories of finished goods and work in progress	(13,861)	(12,675)	(16,327)	(16,615)	10,568
Other expenses	37,247	40,482	59,766	45,343	29,321
Total cost of sales, distribution expenses, marketing expenses, general and administrative expenses and direct costs related to the projected IPO-net	282,500	341,859	457,689	344,196	370,705

Professional fees included direct costs related to the first projected IPO and amounting to €1,996,000 and €1,996,000 for the nine months ended 31 December 2008 and the year ended 31 March 2009 respectively.

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.

Employee benefits include the following amounts:

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
Wages, salaries and bonus	72,857	86,490	110,868	82,202	96,146
Share-based payments	—	429	713	558	1,332
Social security	15,061	17,697	23,800	17,978	18,497
Post employment benefit (note 20) . .	168	254	197	185	399
Others	396	510	725	462	647
Total employee benefits	88,482	105,380	136,303	101,385	117,021
Workforce (full time equivalent) . .	2,679	3,465	4,292	4,029	4,682

Wages, salaries and bonus include the cost of temporary staff.

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

25. FINANCE COSTS, NET

Finance costs, net consist of the following:

	Year ended 31 March			Nine months 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
Interest on cash and cash equivalent .	556	109	130	68	66
Fair value gains on derivatives (note 16)	—	—	76	72	114
Finance income	556	109	206	140	180
Interest expense:					
— Interest on other borrowings	(1,394)	(597)	(1,638)	(1,121)	(794)
— Interest on convertible debenture bonds	(3,222)	—	—	—	—
— Interest on capex facility	—	—	(1,743)	(1,289)	(1,124)
— Interest on revolving facility	—	(19)	(523)	(435)	(145)
— Interest on finance lease	(475)	(458)	(281)	(211)	(129)
— Interest on financing from parent .	—	(5)	(925)	(710)	(413)
— Unwinding of discount on financial liabilities (note 6.6) . . .	—	—	(595)	(490)	(269)
Fair value losses on derivatives (note 16)	—	—	(357)	(220)	(93)
Finance costs	(5,091)	(1,079)	(6,062)	(4,476)	(2,967)
Finance costs, net	(4,535)	(970)	(5,856)	(4,336)	(2,787)

The interest expense on other borrowings is related to other bank borrowings, current account with minority shareholders and related parties (excluding financing from parent) and bank overdrafts.

The interests paid amount to €1,251,000, €948,000, €4,755,000, €3,356,000 and €2,392,000 for each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2008 and 2009 respectively.

26. FOREIGN CURRENCY GAINS/(LOSSES)

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

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
Foreign exchange differences	(2,347)	(5,186)	(482)	(564)	4,160
Fair value gains on derivatives (note 16)	210	(1,843)	2,159	2,766	(1,080)
Foreign currency (losses)/gains . . .	(2,137)	(7,029)	1,677	2,202	3,080

27. INCOME TAX EXPENSE**27.1. Income tax expense**

The components of income tax expense are as follows:

	Year ended 31 March			Nine months 31 December	
	2007	2008	2009	2008	2009
				(unaudited)	
	In thousands of Euros				
Current income tax	(15,842)	(24,725)	(21,859)	(17,002)	(21,433)
Deferred income tax	6,024	9,069	4,932	5,727	(3,874)
Total tax expense	(9,818)	(15,656)	(16,927)	(11,275)	(25,307)

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

	Year ended 31 March			Nine months 31 December	
	2007	2008	2009	2008	2009
				(unaudited)	
	In thousands of Euros				
Profit before tax and share of gain/(loss) in joint ventures	45,439	65,137	76,311	57,507	94,034
Income tax calculated at corporate tax rate (<i>Luxembourg tax rate of 29.63% as at 31 March 2007 and 2008 and of 28.59% as at 31 December 2008, 31 March 2009 and 31 December 2009</i>)	(13,464)	(19,300)	(21,817)	(16,442)	(26,884)
Effect of different tax rates in foreign countries	3,079	4,577	7,834	7,122	3,271
Effect of unrecognized tax assets	(442)	(748)	(1,440)	(880)	253
Expenses not deductible for taxation purposes	(292)	(500)	(1,114)	(889)	(1,050)
Effect of unremitted tax earnings	(612)	(724)	(480)	(272)	(231)
Effect of new tax regulation (a)	—	—	—	—	(666)
Recognition of previously unrecognized tax assets	1,259	1,017	90	86	—
Minimum tax payments	(134)	(7)	—	—	—
Effect of grants to a foundation	788	29	—	—	—
Income tax expense	(9,818)	(15,656)	(16,927)	(11,275)	(25,307)

- (a) A new tax regulation was enacted in France end of December 2009. This tax which will replace an existing operating tax is based on a measure of income (revenue less expenses) and therefore is considered within the scope of IAS 12. A net deferred tax liability was recorded on all temporary differences impacted by this new tax.

27.2. Components of deferred income tax assets and liabilities

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

The components of the net deferred income tax assets recorded on 31 March 2007, 2008 and 2009 are:

	As at 31 March		
	2007	2008	2009
	In thousands of Euros		
ASSETS			
Tax loss carried forward	1,364	964	630
Intercompany margin in inventory	5,197	8,871	13,035
Excess tax basis over carrying amount of non-current assets	4,374	6,611	8,191
Promotional goods expensed	1,405	2,328	3,865
Rent on operating leases recognized on a straight-line basis	978	849	1,122
Inventory valuation	481	899	1,200
Deferred tax related to grants to a foundation	1,560	1,260	900
Retirement indemnity	250	305	440
Mandatory profit sharing scheme to employees of French subsidiaries	575	760	472
Provision for litigation	237	674	436
Derivatives financial instruments	—	—	381
Loyalty programs	—	184	312
Other temporary differences	1,244	1,779	1,543
Total	17,665	25,484	32,527
<i>To be recovered after more than 12 months</i>	<i>7,577</i>	<i>9,355</i>	<i>10,437</i>
<i>To be recovered within 12 months</i>	<i>10,088</i>	<i>16,129</i>	<i>22,090</i>
LIABILITIES			
Compound financial instruments	—	—	—
Identified intangible assets in business combinations	(313)	(186)	(5,224)
Income tax on unremitted earnings	(609)	(887)	(1,228)
Derivatives financial instruments	—	—	(654)
Excess carrying amount over tax basis of non-current assets	(13)	(5)	—
Other temporary differences	(174)	(57)	(306)
Total	(1,109)	(1,135)	(7,412)
<i>To be recovered after more than 12 months</i>	<i>(500)</i>	<i>(247)</i>	<i>(5,224)</i>
<i>To be recovered within 12 months</i>	<i>(609)</i>	<i>(888)</i>	<i>(2,188)</i>
Deferred income tax, net	16,556	24,349	25,115
<i>Deferred income tax assets</i>	<i>17,383</i>	<i>25,130</i>	<i>30,966</i>
<i>Deferred income tax liabilities</i>	<i>(827)</i>	<i>(781)</i>	<i>(5,851)</i>

As indicated in note 2.29, the taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. Due to this approach, a detailed analysis of balance sheet position by temporary differences is not available as at 31 December 2009.

Deferred income tax assets are recognized to the extent that the realization of the related benefit through the future taxable profits is probable. On 31 March 2007, 2008 and 2009, the Group had tax losses of €8,995,000, €8,449,000 and €9,479,000 respectively to be carried over, generating a potential deferred tax asset of €2,648,000, €2,438,000 and €2,574,000 respectively.

The use of the deferred tax assets will mainly depend upon the Group's results from operations, which are difficult to accurately predict in certain tax jurisdictions. The deferred income tax assets that were not recognized on 31 March 2007, 2008 and 2009 amount to €901,000, €1,581,000 and €2,484,000.

27.3. Movements in deferred tax assets and liabilities, net

The movement in deferred tax assets and liabilities, net during the year is as follows:

	As at 31 March			As at 31 December
	2007	2008	2009	2009
	In thousands of Euros			
At the beginning of the year/period	13,657	16,556	24,349	25,115
(Charged)/credited to income, continuing operations (note 27.1)	6,024	9,069	4,932	(3,874)
(Charged)/credited to equity	(2,707)	—	(19)	631
Acquisition of subsidiary (note 6.5)	—	69	(5,436)	327
Exchange differences	(418)	(1,345)	1,289	(166)
At the end of the year/period	16,556	24,349	25,115	22,033

As at 31 March 2007, the deferred income tax charged to equity in 2007 related to the conversion to equity of the compound financial instruments.

As at 31 March 2009, the deferred income tax charged to equity related to the effective portion of changes in the fair value of derivatives designated as hedging instruments that were recognized in equity (note 16).

As at 31 December 2009, the deferred income tax credited to equity related to:

- The effective portion of change in the fair value of derivatives designated as hedging instruments that were recognized in equity (note 16): €366,000;
- The costs directly attributable to the issue of new shares (note 23): €266,000.

27.4. Income tax on unremitted earnings

Deferred income taxes on the unremitted earnings of the Group's foreign subsidiaries and associates are provided for unless the Group intends to indefinitely reinvest the earnings in the subsidiaries. The Group does intend to indefinitely reinvest unremitted earnings of its foreign subsidiaries in most jurisdictions.

For certain subsidiaries that the Group does not intend to indefinitely reinvest unremitted earnings of these foreign jurisdictions, the corresponding distribution of earnings may trigger taxes. Therefore, the Group provides for deferred income taxes on these earnings where distribution would trigger taxes. The corresponding deferred tax liability amounts to €609,000, €887,000, €1,228,000, €1,011,000 and €1,677,000 as at 31 March 2007, 2008 and 2009 and 31 December 2008 and 2009.

28. EARNINGS PER SHARE

The Group applies the rules governing earnings per share as described in note 2.28 above. The reconciliation between basic earnings per share and diluted earnings per share is as follows:

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
Profit for the year/period attributable to equity holders of the Company (<i>in thousands of Euros</i>)	33,157	47,898	58,383	45,275	66,377
Weighted average number of ordinary shares in issue	14,970,918	19,278,915	19,290,674	19,290,674	19,290,674
Weighted average number of ordinary shares in issue adjusted for the new par value of €0.03	989,021,132	1,273,619,558	1,274,396,391	1,274,396,391	1,274,396,391
Basic earnings per share (<i>in € per share</i>)	0.034	0.038	0.046	0.036	0.052
Dilutive effect					
Profit for the year/period attributable to equity holders of the Company (<i>in thousands of Euros</i>)	33,157	47,898	58,383	45,275	66,377
Adjustments of the interest expenses relating to the convertible debt, after income tax (<i>in thousands of Euros</i>)	2,267	—	—	—	—
Restated profit, group share (<i>in thousands of Euros</i>)	35,424	47,898	58,383	45,275	66,377
Weighted average number of ordinary shares in issue	14,970,918	19,278,915	19,290,674	19,290,674	19,290,674
Number of potential additional shares					
— arising from the share options	736,756	11,198	—	—	—
— arising from the financial compound instruments	3,315,420	—	—	—	—
Diluted average number of shares	19,023,094	19,290,113	19,290,674	19,290,674	19,290,674
Diluted average number of shares adjusted for the new par value of €0.03	1,256,719,278	1,274,359,308	1,274,396,391	1,274,396,391	1,274,396,391
Diluted earnings per share (<i>in € per share</i>)	0.028	0.038	0.046	0.036	0.052

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue has been adjusted for the new par value of €0.03 as detailed in note 33.

Diluted earnings per share

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

During the periods, the Group had various categories of dilutive potential ordinary shares: share options and convertible debt.

For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The convertible debt was assumed to have been converted into ordinary shares and the net profit was adjusted to eliminate the interest expense less the tax effect. The Group had used the conversion rules resulting from the agreements signed on 22 February 2005 and used to convert the bonds on 26 February 2007 (see note 19.3).

The diluted average number of shares has been adjusted for the new par value of €0.03 as detailed in note 33.

29. SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION

29.1. Cash paid for interest and income taxes

Cash paid for interest and income taxes are as follows:

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
Cash paid for:					
— Interest net	1,251	948	4,755	3,356	2,392
— Income taxes	8,991	21,881	24,372	20,472	15,952

29.2. Proceeds from sale of assets

In the cash flow statement, proceeds from sale of assets comprise the following:

	Year ended 31 March									
	2007			2008			2009			
	Intangible assets	Property, plant and equipment	Total	Intangible assets	Property, plant and equipment	Total	Intangible assets	Property, plant and equipment	Disposal of Oliviers & Co Importação Ltda	Total
In thousands of Euros										
Disposals — Cost	729	1,923	2,652	369	1,300	1,669	301	6,352	68	6,721
Disposals — Accumulated depreciation and amortization . .	(400)	(1,490)	(1,890)	(232)	(1,075)	(1,307)	(281)	(5,951)	—	(6,232)
Net book value (7), (9)	329	433	762	137	225	362	20	401	68	489
Profit/(loss) on sale of assets	(23)	(315)	(338)	242	(212)	30	506	(299)	46	253
Proceeds from sale of assets	306	118	424	379	13	392	526	102	114	742
Nine months ended 31 December										
	2008					2009				
	(unaudited)									
	Intangible assets	Property, plant and equipment		Total	Intangible assets	Property, plant and equipment		Total		
In thousands of Euros										
Disposals — Cost		176	1,675	1,851	80	2,887	2,967			
Disposals — Accumulated depreciation and amortization . .		(160)	(1,552)	(1,712)	(75)	(2,325)	(2,400)			
Net book value (7), (9)		16	123	139	5	562	567			
Profit/(loss) on sale of assets		358	(21)	337	(122)	1,495	1,373			
Proceeds from sale of assets		374	102	476	(117)	2,057	1,940			

The profit/(loss) on sale of assets is presented in the line "Other (losses)/gains — net" in the consolidated statement of income that also comprises a tax credit on research & development costs as detailed below:

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
Profit/(loss) on sale of assets	(338)	30	253	337	1,373
Tax credit on research & development costs	—	—	591	400	379
Other (losses)/gains — net	(338)	30	844	737	1,752

29.3. Depreciation, amortization and impairment

Depreciation, amortization and impairment include the following:

	Notes	Year ended 31 March			Nine months ended 31 December	
		2007	2008	2009	2008	2009
		(unaudited)				
		In thousands of Euros				
Depreciation of property, plant and equipment	(7.5)	13,405	13,686	18,416	13,200	14,468
Impairment charge on property, plant and equipment, net.	(7.6)	(174)	154	359	354	36
Amortization of intangible assets.	(9.5)	3,597	3,698	4,595	3,374	3,663
Impairment charge on intangible assets, net	(9.6)	—	39	—	—	(75)
Depreciation, amortization and impairment.		<u>16,828</u>	<u>17,577</u>	<u>23,370</u>	<u>16,928</u>	<u>18,092</u>

29.4. Net movement in provisions

In the cash flow statement, net movement in provisions comprises the following:

	Notes	Year ended 31 March			Nine months ended 31 December	
		2007	2008	2009	2008	2009
		(unaudited)				
		In thousands of Euros				
Social litigations	(22)	809	908	(702)	(63)	(263)
Commercial claims	(22)	(60)	22	123	266	80
Onerous contracts.	(22)	—	—	—	—	462
Dismantling and restoring	(20)	—	—	282	141	5
Retirement indemnities	(20)	<u>150</u>	<u>230</u>	<u>197</u>	<u>185</u>	<u>373</u>
Net movement in provisions		<u>899</u>	<u>1,160</u>	<u>(100)</u>	<u>529</u>	<u>657</u>

29.5. Effects of the exchange rate changes on the net (decrease)/increase in cash and cash equivalents

The effects of exchange rate changes as stated in the consolidated statement of cash flows include the following:

- The translation at the closing exchange rate of foreign currency cash and cash equivalents;
- The exchange rate effect of the movement in foreign currency cash and cash equivalents from the average exchange rate to the closing exchange rate;

- The exchange movements on intra-group transactions not settled at year-end.

29.6. Cash flows reported on a net basis

In accordance with IAS 7 § 23, proceeds from and repayments of borrowings (Capex facility, Revolving facility, other bank borrowings and current account with the parent company) in which the turnover is quick, the amounts are large, and the maturities are short are reported on a net basis in the consolidated statement of cash flows.

30. CONTINGENCIES

30.1. Legal proceedings

In the year ended 31 March 2002, a legal action related to a commercial claim was brought against the Group. The requested indemnity amounted to 6.4 millions of Euros. In January 2004, the law court decided to rule against the plaintiff. However, this judgment was appealed. As of 31 March 2006, the legal case was still pending before the Court of Appeal. In November 2006, the Court of Appeal confirmed the first judgment and ruled against the plaintiff. There was no provision for this litigation at 31 March 2006 and since the decision of November 2006, this litigation is no more outstanding.

In the year ended 31 March 2007, Posada Sanchez, a Spanish limited company initiated legal action before the courts of Madrid against the Group and its subsidiary L'Occitane SA, on the basis of wrongful termination of a concession agreement and of an exclusive wholesale agreement, with a claim for €1,500,000 damages. The Group argues on the one hand that the non-renewal of the wholesale agreement was done in accordance with notice periods provided for by the agreement itself and on the other hand that the concession agreement was rightly terminated for breach of contract. On 2 September 2008, the judgement awarded to the plaintiff compensation for an amount of €296,000 that was paid during the fiscal year. The Group appealed against this judgement. On 1 December 2009, the Court of Appeal has increased the compensation awarded to the plaintiff to €329,000. Although the Group's management still disagrees with the decision of the Court, it has been decided not to file against this decision before the Spanish Supreme Court.

In November 2006, a class action complaint was filed against L'Occitane Inc, the US subsidiary of the Group. The class action was mainly related to overtime pay and check payment issues for Sales Managers of L'Occitane stores in California. After mediation between the Group and the plaintiff a settlement was executed, approved and paid in first semester 2008 for a total amount of €262,000.

In July 2007, a class action complaint was filed against L'Occitane Inc, the US subsidiary of the Group. The class action was mainly related to overtime, break and meal pay issues for Sales Associates of L'Occitane stores in California. After mediation between the Group and the plaintiff a settlement was executed, approved and paid in March 2009 for a total amount of €418,000.

In September 2008, a complaint was filed by the co-owners of the L'Occitane Soho building against H. Stern, a third party and lessee, and against L'Occitane Inc and O.&Co. Table LLC, respectively as sub-lessee and assignee of the sublease, requesting damages and the termination of the lease and sublease. The suit has been dropped following a settlement agreement dated 2 April 2009 according to which L'Occitane Inc and O.&Co. Table LLC left the premises in consideration to termination compensations of €1,893,000 (net of excluding lawyers costs). The related profit net of disposal costs of €1,893,000 (the net book value of related assets was nil as at 31 March 2009) has been recognised during the nine months ended 31 December 2009.

Also, we launched a new Immortelle product "Immortelle Crème Divine" in September 2009. In French, "divine" is a generic descriptive adjective with a similar meaning to the English word "divine", and is often used to mean "godly". A third party claiming to be the registered owner of the trademark "Divine" recently commenced legal proceedings against us for unauthorized use of their mark in France only. The claimant or plaintiff sought an interdiction of the commercialization via a preliminary claiming for damages. On 14 January 2010, the Court decided against the plaintiff, dismissed the action and consequently enabled the continuous use of the name "Divine". It is theoretically possible that the claimant files another legal action (main proceedings) against L'Occitane. Should we lose the main proceedings contrary to our expectations, we believe that using another word in the name of that product will not affect our sale of that product in any materially adverse way given that the product is very new to the market and there would not be a significant or material marketing goodwill attached to that particular name yet, and in any event our products are marketed for their principal ingredients, and the word "divine" was not included nor intended to indicate the ingredients of that product. We therefore believe that these claims are immaterial and will not materially affect our results of operation.

In addition to the litigations and claims mentioned above, the Group is subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Group's management does not expect that the ultimate costs to resolve these other matters will have a material adverse effect on the Group's consolidated financial position, statement of income or cash flows.

30.2. Contingent liabilities

The Group has contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

All guarantees given by the Group are described in note 31.

31. COMMITMENTS

31.1. Capital expenditure commitments

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

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Property, plant and equipment	1,939	2,463	2,162	8,907
Intangible assets	—	—	—	—
Investment	—	—	—	—
Total	1,939	2,463	2,162	8,907

The amount as at 31 March 2007 is related to the new logistically center and the amounts as at 31 March 2008 and 2009 and 31 December 2009 are mainly related to factory improvements.

31.2. 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 24.

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

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Within one year	29,172	33,055	48,049	48,633
One to two years	27,192	27,318	40,387	40,360
Two to three years	22,626	22,806	33,617	33,213
Three to four years	18,685	19,300	28,517	25,025
Four to five years	15,981	16,131	23,508	19,401
Subsequent years	44,405	38,961	48,877	51,198
Total	158,061	157,571	222,955	217,830

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

31.3. Other commitments

	As at 31 March			As at
	2007	2008	2009	31 December
	In thousands of Euros			2009
Pledge of key money (note 19)	4,507	3,060	2,087	1,509
Pledge of Investments (note 19)	19,787	—	64,782	50,822
Total	24,294	3,060	66,869	52,331

The pledge of investments corresponds to the capex and revolving facilities. The senior loan of the parent company which amounted to €172,109,000 as at 31 March 2009 is pledged by 100% of the Company's shares.

Following the sale agreement of the entities Oliviers & Co SA and its 100% held subsidiaries, the Group had committed to continue to hold Oliviers & Co LLC (USA) for at least two years with a minimum of 8 stores on the US territory up to 14 April 2007, except if the Group find an acquirer subject to the approval of the owner of Oliviers & Co SA and its 100% held subsidiaries. This commitment is over since 15 April 2007.

32. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties:

32.1. Key management compensation

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

Director's emoluments

Directors are the Board members. Directors' emoluments expensed during the periods are analyzed as follows:

	Year ended 31 March 2007					
	Salaries and other benefits kind	Bonus	Directors fees	Share-based payments	Services	Total
	In thousands of Euros					
<i>Executive directors</i>						
Reinold Geiger	—	—	—	—	680	680
André Hoffmann	360	150	—	—	—	510
Emmanuel Osti	216	96	18	—	—	330
Martial Lopez	125	53	18	—	—	196
Christopher Braden	61	—	—	—	120	181
<i>Non executive directors</i>						
Yves Chezeaud	—	—	—	—	—	—
Karl Guenard	—	—	—	—	—	—
Elise Lethuillier	—	—	—	—	—	—
Olivier Baussan	—	—	—	—	—	—
Olivier Courtin	—	—	—	—	—	—
Henri Biard	—	—	—	—	—	—
Total	762	299	36	—	800	1,897

	Year ended 31 March 2008					
	Salaries and other benefits kind	Bonus	Directors fees	Share-based payments	Services	Total
	In thousands of Euros					
<i>Executive directors</i>						
Reinold Geiger	—	—	100	—	770	870
André Hoffmann	400	150	—	—	—	550
Emmanuel Osti	217	100	41	—	—	358
Christopher Braden	106	10	60	—	—	176
Martial Lopez	125	45	24	3	—	197
<i>Non executive directors</i>						
Yves Chezeaud	—	—	—	—	—	—
Karl Guenard	—	—	—	—	—	—
Elise Lethuillier	—	—	—	—	—	—
Olivier Baussan	—	—	—	—	—	—
Olivier Courtin	—	—	—	—	—	—
Henri Biard	—	—	—	—	—	—
Total	848	305	225	3	770	2,151

Year ended 31 March 2009						
Salaries and other benefits kind	Bonus	Directors fees	Share-based payments	Services	Total	
In thousands of Euros						
<i>Executive directors</i>						
Reinold Geiger	—	75	100	—	664	839
Emmanuel Osti	248	100	50	—	—	398
André Hoffmann	400	167	—	—	—	567
Thomas Levilion**	89	—	—	—	—	89
Bernard Chevilliat**	36	—	—	—	—	36
Nicolas Veto**	50	10	—	—	—	60
Peter Reed**	55	21	—	—	—	76
Mark Broadley**	—	—	—	—	—	—
Martial Lopez	141	24	24	10	—	199
Christopher Braden*	51	—	33	—	—	84
<i>Non executive directors</i>						
Yves Chezeaud	—	—	—	—	—	—
Karl Guenard	—	—	—	—	—	—
Elise Lethuillier	—	—	—	—	—	—
Olivier Courtin	—	—	—	—	—	—
Olivier Baussan*	—	—	—	—	—	—
Henri Biard*	—	—	—	—	—	—
Total	1,070	397	207	10	664	2,348

* Correspond to the emoluments up to the date of resignation from the Board as at 30 September 2008.

** Correspond to the emoluments from the date of nomination as director by the General Meeting held on 30 September 2008.

Nine months ended 31 December 2008 (unaudited)						
	Salaries and other benefits kind	Bonus	Directors fees	Share-based payments	Services	Total
	In thousands of Euros					
<i>Executive directors</i>						
Reinold Geiger	—	113	75	—	496	684
Emmanuel Osti	183	124	38	—	—	345
André Hoffmann	321	128	—	—	—	449
Thomas Levilion**	44	—	—	—	—	44
Bernard Chevilliat**	18	—	—	—	—	18
Nicolas Veto**	28	10	—	—	—	38
Peter Reed**	29	11	—	—	—	40
Martial Lopez	106	38	18	10	—	172
Christopher Braden*	49	2	30	—	—	81
<i>Non executive directors</i>						
Mark Broadley**	—	—	—	—	—	—
Yves Chezeaud	—	—	—	—	—	—
Karl Guenard	—	—	—	—	—	—
Elise Lethuillier	—	—	—	—	—	—
Olivier Courtin	—	—	—	—	—	—
Olivier Baussan*	—	—	—	—	—	—
Henri Biard*	—	—	—	—	—	—
Total	778	426	161	10	496	1,871

* Correspond to the emoluments up to the date of resignation from the Board as at 30 September 2008.

** Correspond to the emoluments from the date of nomination as director by the General Meeting held on 30 September 2008.

Nine months ended 31 December 2009						
	Salaries and other benefits kind	Bonus	Directors fees	Share-based payments	Services	Total
	In thousands of Euros					
<i>Executive directors</i>						
Reinold Geiger	—	56	100	—	504	660
Emmanuel Osti	190	38	50	6	—	284
André Hoffmann	333	124	—	6	—	463
Thomas Levilion	142	24	—	24	—	190
Martial Lopez**	92	(24)	10	—	—	78
Bernard Chevilliat*	72	—	75	51	—	198
Nicolas Veto*	30	6	—	11	—	47
Peter Reed*	81	20	—	—	—	101
<i>Non executive directors</i>						
Martial Lopez**	—	—	—	—	—	—
Karl Guenard	—	—	—	—	—	—
Mark Broadley	—	—	—	—	—	—
Yves Chezeaud*	—	—	—	—	—	—
Elise Lethuillier*	—	—	—	—	—	—
Olivier Courtin*	—	—	—	—	—	—
Total	940	244	235	98	504	2,021

* On 25 January 2010, the extraordinary general shareholders meeting approved the termination of the mandate of these Directors. On 25 January 2010, the extraordinary general shareholders meeting also approved the appointment of Mr. Pierre Milet, Mrs. Susan Kilsby and Mr. Ng, Chick Sum Jackson.

** Mr. Martial Lopez was an executive Director up to 1 September 2009. Since that date, he is a consultant of the Group and is non executive Director.

Other than the types of emoluments described above, none of the Directors received any other form of compensation during the relevant periods. There was no arrangement under which a director has waived or agreed to waive any emolument.

There was no payment during the above financial years or periods to directors as an inducement to join the Group or as compensation for loss of office.

Mr. Yves Chezeaud, Mr. Karl Guenard, Ms. Elise Lethuillier, Mr. Olivier Baussan, Mr. Olivier Courtin and Mr. Henri Biard did not perform executive functions, nor were they involved in the day to day operations or management of the Group. Accordingly, they did not receive any emoluments as Directors during the above periods.

Mr. Olivier Baussan, a Director, and Olivier Baussan S.a.r.l., a company wholly owned by Mr. Olivier Baussan, were engaged as design consultants to the Group in return for an annual design consulting service fee. These fees were not paid to Mr. Olivier Baussan as a Director and were not in the nature of Directors' emoluments (note 32.3).

Esprit-fi Eurl, a company owned by Mr. Martial Lopez, was engaged as financial consultant to the Group in return for financial consulting service fee. These fees were not paid to Mr. Martial Lopez as a Director and were not in the nature of Director's emoluments (note 32.3).

Highest paid individuals

The five highest paid individuals are as follows:

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
(unaudited)					
In thousands of Euros					
Salaries and other benefits in kind.	890	1,034	1,058	818	878
Bonus	348	296	385	425	272
Directors fees	36	141	150	113	150
Share-based payments	—	—	78	78	58
Services	680	770	664	496	504
Total.	1,954	2,241	2,335	1,930	1,862

Three members of the Board were included in the 31 March 2007 amounts.

Three members of the Board were included in the 31 March 2008 amounts.

Three members of the Board are included in the 31 March 2009 amounts.

Three members of the Board were included in the 31 December 2008 amounts.

Three members of the Board are included in the 31 December 2009 amounts.

The emoluments of the five highest paid individuals are analyzed by the following banding:

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
(unaudited)					
In thousands of Euros					
Nil to € 100,000	—	—	—	—	—
€ 100,000 to € 150,000	—	—	—	—	—
€ 150,000 to € 200,000	—	—	—	—	—
€ 200,000 to € 250,000	2	2	1	2	2
over € 250,000	3	3	4	3	3
Total.	5	5	5	5	5

32.2. Sales of products and services

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
(unaudited)					
In thousands of Euros					
Sales of goods and services					
— Sales of L'Occitane products to Clarins and its subsidiaries (a)	2,577	3,419	3,073	2,636	2,341
— Sales of L'Occitane promotional goods to Clarins and its subsidiaries (b)	404	559	337	240	177
— Sales of L'Occitane and Le Couvent des Minimes products to Les Minimes (c)	—	—	62	55	35
— Recharge of IPO costs to parent (d)	—	—	1,990	1,990	932
Total Sales of products	2,981	3,978	5,462	4,921	3,485

Receivable to related parties in connection with the above sales of products

— Receivables from Clarins and its subsidiaries (a)(b)	718	1,145	566	1,042	782
— Receivables from Les Minimes (c)	—	—	4	24	6
— Receivables from parent (d)	—	—	—	—	—
Total receivables	718	1,145	570	1,066	788

(a) In the normal course of business the Group has sold L'Occitane products, L'Occitane promotional goods and private label products to Clarins and its subsidiaries, which has a common Director with the Group.

(b) Sales of L'Occitane promotional goods are recorded as a decrease of marketing expenses.

(c) In the normal course of business the Group has sold L'Occitane and Le Couvent des minimes products to Les Minimes SA, which is owned by the parent company as to 25%, by Mr. Reinold Geiger as to 25% and by independent third parties as to 50% (note 32.5).

(d) As at 31 March 2009, the recharge of costs corresponds to costs of the first IPO project that was postponed due to adverse market conditions in October 2008 (note 23). These costs were incurred by the company for €3,986,000 and partly recharged to L'Occitane Groupe S.A. the parent company, for €1,990,000. In September 2009, the Group has decided to resume the IPO project. The costs allocated to the listing of existing shares amounted to €932,000 as at 31 December 2009 and were recharged to L'Occitane Groupe SA (note 23).

32.3. Purchases of goods and services

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
Purchases of services					
— Services from Clarins and its subsidiaries (a) . . .	377	736	1,046	1,013	793
— Services from Directors (b)	773	772	180	180	96
— Services from Marquenous S.C.I. (c)	—	—	373	282	428
— Services from Les Minimes SAS (d)	—	—	455	45	91
— Services from CIME S.A. (e)	—	2	3	3	—
Total purchases of services	<u>1,150</u>	<u>1,510</u>	<u>2,057</u>	<u>1,523</u>	<u>1,408</u>
Payables to related parties in connection with the above services					
— Services from Clarins and its subsidiaries (a) . . .	32	518	841	1,058	1,239
— Services from Directors (b)	10	—	—	—	49
— Services from Marquenous S.C.I. (c)	—	—	—	—	31
— Services from Les Minimes SAS (d)	—	—	411	1	25
— Services from CIME S.A. (e)	—	—	—	—	—
Total payables	<u>42</u>	<u>518</u>	<u>1,252</u>	<u>1,059</u>	<u>1,344</u>

(a) Some of the subsidiaries of the Group have contracts for administrative services and cost sharing with Clarins and its subsidiaries, which has a common Director with the Group.

(b) One of the French subsidiaries of the Group has a contract for design consulting services with the company Olivier Baussan S.A.R.L., whose general manager Mr. Olivier Baussan was also a Director of the Company up to the date of resignation from the Board as at 30 September 2008. The services mainly concern advisory and consulting in the development of new products marketed under the L'Occitane brand. The Group recorded expenses for these services for €330,000, €341,000 and €180,000 for the years ended 31 March 2007, 2008 and 2009, up to the date of resignation from the board, respectively.

The Hong Kong subsidiary of the Group had a contract for administrative services with the company Pacifique Agencies, with which it had a common Director Mr. André Hoffmann. The Group recorded expenses for these services for €443,000 and €431,000 for the years ended 31 March 2007 and 2008 respectively. This contract was terminated on 31 March 2008.

The Company has a contract for financial consulting services with the company Esprit-fi Eurl, wholly owned by Mr. Martial Lopez. The Group recorded expenses for these financial consulting services for €96,000.

(c) The land on which the manufacturing facilities of Melvita Production S.A.S. are located is owned by Marquenoux S.C.I., a company controlled by Mr. Bernard Chevilliat, a Director of the Company up to 25 January 2010. This land is leased pursuant to several lease agreements (see also post balance sheet events on note 33).

(d) L'Occitane SA, a French subsidiary, has a contract for communication and marketing services with the company Les Minimes SAS, which is indirectly owned by the parent company as to 25%, by Mr. Reinold Geiger as to 25% and by independent third parties as to 50%.

- (e) In 2007, a shareholding fund (FCPE L'Occitane actionnariat) was established. The fund holds L'Occitane Groupe's shares, the beneficiaries of whom are certain employees of some of our French subsidiaries. Pursuant to relevant French regulations, a fund of this nature is required to afford its beneficiaries a certain minimum degree of liquidity in their investment. The company CIME, which is controlled by Mr. Reinold Geiger, a Director of the Company, agreed to act as liquidity guarantor whereby it would purchase such number of LOG's shares at certain regular times as may be requested by the manager of the fund in order to comply with the minimum liquidity requirements. L'Occitane SA, a French wholly owned subsidiary, has agreed to pay CIME an annual fee representing 0.125% of the net asset value of the fund for so acting as liquidity guarantor (note 18.3).

32.4. Borrowings from related parties (note 19.4)

An advance was granted to L'Occitane Suisse SA by the company Clarins BV, a subsidiary of the Clarins group, which has a common Director with the Group, for an amount in euro equivalent of €1,134,000, €1,146,000, €1,165,000 and €1,165,000 on 31 March 2007, 2008 and 2009 and 31 December 2009, with a 2.2625% fixed interest rate on Swiss Francs and with a 4.431% interest rate on euro. An interest expense of €67,000, €54,000, €48,000, €41,000 and €30,000 was recorded by the Group during the each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2008 and 2009.

An advance was granted to L'Occitane Korea Ltd by the company Clarins BV, a subsidiary of the Clarins group, which has a common Director with the Group, for an amount of €700,000, €700,000, €1,475,000 and €1,502,000 on 31 March 2007, 2008 and 2009 and 31 December 2009 and with a 5.96% fixed interest rate. An interest expense of €17,000, €39,000, €64,000, €34,000 and €56,000 was recorded by the Group during each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2008 and 2009.

An advance was granted to L'Occitane Mexico SA de CV by the company Clarins BV, a subsidiary of the Clarins group, which has a common Director with the Group, for an amount of €925,000, €1,127,000, €1,334,000, €1,261,000 and €2,246,000 on 31 March 2007, 2008 and 2009 and 31 December 2008 and 2009 and with a 3.443% fixed interest rate. An interest expense of €26,000, €87,000, €65,000, €53,000 and €38,000 was recorded by the Group during each of the years ended 31 March 2007, 2008 and 2009 and the nine months ended 31 December 2008 and 2009.

Hopeful Development Ltd, a company ultimately owned by Mr. Reinold Geiger, Mr. André Hoffman, Mr. Henri Biard and Mr. Olivier Baussan, and previously a minority shareholder in L'Occitane Japan has granted cash advances in dollars. These advances were granted from January 1999 until June 2001 and amounted to €851,000 at 31 March 2006. These advances had no specified repayment date and did not bear any interest. These advances were repaid during the fiscal year ending 31 March 2007 with the purchase of the minority interests in L'Occitane Japan. In connection with the acquisition of the minority interests, the Company issued 465,023 new shares at an estimated fair value of €19,251,000 (note 6.5).

Since 19 April 2001, the Group has held an obligation under a convertible debenture loan subscribed by Clarins BV, a subsidiary of the Clarins group. This loan was modified and increased during the year ended 31 March 2005. The features of this loan that was converted to equity on February 26, 2007 are set out in paragraph 19.3.

Since the year ended 31 March 2008, the Group benefited from a financing from parent amounting to €19,127,000, €24,406,000 and €64,319,000 as at 31 March 2008 and 2009 and 31 December 2009. The terms of such financing are disclosed in note 19.4.

32.5. Sale of assets

On 31 March 2008, the Group sold its investment in Les Minimes SAS to its parent and to Reinold Geiger (one of the shareholders of L'Occitane Groupe SA). The resulting gain of €433,000 has been recorded within "Share of gain/(loss) in associates and joint-ventures" (note 10).

32.6. Transactions with other related parties

The close members of the family of key management are also related parties. Some individual that are close members of the key management are also employees in the Group or provide services to the Group.

The transactions with these other related parties are as follows:

	Year ended 31 March			Nine months ended 31 December	
	2007	2008	2009	2008	2009
	(unaudited)				
	In thousands of Euros				
Cost of services					
— Employees benefits	238	260	238	191	192
— Other services	30	42	42	30	30
Total purchases of services	268	302	280	221	222
Payables to related parties in connection with the above services					
— Employees benefits	—	—	—	—	—
— Other services	—	—	—	—	—
Total payables	—	—	—	—	—

Other services mainly include legal services.

32.7. Formation of joint ventures/acquisition of additional interests in a subsidiary

On 29 September 2006, the Company has authorized the issuance of 465,023 new shares in return of the contribution to the Group by Hopeful Development Ltd, a company ultimately owned by Mr. Reinold Geiger, Mr. André Hoffmann, Mr. Henri Biard and Mr. Olivier Baussan, of its 40% equity interest in L'Occitane Japan. L'Occitane Japan KK thereby became a wholly owned subsidiary. The consideration was determined on the basis of the relative value of L'Occitane Japan KK's operations and the Group's.

The Group formed a joint venture with Clarins for the distribution of our L'Occitane products in Mexico. For this purpose, on 13 October 2006, the Group established L'Occitane Mexico SA de CV with a total paid up capital of €2,078 and subscribed for a 50.1% equity interest, whilst Clarins BV subscribed for a 49.90% equity interest.

No transaction occurred with related parties linked to formation of joint-ventures or acquisitions of additional interests in subsidiary other than those listed in note 6 during the years ended 31 March 2008 and 2009.

32.8. Commitments and contingencies

The Group has not guaranteed any loan to any key management personnel.

33. POST BALANCE SHEET EVENTS

On 2 November 2009, Oliviers and Co. LLC, L'Occitane Inc (the sellers, two fully owned subsidiaries of the Group) and Oliviers & Co S.A (the buyer) have signed a transition and an asset purchase agreement. This agreement has been amended on 17 December 2009 and again on 5 January 2010. Following these arrangements the current distribution agreement with Oliviers & CO S.A. has been terminated and the assets of four stores have been transferred from the Group to Oliviers & Co S.A as at 1 February 2010 (the closing date). Five other stores owned by the Group will continue distributing Oliviers & Co products until 31 March 2010. The consideration to be paid by Oliviers & Co S.A. to the Group for this agreement will amount to approximately €570,000 which may be increased to approximately €1,260,000 depending upon the renewal of a lease. The net profit on this sale will approximate the consideration as the carrying amount of the assets sold is close to zero. Inventories have also been transferred at the closing date for a consideration closed to their net carrying amounts.

A multi-currency borrowing facility for an amount of €15,000,000 has been signed on 2 February 2010. This facility was drawn for CHF1,500,000 (equivalent to €1,000,000) from 25 March 2010 to 25 June 2010.

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 will be based on Euribor 3M (Euribor 3M + 1.5% for a part of the finance lease amounting to €9,334,000; Euribor 3M +1.25% for a part of the finance lease amounting to €4,666,000). As at 30 March 2010, an amount of €4,934,000 was drawn.

On 30 March 2010, the amount of the current account due from LOG was fully settled for an amount of €59,647,000.

On 31 March 2010, the Shareholders' Meeting approved the distribution of €80,000,000. This distribution was conditional upon the approval of the interim financial information of the Company as at 28 February 2010. This interim financial information was approved by the Board of Directors held for 9 April 2010 on a stand alone basis under Luxembourg Generally Accepted Accounting Principles.

Between 31 December 2009 and 9 April 2010, the Capex facility was reimbursed for an amount of €13,254,000 and the Revolving Facility was fully settled for an amount of €1,345,000.

The articles of association of L'Occitane International S.A has been amended by the Board held on 9 April 2010 and a list of undistributable reserves has been added (see note 18.4).

On 9 April 2010, the sole shareholder of the Company, LOG, resolved that a value of €0.03 be designated as the par value per ordinary share in the share capital of the Company so that the subscribed share capital of the Company amounting to €38,232,000 be represented by 1,274,396,391 shares having a par value of €0.03. In accordance with IAS 33, the calculation of basic and diluted earnings per share for all periods presented has been adjusted retrospectively (see note 28).

34. LIST OF SUBSIDIARIES AND ASSOCIATES

The list of subsidiaries and associates was as follows:

Subsidiaries	City — Country	% of interest			% of interest		Method of consolidation			Method of consolidation	
		31 March			31 December		31 March			31 December	
		2007	2008	2009	2008	2009	2007	2008	2009	2008	2009
L'Occitane International S.A.	Luxembourg	Parent	Parent	Parent	Parent	Parent	Global	Global	Global	Global	Global
L'Occitane S.A.*	Manosque — France	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
Relais L'Occitane S.a.r.l.**	Manosque — France	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Inc.*	New York — USA	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
Oliviers & Co., LLC**	New York — USA	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane LLC**	Delaware — USA	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane (Far East) Limited*	Hong Kong	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Singapore Pte. Limited**	Singapore	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Japon K.K.***	Tokyo -Japan	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Holding Brasil*	Sao Paulo — Brazil	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Do Brasil**	Sao Paulo — Brazil	75.0	75.0	75.0	75.0	100.0	Global	Global	Global	Global	Global
Espaço Do Banho**	Sao Paulo — Brazil	75.0	75.0	75.0	75.0	100.0	Global	Global	Global	Global	Global
Oliviers Importação**	Sao Paulo — Brazil	75.0	75.0	—	75.0	—	Global	Global	Global	Global	—
L'Occitane Ltd.*	London — UK	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane GmbH*	Villach — Austria	56.6	56.6	56.6	56.6	56.6	Global	Global	Global	Global	Global
L'Occitane GmbH*	Dusseldorf-Germany	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Italia S.r.l.*	Milan — Italy	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Australia**	Sydney — Australia	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
Oliviers & Co., Ltd.****	London — UK	75.0	—	—	—	—	Global	—	—	—	—
L'Occitane (Suisse) S.A.*	Geneva — Switzerland	50.1	50.1	50.1	50.1	50.1	Global	Global	Global	Global	Global
L'Occitane Espana S.L*	Barcelona — Spain	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Central Europe s.r.o.*	Prague — Czech Rep.	85.0	85.0	85.0	85.0	94.6	Global	Global	Global	Global	Global
L'Occitane (Taiwan) Limited**	Taipei — Taiwan	50.1	50.1	50.1	50.1	50.1	Global	Global	Global	Global	Global
AHP S.a.r.l.**	Mane — France	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Belgium Sprl*	Brussels — Belgium	100.0	100.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
Les Minimes SAS****	Manosque — France	50.0	—	—	—	—	Equity	Equity	—	—	—
Le Cloître des Minimes S.a.r.l.****	Mane — France	50.0	—	—	—	—	Equity	Equity	—	—	—
L'Occitane Trading (Shanghai) Co. Limited**	Shanghai — China	51.0	51.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane (Korea) Limited**	Seoul — Korea	50.1	50.1	50.1	50.1	50.1	Global	Global	Global	Global	Global
L'Occitane Airport Venture LLC**	Dallas — USA	65.0	65.0	65.0	65.0	65.0	Global	Global	Global	Global	Global
L'Occitane Mexico S.A. de CV*	Mexico City — Mexico	50.1	50.1	50.1	50.1	50.1	Global	Global	Global	Global	Global
L'Occitane (China) Limited**	Hong Kong	51.0	51.0	100.0	100.0	100.0	Global	Global	Global	Global	Global
L'Occitane Macau Limited**	Macau	—	100.0	100.0	100.0	100.0	—	Global	Global	Global	Global
L'Occitane Russia OOO*	Moscow — Russia	—	51.0	51.0	51.0	51.0	—	Global	Global	Global	Global
Tsai Szu Ltd.**	Taiwan	—	25.1	—	—	—	—	Global	—	—	—
Verveina SAS**	Manosque — France	—	100.0	100.0	100.0	100.0	—	Global	Global	Global	Global
L'Occitane Americas Export & Travel Retail Inc*	Miami — USA	—	100.0	100.0	100.0	100.0	—	Global	Global	Global	Global
M&A Développement SAS**	Lagorce — France	—	—	100.0	100.0	100.0	—	—	Global	Global	Global
M&A Santé Beauté SAS**	Lagorce — France	—	—	100.0	100.0	100.0	—	—	Global	Global	Global
Melvita Distribution SAS**	Lagorce — France	—	—	100.0	100.0	100.0	—	—	Global	Global	Global
Melvita Production SAS**	Lagorce — France	—	—	100.0	100.0	100.0	—	—	Global	Global	Global
L'Occitane Thailand Ltd.**	Bangkok — Thailand	—	—	49.0	49.0	49.0	—	—	Global	Global	Global
O.&Co. Table LLC*****	New York — USA	100.0	100.0	100.0	100.0	—	Global	Global	Global	Global	—
Urban Design Sp.z.o.o*	Warsaw — Poland	—	—	100.0	100.0	100.0	—	—	Global	Global	Global
Aromas y Perfumes de Provence S.A de C.V.**	Mexico City — Mexico	—	—	50.1	50.1	50.1	—	—	Global	Global	Global
L'Occitane Canada Corp*	Toronto — Canada	—	—	—	—	100.0	—	—	—	—	Global
L'Occitane India Private Limited**	New Delhi — India	—	—	—	—	51.0	—	—	—	—	Global

* directly held by the Company

** indirectly held by the Company

*** both directly and indirectly held by the Company

**** no more directly or indirectly held by the Company

***** limited liability company with no share capital with sole member witch is L'Occitane Inc.

The percentages of interest are representative of voting rights as no shares have multiple voting rights. These percentages are unchanged at the approval date of the Financial Information.

The main changes in the list of subsidiaries and associates are disclosed in note 6.

The date of incorporation, the share capital and the principal activities of the subsidiaries are as follows:

Subsidiaries	City — Country	Date of incorporation	Share capital	Principal activities
L'Occitane International S.A.	Luxembourg	2000	EUR 38,231,891.72	Holding & Distribution
L'Occitane S.A.*	Manosque — France	1976	EUR 8,126,409.35	Production
Relais L'Occitane S.a.r.l.**	Manosque — France	1994	EUR 3,097,000	Distribution
L'Occitane Inc.*	New York — USA	1995	USD 1	Distribution
Oliviers & Co., LLC**	New York — USA	1999	USD 1	Distribution
L'Occitane LLC**	Delaware — USA	1999	USD 1	Dormant
L'Occitane (Far East) Limited*	Hong Kong	1992	HKD 8,000,000	Holding & Distribution
L'Occitane Singapore Pte. Limited**	Singapore	1997	SGD 100,000	Distribution
L'Occitane Japon K.K.**	Tokyo -Japan	1998	JPY 100,000,000	Distribution
L'Occitane Holding Brasil*	Sao Paulo — Brazil	1999	BRL11,132,197	Holding
L'Occitane Do Brasil**	Sao Paulo — Brazil	1999	BRL 8,700,000	Distribution
Espaço Do Banho**	Sao Paulo — Brazil	1996	BRL 3,800,000	Distribution
Oliviers Importação**	Sao Paulo — Brazil	2006	BRL 11,132,197	Distribution
L'Occitane Ltd.*	London — UK	1996	GBP 1,398,510.75	Distribution
L'Occitane GmbH*	Villach — Austria	2000	EUR 70,000	Distribution
L'Occitane GmbH*	Dusseldorf-Germany	2004	EUR 25,000	Distribution
L'Occitane Italia S.r.l.*	Milan — Italy	2001	EUR 80,000	Distribution
L'Occitane Australia**	Sydney — Australia	2000	AUD 5,000,000	Distribution
L'Occitane (Suisse) S.A.*	Geneva — Switzerland	2002	CHF100,000	Distribution
L'Occitane Espana S.L.*	Barcelona — Spain	2003	EUR 2,924,650.10	Distribution
L'Occitane Central Europe s.r.o.*	Prague — Czech Rep.	2004	CZK 9,361,000	Distribution
L'Occitane (Taiwan) Limited**	Taipei — Taiwan	2005	TWD 28,500,000	Distribution
AHP S.a.r.l.**	Mane — France	2004	EUR 10,000	Marketing support
L'Occitane Belgium Sprl*	Brussels — Belgium	2005	EUR 20,000	Distribution
L'Occitane Trading (Shanghai) Co. Limited**	Shanghai — China	2005	USD 1,400,000	Distribution
L'Occitane (Korea) Limited**	Seoul — Korea	2005	KRW 2,505,000,000	Distribution
L'Occitane Airport Venture LLC**	Dallas — USA	2006	USD 10,000	Distribution
L'Occitane Mexico S.A. de CV*	Mexico City — Mexico	2006	MXP 28,250,000	Distribution
L'Occitane (China) Limited**	Hong Kong	2006	HKD 10,000	Distribution
L'Occitane Macau Limited**	Macau	2007	MOP 25,000	Distribution
L'Occitane Russia OOO*	Moscow — Russia	2006	RUB 10,000	Distribution
Tsai Szu Ltd.**	Taiwan	2008	TWD 2,500,000	Distribution
Verveina SAS**	Manosque — France	2008	EUR 37,000	Dormant
L'Occitane Americas Export & Travel Retail Inc*	Miami — USA	2008	USD 1,000	Distribution
M&A Développement SAS**	Lagorce — France	2005	EUR 4,600,000	Holding
M&A Santé Beauté SAS**	Lagorce — France	1998	EUR 500,000	Holding
Melvita Distribution SAS**	Lagorce — France	1982	EUR 555,105	Distribution
Melvita Production SAS**	Lagorce — France	1987	EUR 150,000	Production
L'Occitane Thailand Ltd.**	Bangkok — Thailand	2008	THB 20,000,000	Dormant
O.&Co. Table LLC****	New-York — USA	2007	—	Out
Urban Design Sp.z.o.o*	Warsaw — Poland	2009	PLN 3,754,000	Distribution
Aromas y Perfumes de Provence S.A de C.V.**	Mexico City — Mexico	2009	MXN 50,000	Dormant
L'Occitane Canada Corp*	Toronto — Canada	2009	CAD 3,000,000	Distribution
L'Occitane India Private Limited**	New Delhi — India	2009	INR 17,500,000	Distribution

35. LIST OF AUDITORS

The list of auditors for the statutory accounts of the Company and subsidiaries was as follows:

	City — Country	Auditor's name
Subsidiaries		31 March 2009
L'Occitane International S.A.	Luxembourg	PricewaterhouseCoopers
L'Occitane S.A.*	Manosque — France	PricewaterhouseCoopers
Relais L'Occitane S.a.r.l.**	Manosque — France	PricewaterhouseCoopers
L'Occitane (Far East) Limited*	Hong Kong	PricewaterhouseCoopers
L'Occitane Singapore Pte. Ltd**	Singapore	Robert Tan & Co
L'Occitane Ltd.*	London — UK	PricewaterhouseCoopers
L'Occitane (Suisse) S.A.*	Geneva — Switzerland	PricewaterhouseCoopers
L'Occitane (Taiwan) Limited**	Taipei — Taiwan	PricewaterhouseCoopers
L'Occitane Trading (Shanghai) Co. Limited** ..	Shanghai — China	Shanghai Shangzi Certified Public Accountants Co. LED.
L'Occitane Mexico S.A. de CV*	Mexico City — Mexico	PricewaterhouseCoopers
L'Occitane (China) Limited**	Hong Kong	PricewaterhouseCoopers
Verveina SAS**	Manosque — France	PricewaterhouseCoopers
M&A Développement SAS**	Lagorce — France	PricewaterhouseCoopers
M&A Santé Beauté SAS**	Lagorce — France	Cabinet Serge Combe
Melvita Distribution SAS**	Lagorce — France	Cabinet Serge Combe
Melvita Production SAS**	Lagorce — France	PricewaterhouseCoopers
L'Occitane Central Europe s.r.o.*	Prague — Czech Rep.	PricewaterhouseCoopers
L'Occitane India Private Limited**	New-Delhi — India	PricewaterhouseCoopers

36. ULTIMATE HOLDING COMPANY

The Directors consider L'Occitane Groupe S.A., an unlisted company incorporated in Luxembourg as the ultimate holding company.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 31 December 2009. Save as disclosed in "Post balance sheet events" in note 33 of Section II of this report, no dividend or distribution has been declared, made or paid by the Company or its subsidiaries in respect of any period subsequent to 31 December 2009.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
 Hong Kong

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the Accountant's Report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of the Group attributable to the equity holders of the Company which has been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of Global Offering as if it had taken place on 31 December 2009. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 31 December 2009 or at any future date.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2009⁽¹⁾ (€'000)	Estimated net proceeds from the Global Offering⁽²⁾ (€'000)	Unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company (€'000)	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾ (€)	HK\$
Based on an Offer Price of HK\$12.88 per Share	94,391	214,345	308,736	0.21	2.23
Based on an Offer Price of HK\$15.08 per Share	94,391	251,512	345,903	0.24	2.50

Notes

- (1) The audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2009 is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at 31 December 2009 of approximately €217,696,000, as extracted from the Accountant's Report set out in Appendix I to this prospectus, with an adjustment for the intangible assets of the Group as at 31 December 2009 of approximately €123,305,000.
- (2) The estimated net proceeds from the Global Offering are based on an indicative Offer Price of HK\$12.88 and HK\$15.08 per Share respectively (after deducting the underwriting fees and other related expenses payable by the Company), and do not take into account of any Shares which may be issued pursuant to the Over-allotment Option. For the purpose of the estimated net proceeds from the Global Offering, the translation of HK dollars into Euro was made at the rate of €1.00 to HK\$10.5062.

- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 1,456,456,391 Shares were in issue assuming the Global Offering had been completed on 31 December 2009, but does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at the rate of €1.00 to HK\$10.5062.
- (4) In accordance with the Group's accounting policies, property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The Group's properties interests as at 28 February 2010 were revalued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in "Appendix IV - Property valuation and details of leased properties of the Group". With reference to such valuation, the net revaluation surplus, representing the excess of market value of the properties over their book value, is approximately €11,967,000 as at 28 February 2010. Such revaluation surplus has not been included in the Group's consolidated financial information for the nine months ended 31 December 2009 and will not be included in the Group's consolidated financial information for the year ended 31 March 2010. The above pro forma adjustments do not take into account of the above revaluation surplus. Had the properties been stated at such valuation, an additional depreciation of approximately €551,000 per annum would be charged to the consolidated income statement for the year ended 31 March 2010.
- (5) No adjustments have been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2009. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account the payment of an exceptional dividend of €80 million which was approved by the Board of Directors of the Company on 9 April 2010 and is expected to be paid on 4 May 2010.

(B) UNAUDITED PRO FORMA ESTIMATED BASIC EARNINGS PER SHARE

The following unaudited pro forma estimated basic earnings per Share of the Group has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 April 2009. This unaudited pro forma estimated basic earnings per share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group for the year ended 31 March 2010 or any future period.

Estimated consolidated profit attributable to equity holders
of the Company for the year ended 31 March 2010⁽¹⁾ Not less than €73.8 million
(approximately HK\$775.5 million)

Unaudited pro forma estimated basic earnings per Share⁽²⁾ Not less than €0.05
(approximately HK\$0.53)

Notes

- (1) The estimated consolidated profit attributable to the equity holders of the Company for the year ended 31 March 2010 is extracted from the section headed "Financial Information - Profit Estimate" in this prospectus. The bases and assumptions on which the above profit estimate for the year ended 31 March 2010 has been prepared are summarised in Appendix III to this prospectus. The Directors have prepared the estimated consolidated profit attributable to the equity holders of the Company for the year ended 31 March 2010 based on the audited consolidated results of the Group for the nine months ended 31 December 2009 and an estimate of the consolidated results of the Group for the remaining three months ended 31 March 2010. The estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of Section II of the Accountant's Report, the text of which is set out in Appendix I to the prospectus.
- (2) The calculation of the unaudited pro forma estimated basic earnings per Share is based on the estimated consolidated profit attributable to the equity holders of the Company for the year ended 31 March 2010, assuming that the Global Offering was completed on 1 April 2009 and a total of 1,456,456,391 Shares were in issue during the entire year. This calculation has not taken into account any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) For the purpose of this unaudited pro forma estimated basic earnings per Share, the translation of Euro into HK dollars was made at the rate of €1.00 to HK\$10.5062.

II. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

**ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF L'OCCITANE INTERNATIONAL S.A.**

We report on the unaudited pro forma financial information of L'Occitane International S.A. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-3 under the headings of "Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" and "Unaudited Pro Forma Estimated Basic Earnings Per Share" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's prospectus dated 26 April 2010 (the "Prospectus"), in connection with the proposed initial public offering of the shares of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed initial public offering might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-3 of the Prospectus.

Respective Responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the audited consolidated net assets of the Group as at 31 December 2009 and the unaudited estimated profit attributable to equity holders of the Company for the year ended 31 March 2010 with the

accountant's report as set out in Appendix I of the Prospectus and the profit estimate as set out in the section headed "Financial Information" in the Prospectus respectively, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the adjusted net tangible assets of the Group as at 31 December 2009 or any future date, or
- the earnings per share of the Group for the year ended 31 March 2010 or any future periods.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 April 2010

The estimated consolidated profit attributable to equity holders of our Company for the year ended 31 March 2010 is set out in the section headed "Financial Information- Profit Estimate".

A. BASES AND ASSUMPTIONS

Our Directors have prepared the estimated consolidated profit attributable to equity holders of our Company for the year ended 31 March 2010 based on the audited consolidated results of the Group for the nine months ended 31 December 2009 and an estimate of the consolidated results of the Group for the remaining three months ended 31 March 2010. The profit estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by us as set out in Note 2 of Section II of the Accountant's Report, the text of which is set out in Appendix I to this prospectus, and on the following principal bases and assumptions:

- It is assumed that there will be no material changes in existing political, legal, fiscal or economic conditions in the respective countries or industry in which any member of the Group operates during the period covered by the profit estimate.
- It is assumed that there will be no significant changes in the bases or rates of any income tax, or value-added tax, during the period covered by the profit estimate.
- It is assumed that there will be no material changes in inflation rates from those currently prevailing in the countries where any of our customers or suppliers operate during the period covered by the profit estimate.
- It is assumed that there will be no material changes in exchange rates during the period covered by the profit estimate.
- It is assumed that there will be no material changes in the bases or applicable rates of surcharges or other government levies in the countries or territories in which any member of the Group operates during the period covered by the profit estimate.

The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

26 April 2010

The Directors
L'Occitane International S.A.

UBS AG, Hong Kong Branch
CLSA Equity Capital Markets Limited
The Hongkong and Shanghai Banking Corporation Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the estimate of the consolidated profit attributable to equity holders of L'Occitane International S.A. (the "Company") for the year ended 31 March 2010 (the "Profit Estimate") as set out in the subsection headed "Profit estimate" in the section headed "Financial information" in the prospectus of the Company dated 26 April 2010 (the "Prospectus").

We conducted our work in accordance with Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Estimate, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") for the nine months ended 31 December 2009 and an estimate of the consolidated results of the Group for the remaining three months ended 31 March 2010.

In our opinion, the Profit Estimate, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on page III-1 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of Section II of our accountant's report dated 26 April 2010, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The following is the text of a letter, prepared for inclusion in this prospectus by the Joint Sponsors, in connection with the profit estimate of the Group for the year ended 31 March 2010.



**CLSA Equity Capital Markets
Limited
18/F, One Pacific Place
88 Queensway
Hong Kong**



**The Hongkong and Shanghai
Banking Corporation Limited
Level 15, HSBC Main
Building
1 Queen's Road Central
Hong Kong**



**UBS AG, Hong Kong Branch
52/F
Two International Finance
Centre
8 Finance Street
Central
Hong Kong**

26 April 2010

The Directors
L'Occitane International S.A.

Dear Sirs,

We refer to the estimate of the consolidated profit attributable to equity holders of L'Occitane International S.A. (the "Company") for the year ended 31 March 2010 (the "Profit Estimate") as set out in the prospectus issued by the Company dated 26 April 2010 (the "Prospectus"). We understand the Profit Estimate, for which you as directors of the Company are solely responsible, has been prepared based on the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months ended 31 December 2009 and an estimate of the consolidated results of the Group for the three months ended 31 March 2010.

We have discussed with you the bases and assumptions made by you as directors of the Company as set out in Appendix III to the Prospectus upon which the Profit Estimate has been made. We have also considered the letter dated 26 April 2010 addressed to yourselves and ourselves from PricewaterhouseCoopers regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the bases and assumptions of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the Profit Estimate, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of

**CLSA Equity Capital Markets
Limited**

Richard Lee
Managing Director

For and on behalf of

**The Hongkong and Shanghai
Banking Corporation Limited**

Stephen J. Clark
Managing Director
Advisory, Global Banking

For and on behalf of

UBS AG, Hong Kong Branch

Mo Yee Lam
Executive Director

Patrick Tsang
Executive Director

A. PROPERTY VALUATION

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 28 February 2010 of the property interests of the Group.



Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

26 April 2010

The Board of Directors
L'Occitane International S.A.
1, rue du Fort Rheinsheim
L-2419 Luxembourg

Dear Sirs,

In accordance with your instructions to value the properties in which L'Occitane International S.A. (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in France, Hong Kong and the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 28 February 2010 (the "date of valuation").

Our valuations of the property interests represent the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Due to the nature of the buildings and structures of the property in France, there are no market sales comparables readily available, the property interests in Group I have been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

We have attributed no commercial value to the property interests in Groups III to V, which are leased by the Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Our valuations have been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited except for those in respect of which exemptions and waivers have been applied for and granted in respect of Rules 5.01 and 5.06 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been provided with copies of title documents and tenancy agreements relating to property interests and have caused searches to be made at the Hong Kong Land Registry in relation to the property interests located in Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain any amendments.

We have been shown copies of title documents and tenancy agreements relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing titles to the property interests in France and the PRC and any material encumbrances that might be attached to the property interests or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal advisers — Zhong Lun Law Firm, concerning the validity of the tenancy agreements in the PRC.

We have not carried out detailed site measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollars. The exchange rate adopted in our valuations is approximately 1 Euros (EUR) = HK\$10.4 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong and the United Kingdom, as well as relevant experience in the Asia-Pacific Region, France and Germany.

SUMMARY OF VALUES**GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN FRANCE**

No.	Property	Capital value in existing state as at 28 February 2010
		HK\$
1.	L'Occitane (main facility) Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France	214,660,000
2.	L'Occitane Plate Forme Europe Building Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France	43,680,000
Sub-total:		258,340,000

**GROUP II — PROPERTY INTEREST OWNED AND OCCUPIED BY THE GROUP IN FRANCE
SUBSEQUENT TO THE DATE OF VALUATION**

No.	Property	Capital value in existing state as at 28 February 2010
		HK\$
3.	Melvita Production Plant Marquenoux Lagorce 07150 Ardeche France	No commercial value
Sub-total:		No commercial value

APPENDIX IV**PROPERTY VALUATION AND DETAILS OF
LEASED PROPERTIES OF THE GROUP**

**GROUP III — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP FOR
PRODUCTION, WAREHOUSING AND PACKAGING PURPOSES IN FRANCE**

No.	Property	Capital value in existing state as at
		28 February 2010 HK\$
4.	Nervi 1 Building Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France	No commercial value
5.	Nervi 2 Building Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France	No commercial value
6.	Leclerc Building Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France	No commercial value
Sub-total:		Nil

GROUP IV — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Capital value in existing state as at
		28 February 2010 HK\$

(A) Leased Outlets in Kowloon and Elsewhere Outside Hong Kong Island

7.	Shop No. UG15 Commercial Accommodation Festival Walk No. 80 Tat Chee Avenue Kowloon Hong Kong	No commercial value

No.	Property	Capital value in existing state as at 28 February 2010 HK\$
8.	Shop No. 3326 on Level 3 Gateway Arcade Harbour City Nos. 7–23 Canton Road Tsim Sha Tsui Kowloon Hong Kong	No commercial value
9.	Shop No. G33 on Ground Floor Telford Plaza 2 Telford Gardens No. 33 Wai Yip Street Kowloon Hong Kong	No commercial value
10.	Shop No. 30 on Level 2 Retail Block Langham Place No. 8 Argyle Street Kowloon Hong Kong	No commercial value
11.	Shop No. C-28 on Concourse Level Commercial Accommodation APM Millennium City 5 No. 418 Kwun Tong Road Kowloon Hong Kong	No commercial value
12.	Shop No. 1094 on Level 1 Elements No. 1 Austin Road West Kowloon Hong Kong	No commercial value
13.	Shop No. 396 on Level 3 New Town Plaza Phase I Shatin Hong Kong	No commercial value

No.	Property	Capital value in existing state as at 28 February 2010 HK\$
14.	Unit 5P067 Terminal 2 Hong Kong International Airport No. 1 Sky Plaza Road Lantau New Territories Hong Kong	No commercial value
15.	Shop No. 328 on Level 3 Metroplaza No. 223 Hing Fong Road Kwai Chung New Territories Hong Kong	No commercial value
16.	Shop Nos. 2, 3 and 4 on Ground Floor Fook Tai Building Nos. 24–26 Soy Street/ No. 1 Sai Yeung Choi Street South Kowloon	No commercial value
17.	Shop B202, K11 Mall Basement II No. 18 Hanoi Road Tsim Sha Tsui Kowloon Hong Kong	No commercial value
(B) Leased Outlets on Hong Kong Island		
18.	Shop No. B62 1st Basement Landmark Atrium No. 15 Queen's Road Central Hong Kong	No commercial value
19.	Shop No. 109 on Ground Floor Pacific Place Atrium No. 88 Queensway Admiralty Hong Kong	No commercial value

No.	Property	Capital value in existing state as at 28 February 2010 HK\$
20.	A retail unit on Ground Floor Nos. 22 and 24 Russell Street Causeway Bay Hong Kong	No commercial value
21.	Shop No. 1090 on Podium Level One Site R Retail Accommodation IFC Mall No. 8 Finance Street Central Hong Kong	No commercial value
22.	Shop No. 1088A on Podium Level One Site R Retail Accommodation IFC Mall No. 8 Finance Street Central Hong Kong	No commercial value
23.	Shop No. 205 on 2nd Floor Cityplaza No. 18 Taikooshing Road Taikoo Hong Kong	No commercial value
24.	A retail unit on Ground Floor No. 523 Lockhart Road Causeway Bay Hong Kong	No commercial value
25.	Portion on Ground Floor and Shop No. 3 on First Floor of Tower 2 Star Crest No. 9 Star Street Hong Kong	No commercial value

APPENDIX IV**PROPERTY VALUATION AND DETAILS OF
LEASED PROPERTIES OF THE GROUP**

No.	Property	Capital value in
		existing state as at 28 February 2010 HK\$

(C) Leased Offices on Hong Kong Island

26.	The Whole of 14th Floor Universal Trade Centre No. 3 Arbuthnot Road Hong Kong	No commercial value
27.	Office No. 3 on 16th Floor Universal Trade Centre No. 3 Arbuthnot Road Hong Kong	No commercial value
28.	Office Nos. 1 and 2 on 16th Floor Universal Trade Centre No. 3 Arbuthnot Road Hong Kong	No commercial value
Sub-total:		Nil

GROUP V — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Capital value in
		existing state as at 28 February 2010 HK\$

(A) Leased Outlets in Shanghai

29.	Unit 01–04A Raffles City No. 268 Xi Zang Zhong Road Huangpu District Shanghai The PRC	No commercial value
30.	A retail unit No. 1189 Nanjing West Road Nos. 211 and 215 Shaanxi North Road Jingan District Shanghai The PRC	No commercial value

No.	Property	Capital value in existing state as at 28 February 2010 HK\$
(B) Leased Offices in Shanghai		
31.	Unit No. 2215 on Level 22 No. 819 Nanjing West Road Jingan District Shanghai The PRC	No commercial value
32.	Unit Nos. 2207–2212 on Level 22 No. 819 Nanjing West Road Jingan District Shanghai The PRC	No commercial value
33.	Units 2201–02 on Level 22 No. 819 Nanjing West Road Jingan District Shanghai The PRC	No commercial value
(C) Leased Outlets in Beijing		
34.	Shop No. WB121 China World Shopping Mall No. 1 Jianguomenwaidajie Beijing The PRC	No commercial value
35.	Shop No. AA19 on Level 1 Oriental Plaza No. 1 East Changan Street Dongcheng District Beijing The PRC	No commercial value

No.	Property	Capital value in existing state as at 28 February 2010 HK\$
36.	Shop No. L106 on Level 1 The Gate City Mall No. 19 Zongguanchundajie Haidian District Beijing The PRC	No commercial value
37.	Shop L1–19 on Level 1 Beijing Raffles Shopping Centre No. 1 Dongzhimen South Main Street Dongcheng District Beijing The PRC	No commercial value
(D) Leased Office in Beijing		
38.	Unit No. 4 on Level 18 The Exchange Beijing No. 118 Jianguo Road (Yi) Chaoyang District Beijing The PRC	No commercial value
(E) Leased Outlets in Guangzhou		
39.	Shop 126 on Level 1 Tianhecheng Shopping Centre No. 208 Tian He Road Tianhe District Guangzhou The PRC	No commercial value
		Sub-total: Nil
		Total: 258,340,000

VALUATION CERTIFICATE

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN FRANCE

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
1. L'Occitane (main facility) Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France	The property comprises light-industrial, warehouse office and ancillary uses located in an industrial zone adjacent to Autoroute A51 at Manosque, Alpes de Haute Provence approximately 80 km northwest of Marseilles.	The property is occupied by the Group and is used for the manufacture, production, storage and packaging of cosmetic and domestic materials and ancillary activities related thereto.	214,660,000
Sub-divisions E2089, E2090, E2091, E3543, E3546, E3549, E3552, E3555, E3558, E3561, E3564, E3567, E3570, E4530, E4543, E4545, E4565, E4567, E4569, E2095, E4568, E4570, E4566 and E4583 of Zone Industrielle St. Maurice 04100 Manosque	The "main facility" is an industrial site forming steel-framed, single-storey structures on a site area of approximately 46,931 sq.m. The buildings and structures were constructed in 4 phases (1987, 2000, 2003 and 2009) and have a total gross floor area of approximately 21,122 sq.m. The site is accessed from an access road parallel to Autoroute A51. The property also comprises approximately 9,200 sq.m. of non-building land adjacent to the main facility for car parking purposes.		

Notes:

1. By a notarized Deed dated 29 September 2003, the registered owner of the land having an area of 46,931 sq.m. is L'Occitane S.A..
2. L'Occitane S.A. is a wholly-owned subsidiary of the Company.
3. By an agreement dated 14 March 2000 and 3 subsequent addendum made between L'Occitane S.A. and a consortium of banks ("le Bailleur") the land having an area of 46,931 sq.m. and improvements thereon is subject to a "credit bail" (Finance Lease) for a term expiring in 2015.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
2. L'Occitane Plate Forme Europe Building Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France Sub-division 4571 of Zone Industrielle St. Maurice 04100 Manosque	The property is located on a site of 12,484 sq.m. approximately 700m from the main facility on the same access road. The premises form a 2-storey office building, fronting a single-storey warehouse, together having a gross floor area of some 4,000 sq.m. Ancillary car parking is provided on site.	The property is occupied by the Group and is used for offices, production and packaging of cosmetic and domestic materials.	43,680,000

Notes:

1. By a notarized Deed of Sale dated 19 February 2007 between Societe D'Economie Mixte Durance Verdon (SEMDV) and L'Occitane S.A., L'Occitane S.A. is the registered owner of Section Numero E4571 of Extention No. 2 du Parc Industrielle Saint Maurice having a land area of 12,484 sq.m. (the Plate Forme Europe Building).
2. L'Occitane S.A. is a wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

GROUP II — PROPERTY INTEREST OWNED AND OCCUPIED BY THE GROUP IN FRANCE
SUBSEQUENT TO THE DATE OF VALUATION

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
3. Melvita Production Plant Marquenoux Lagorce 07150 Ardeche France	The property comprises various interlinked, mainly single-storey steel frame and aluminium panel light-industrial buildings, having a total gross floor area of 7,028 sq.m. located on a site area of 28,467 sq.m. The property is being extended by the construction of an interlinked steel-frame building on the existing site, having a net floor area of 6,628 sq.m. which is scheduled to be completed in March 2012. Once completed the total floor area of the complex will comprise some 14,511 sq.m. and supplementary area of 400 sq.m. As at 28 February 2010, the property was rented to the Group for terms expiring on 30 September 2011 and 31 October 2011 at a total current monthly rental of Euro 42,293.52.	The property is occupied by the Group and are used for production, research and warehousing purpose.	No commercial value

Notes:

1. As at 28 February 2010, the property was subject to the following tenancies:
 - (i) Pursuant to a tenancy agreement dated 30 September 2002 entered into between M&A Santé Beauté SAS, an indirect wholly-owned subsidiary of the Company, as tenant and Marquenoux S.C.I. ("Marquenoux") as landlord, a total building area of 723 sq.m. is leased to M&A Santé Beauté SAS for a term commencing from 1 October 2002 and expiring on 30 September 2011 at a current monthly rent of EUR 4,369.42 (inclusive of VAT).
 - (ii) Pursuant to a tenancy agreement dated 30 September 2002 entered into between Melvita SAS, an indirect wholly-owned subsidiary of the Company, as tenant and Marquenoux as landlord, a total building area of 459 sq.m. is leased to Melvita SAS for a term commencing from 1 October 2002 and expiring on 30 September 2011 at a current monthly rent of EUR 3,846.66 (inclusive of VAT).

- (iii) Pursuant to a tenancy agreement dated 31 October 2002 entered into between Melvita Production SAS, an indirect wholly-owned subsidiary of the Company, as tenant and Marquenoux as landlord, a total building area of 5,846 sq.m. is leased to Melvita Production SAS for a term commencing from 1 November 2002 and expiring on 31 October 2011 at a current monthly rent of EUR 34,077.44 (inclusive of VAT).
- 2. At the date of valuation the extension building was approximately 10% complete. We are advised that a total contract price of some Euros 9,017,000 will be expended on this extension.
- 3. Finance Lease: We are advised that on 30 March 2010 Melvita Production SAS entered into a Finance Lease with a consortium of banks for a period of 15 years. The terms of repayment of the Finance Lease are in respect of both the existing complex and the new extension.
- 4. We have designated *no commercial value* to the property as at the date of valuation the Group did not hold significant title to the Melvita property assets.

VALUATION CERTIFICATE

GROUP III — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP FOR
PRODUCTION, WAREHOUSING AND PACKAGING PURPOSES IN FRANCE

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
4. Nervi 1 Building Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France	The property comprises a single-storey warehouse with gross floor area of 1,322 sq.m. located on a site area of 6,760 sq.m. adjacent to the main facility. The building is rented for 9 years from 1 January 2006 from an independent third party at a current annual rental of Euros 47,544.	The property is occupied by the Group for warehousing and packaging purposes.	No commercial value

VALUATION CERTIFICATE

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
5. Nervi 2 Building Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France	The property comprises a single-storey warehouse with gross floor area of 2,355 sq.m. located on a site area of 7,080 sq.m. adjacent to the main facility. The building is rented for 9 years from 1 August 2007 from an independent third party at a current annual rental of Euros 141,060.	The property is occupied by the Group for warehousing and packaging purposes.	No commercial value

VALUATION CERTIFICATE

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
6. Leclerc Building Zone Industrielle St. Maurice 04100 Manosque Alpes de Haute Provence France	The property comprises a single-storey warehouse with gross floor area of 2,400 sq.m. located on a site area of 8,191 sq.m. adjacent to the main facility. The building is rented for 9 years from 1 March 2007 from an independent third party at a current annual rental of Euros 351,084.	The property is occupied by the Group for warehousing and packaging purposes.	No commercial value

VALUATION CERTIFICATE

GROUP IV — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN HONG KONG

(A) Leased Outlets in Kowloon and Elsewhere Outside Hong Kong Island

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
7. Shop No. UG15 Commercial Accommodation Festival Walk No. 80 Tat Chee Avenue Kowloon Hong Kong	The property comprises a retail unit on the upper ground floor of a 4-storey commercial shopping mall (plus 6 levels of basement) completed in about 1998. The property has a leased area of approximately 49.59 sq.m. The property is rented to the Group from Festival Walk Holdings Limited, an independent third party, for a term of 3 years commencing from 19 August 2007 and expiring on 18 August 2010, at a monthly rental exclusive of rates, management fee, water charge and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is Festival Walk Holdings Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17), the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
8. Shop No. 3326 on Level 3 Gateway Arcade Harbour City Nos. 7–23 Canton Road Tsim Sha Tsui Kowloon Hong Kong	The property comprises a retail unit on level 3 of a 5-storey commercial shopping mall completed in about 1999. The property has a leased area of approximately 64.55 sq.m. The property is rented to the Group from Harbour City Estates Limited, an independent third party, for a term commencing from 15 January 2010 and expiring on 14 January 2013, at a monthly rental exclusive of rates, management fee, air-conditioning charge and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is Wharf Realty Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17), the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
9. Shop No. G33 on Ground Floor Telford Plaza 2 Telford Gardens No. 33 Wai Yip Street Kowloon Hong Kong	The property comprises a retail unit on the ground floor of a 2-storey commercial shopping mall completed in about 1996. The property has a leased area of approximately 52.43 sq.m. The property is rented to the Group from MTR Corporation Limited, an independent third party, for a term of 3 years commencing from 16 November 2008 and expiring on 15 November 2011, at a monthly rental exclusive of rates, management fee, air-conditioning charge and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is MTR Corporation Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17), the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
10. Shop No. 30 on Level 2 Retail Block Langham Place No. 8 Argyle Street Kowloon Hong Kong	The property comprises a retail unit on level 2 of a 13-storey commercial shopping mall (plus 4 levels of basement) completed in about 2004. The property has a leased area of approximately 57.58 sq.m. The property is rented to the Group from Benington Limited and Renaissance City Development Company Limited, an independent third party, for a term of 3 years commencing from 1 September 2007 and expiring on 31 August 2010, at a monthly rental exclusive of rates, management fee, air-conditioning charge and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owners of the property are Benington Limited and Renaissance City Development Company Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17), the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
11. Shop No. C-28 on Concourse Level Commercial Accommodation APM Millennium City 5 No. 418 Kwun Tong Road Kowloon Hong Kong	The property comprises a retail unit on concourse level of a 9-storey commercial shopping mall (plus 3 levels of basement) completed in about 2004. The property has a leased area of approximately 38.57 sq.m. The property is rented to the Group from Garudia Limited and Lunalite Company Limited, the independent third parties, for a term of 2 years commencing from 22 April 2008 and expiring on 21 April 2010, at a monthly rental exclusive of rates, management fee, air-conditioning charge and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owners of the property are Garudia Limited and Lunalite Company Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17), the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
12. Shop No. 1094 on Level 1 Elements No. 1 Austin Road West Kowloon Hong Kong	The property comprises a retail unit on Level 1 of a 2-storey commercial shopping mall completed in about 1999. The property has a leased area of approximately 94.31 sq.m. The property is rented to the Group from MTR Corporation Limited, an independent third party, for a term of 3 years commencing from 17 August 2007 and expiring on 16 August 2010, at a monthly rental exclusive of rates, management fee, air-conditioning charge and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is MTR Corporation Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17), the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
13. Shop No. 396 on Level 3 New Town Plaza Phase I Shatin Hong Kong	The property comprises a retail unit on level 3 of an 8-storey commercial shopping mall (plus 2 levels of basement) completed in about 1984. The property has a leased area of approximately 56.56 sq.m. The property is rented to the Group from Sun Hung Kai Real Estates Agency Limited acting as the agent of the owner, an independent third party, for a term commencing from 14 August 2006 and expiring on 30 June 2010, at a monthly rental exclusive of rates, air-conditioning and management charges and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is Fu Tong Investment Company Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17), the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010
			HK\$
14. Unit 5P067 Terminal 2 Hong Kong International Airport No. 1 Sky Plaza Road, Lantau New Territories Hong Kong	The property comprises a retail unit on level 5 of Terminal 2 of Hong Kong International Airport completed in 2007. The property has a licensed area of approximately 60.42 sq.m. The property is licensed to the Group from Airport Authority, an independent third party, for a term commencing from 1 June 2009 and expiring on 28 February 2010, at a monthly rental exclusive of rates, air-conditioning and management charges. According to the information provided by the Group, the licence of the property is not renewed after the licence expiry date and the property is currently not occupied by the Group.	The property is occupied by the Group for retail purpose as at the date of valuation.	No commercial value

Notes:

1. The registered owner of the property is Airport Authority.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17, the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847 per property).

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
15. Shop No. 328 on Level 3, Metroplaza No. 223 Hing Fong Road Kwai Chung New Territories Hong Kong	The property comprises a retail unit on level 3 of a 42-storey office and commercial building completed in 1992. The property has a leased area of approximately 40.97 sq.m. The property is rented to the Group from Sun Hung Kai Real Estates Agency Limited acting as the agent of the owner, an independent third party, for a term of 3 years commencing from 1 March 2009 and expiring on 29 February 2012, at a monthly rental exclusive of rates, air-conditioning and management charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is Profit Richness Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17, the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847 per property).

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
16. Shop Nos. 2, 3 and 4 on Ground Floor Fook Tai Building Nos. 24–26 Soy Street/ No. 1 Sai Yeung Choi Street South Kowloon	The property comprises three adjoining shops on the ground floor of a 13-storey commercial building completed in 1978. The property has a total leased area of approximately 40.97 sq.m. The property is rented to the Group from Angostura Company Limited and Broadway Photo Supply Limited, two independent third parties, for terms of 3 years commencing from 15 September 2009 and expiring on 14 September 2012, at a monthly rental exclusive of rates and management charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of Shop No. 2 is Angostura Company Limited and that of Shop Nos. 3 and 4 is Broadway Photo Supply Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17, the monthly base rental is HK\$1,725,315 and the average monthly rental is HK\$156,847 per property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010
				HK\$
17.	Shop B202, K11 Mall Basement II No. 18 Hanoi Road Tsim Sha Tsui Kowloon Hong Kong	The property comprises a retail unit on Basement II of a 7-storey commercial shopping mall within an office building completed in 2009. The property has a leased area of approximately 33.7 sq.m.. The property is rented to the Group from Sunfield Investments Limited and Park New Astor Hotel Limited, two independent third parties, for a term of 3 years commencing from 27 October 2009 and expiring on 26 October 2012, at a monthly rental exclusive of rates, air-conditioning and management charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owners of the property are Sunfield Investments Limited and Park New Astor Hotel Limited.
2. Of the 11 leased retail properties in Kowloon and elsewhere outside Hong Kong Island in Hong Kong (for property nos. 7 to 17), the total monthly base rental is HK\$1,725,315 and the average monthly base rental is HK\$156,847.

VALUATION CERTIFICATE

(B) Leased Outlets on Hong Kong Island

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
18. Shop No. B62 1st Basement Landmark Atrium No. 15 Queen's Road Central Hong Kong	The property comprises a retail unit on the 1st basement floor of a 7-storey commercial atrium completed in about 1982. The property has a leased area of approximately 48.67 sq.m. The property is rented to the Group from The Hongkong Land Property Company Limited, an independent third party, for a term of 2 years commencing from 1 June 2008 and expiring on 31 May 2010, at a monthly rental exclusive of rates, management and promotion charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is The Hongkong Land Property Company Limited.
2. Of the 8 leased retail properties on Hong Kong Island in Hong Kong (for property nos. 18 to 25), the total monthly base rental is HK\$1,883,860 and the average monthly base rental is HK\$235,483 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
19. Shop No. 109 on Ground Floor Pacific Place Atrium No. 88 Queensway Admiralty Hong Kong	The property comprises a retail unit on the ground floor of a 5-storey commercial atrium completed in about 1989. The property has a leased area of approximately 78.97 sq.m. The property is rented to the Group from Pacific Place Holdings Limited, an independent third party, for a term commencing from 19 April 2006 and expiring on 18 July 2010, at a monthly rental exclusive of rates, management fee, air-conditioning charge and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is Pacific Place Holdings Limited.
2. Of the 8 leased retail properties on Hong Kong Island in Hong Kong (for property nos. 18 to 25), the total monthly base rental is HK\$1,883,860 and the average monthly base rental is HK\$235,483 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
20. A retail unit on Ground Floor Nos. 22 and 24 Russell Street Causeway Bay Hong Kong	The property comprises a retail unit on the ground floor of a 6-storey composite building completed in about 1959. The property has a leased area of approximately 78.97 sq.m. The property is rented to the Group from Kingdom Power Development Limited, an independent third party, for a term of 3 years commencing from 10 July 2009 and expiring on 9 July 2011, at a monthly rental exclusive of rates, management fee, electricity and water charges and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is Kingdom Power Development Limited.
2. Of the 8 leased retail properties on Hong Kong Island in Hong Kong (for property nos. 18 to 25), the total monthly base rental is HK\$1,883,860 and the average monthly base rental is HK\$235,483 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
21. Shop No. 1090 on Podium Level One Site R Retail Accommodation IFC Mall No. 8 Finance Street Central Hong Kong	The property comprises a retail unit on the podium level 1 of a 5-storey commercial shopping mall completed in about 2003. The property has a leased area of approximately 60.42 sq.m. The property is rented to the Group from IFC Development Limited ("Landlord"), an independent third party, for a term of 3 years commencing from 8 October 2009 and expiring on 7 October 2012, at a monthly rental exclusive of rates, air-conditioning and management charges and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is MTR Corporation Limited ("Head Landlord").
2. Of the 8 leased retail properties on Hong Kong Island in Hong Kong (for property nos. 18 to 25), the total monthly base rental is HK\$1,883,860 and the average monthly base rental is HK\$235,483 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
22. Shop No. 1088A on Podium Level One Site R Retail Accommodation IFC Mall No. 8 Finance Street Central Hong Kong	The property comprises a retail unit on the podium level 1 of a 5-storey commercial shopping mall completed in about 2003. The property has a leased area of approximately 35.5 sq.m. The property is rented to the Group from IFC Development Limited ("Landlord"), an independent third party, for a term of 3 years commencing from 11 December 2009 and expiring on 10 December 2012, at a monthly rental exclusive of rates, air-conditioning and management charges and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property MTR Corporation Limited ("Head Landlord").
2. Of the 8 leased retail properties on Hong Kong Island in Hong Kong (for property nos. 18 to 25), the total monthly base rental is HK\$1,883,860 and the average monthly base rental is HK\$235,483 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
23. Shop No. 205 on 2nd Floor Cityplaza No. 18 Taikooshing Road Taikoo Hong Kong	The property comprises a retail unit on the 2nd floor of a 7-storey commercial shopping mall completed in about 1982. The property has a leased area of approximately 44.99 sq.m. The property is rented to the Group from Cityplaza Holdings Limited, an independent third party, for a term of 3 years commencing from 1 July 2008 and expiring on 30 June 2011, at a monthly rental exclusive of rates, management fee, air conditioning charge and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is Swire Pacific Limited.
2. Of the 8 leased retail properties on Hong Kong Island in Hong Kong (for property nos. 18 to 25), the total monthly base rental is HK\$1,883,860 and the average monthly base rental is HK\$235,483 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
24. A retail unit on Ground Floor No. 523 Lockhart Road Causeway Bay Hong Kong	The property comprises a retail unit on the ground floor of a 6-storey composite building completed in about 1956. The property has a leased area of approximately 60.33 sq.m. The property is rented to the Group from World Fortune Corporation Limited, an independent third party, for a term of 3 years commencing from 1 August 2007 and expiring on 31 July 2010 with an option to renew for a further term of one year, at a monthly rental exclusive of rates, management fee and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. The registered owner of the property is World Fortune Corporation Limited.
2. Of the 8 leased retail properties on Hong Kong Island in Hong Kong (for property nos. 18 to 25), the total monthly base rental is HK\$1,883,860 and the average monthly base rental is HK\$235,483 per property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
25. Portion on Ground Floor and Shop No. 3 on First Floor of Tower 2 Star Crest No. 9 Star Street Hong Kong	The property comprises a portion of the ground floor and a commercial space on the first floor of a 4-storey commercial podium on which two residential towers are erected thereon completed in 1999. The property has a leased area of approximately 313.54 sq.m. The property is rented to the Group from Massrich Investment Limited, an independent third party, for a term of 60 months commencing from 11 June 2008 and expiring on 10 June 2013, at a monthly rental exclusive of rates and management charges.	The property is currently occupied by the Group as a spa.	No commercial value

Notes:

1. The registered owner of the property is Massrich Investment Limited.
2. Of the 8 leased retail properties on Hong Kong Island in Hong Kong (for property nos. 18 to 25, the total monthly base rental is HK\$1,883,860 and the average monthly base rental is HK\$235,483 per property).

VALUATION CERTIFICATE

(C) Leased Offices on Hong Kong Island

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
26. The Whole of 14th Floor Universal Trade Centre No. 3 Arbuthnot Road Hong Kong	The property comprises the whole of 14th floor of a 31-storey commercial building completed in about 1992. The property has a gross area of approximately 710.6 sq.m. The property is rented to the Group from Gold Talent Enterprises Limited, an independent third party, for a term commencing from 1 December 2008 and expiring on 30 November 2010, at a monthly rental of HK\$221,821 exclusive of rates, management fee and air-conditioning charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Note:

1. The registered owner of the property is Gold Talent Enterprises Limited.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
27. Office No. 3 on 16th Floor Universal Trade Centre No. 3 Arbuthnot Road Hong Kong	The property comprises a unit on the 16th floor of a 31-storey commercial building completed in 1992. The property has a gross area of approximately 155.1 sq.m. The property is rented to the Group from Up-Chance Trading Company Limited, an independent third party, for a term commencing from 1 December 2008 and expiring on 30 November 2010, at a monthly rental of HK\$46,760 exclusive of rates, management and air-conditioning fees.	The property is currently occupied by the Group for office purpose.	No commercial value

Note:

1. The registered owner of the property is Up-Chance Trading Company Limited.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
28. Office Nos. 1 and 2 on 16th Floor Universal Trade Centre No. 3 Arbuthnot Road Hong Kong	The property comprises two adjoining office units on the 16th floor of a 31-storey commercial building completed in 1992. The property has a gross area of approximately 227.9 sq.m. The property is rented to the Group from Up-Chance Trading Company Limited, an independent third party, for a term commencing from 1 September 2009 and expiring on 30 November 2010, at a monthly rental of HK\$51,513 exclusive of rates, management fees and air-conditioning charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Note:

1. The registered owner of the property is Up-Chance Trading Company Limited.

VALUATION CERTIFICATE

GROUP V — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN THE PRC

(A) Leased Outlets in Shanghai

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
29.	Unit 01-04A Raffles City No. 268 Xi Zang Zhong Road Huangpu District Shanghai The PRC	The property comprises a unit on level 1 of a 7-storey commercial shopping mall completed in about 2003. The property has a leased area of approximately 62.6 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Shanghai Hua Qing Real Estate Development Company Limited, an independent third party, for a term of 2 years commencing from 10 November 2009 and expiring on 9 November 2012, at a monthly rental exclusive of management fee, water and electricity charges and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. Of the 2 leased retail properties in Shanghai in the PRC (for property nos. 29 and 30), the total monthly base rental is RMB230,683.75 and the average monthly base rental is RMB115,342 per property.
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, *inter alia*, the following:
 - (i) The lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
30. A retail unit No. 1189 Nanjing West Road Nos. 211 and 215 Shaanxi North Road Jingan District Shanghai The PRC	The property comprises a retail unit on the ground floor of a 4-storey composite building completed in about 1930. The property has a gross floor area of approximately 105 sq.m., plus a cockloft with a gross floor area of approximately 12 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Shanghai Kaikai (Group) Co., Ltd., an independent third party, for a term commencing from 20 September 2008 and expiring on 19 September 2011, at a monthly rental exclusive of water and electricity charges and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. Of the 2 leased retail properties in Shanghai in the PRC (for property nos. 29 and 30), the total monthly base rental is RMB230,683.75 and the average monthly base rental is RMB115,342 per property.
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, *inter alia*, the following:
 - (i) The lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.
 - (v) The property is subject to mortgage. If there is change in ownership of the property arising from the exercise of the mortgagee's rights, the leasing rights of the lessee within the tenancy period may be affected.

VALUATION CERTIFICATE

(B) Leased Offices in Shanghai

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
31. Unit No. 2215 on Level 22 No. 819 Nanjing West Road Jingan District Shanghai The PRC	The property comprises a unit on level 22 of a 24-storey commercial building completed in about 1997. The property has a gross floor area of approximately 97 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Shanghai Zhongchuang Jing'an Commercial Development Company Limited, an independent third party, for a term commencing from 1 March 2009 and expiring on 31 December 2010, at a monthly rental of RMB15,932.3 exclusive of water and electricity charges and other outgoings.	The property is currently occupied by the Group for office purpose.	No commercial value

Note:

1. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, *inter alia*, the following:
 - (i) The lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
32. Unit Nos. 2207–2212 on Level 22 No. 819 Nanjing West Road Jingan District Shanghai The PRC	The property comprises 6 units on level 22 of a 24-storey commercial building completed in about 1997. The property has a total gross floor area of approximately 501.53 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Shanghai Zhongchuang Jing'an Commercial Development Company Limited, an independent third party, for a term of 2 years commencing from 1 January 2009 and expiring on 31 December 2010, at a monthly rental of RMB83,902 exclusive of water and electricity charges and other outgoings.	The property is currently occupied by the Group for office purpose.	No commercial value

Note:

1. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, *inter alia*, the following:
 - (i) The lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
33. Unit Nos. 2201–02 on Level 22 No. 819 Nanjing West Road Jingan District Shanghai The PRC	The property comprises 2 units on level 22 of a 24-storey commercial building completed in about 1997. The property has a total gross floor area of approximately 162 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Shanghai Zhongchuang Jing'an Commercial Development Company Limited, an independent third party, for a term of 3 years commencing from 1 March 2010 and expiring on 28 February 2013, at a monthly rental of RMB22,173.8 for the first two years and that for the third year can be re-adjusted through negotiation between both parties, exclusive of water and electricity charges and other outgoings.	The property is currently occupied by the Group for office purpose.	No commercial value

Note:

1. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following:
 - (i) The lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.

VALUATION CERTIFICATE

(C) Leased Outlets in Beijing

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
34. Shop No. WB 121 China World Shopping Mall No. 1 Jianguomenwaidajie Beijing The PRC	The property comprises a unit on level 1 of a 24-storey commercial building completed in about 1990. The property has a leased area of approximately 51.08 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from China World Trade Centre Company Limited, an independent third party, for a term of 2 years commencing from 1 May 2009 and expiring on 30 April 2011, at a monthly rental exclusive of water and electricity charges and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. Of the 4 leased retail properties in Beijing in the PRC (for property nos. 34 to 37), the total monthly base rental is RMB264,116.8 and the average monthly base rental is RMB66,029 per property.
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, *inter alia*, the following:
 - (i) The lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
35. Shop No. AA19 on Level 1 Oriental Plaza No. 1 East Changan Street Dongcheng District Beijing The PRC	The property comprises a unit on level 1 of a 21-storey commercial shopping mall completed in about 2000. The property has a leased area of approximately 75.59 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Beijing Oriental Plaza Co., Ltd., an independent third party, for a term of 3 years commencing from 1 August 2008 and expiring on 31 July 2010, at a monthly rental exclusive of management fee, promotion fee and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. Of the 4 leased retail properties in Beijing in the PRC (for property nos. 34 to 37), the total monthly base rental is RMB264,116.8 and the average monthly base rental is RMB66,029 per property.
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, *inter alia*, the following:
 - (i) The lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010
			HK\$
36. Shop No. L106 on Level 1 The Gate City Mall No. 19 Zongguanchundajie Haidian District Beijing The PRC	The property comprises a unit on level 1 of a 18-storey commercial shopping mall completed in about 2005. The property has a leased area of approximately 91.55 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Beijing Gate City Moer Assets Management Co., Ltd. acting as the authorized leasing representative of the owner, an independent third party, for a term of 3 years commencing from 1 September 2007 and expiring on 31 August 2010, at a monthly rental exclusive of management fee, electricity and water charges and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. Of the 4 leased retail properties in Beijing in the PRC (for property nos. 34 to 37), the total monthly base rental is RMB264,116.8 and the average monthly base rental is RMB66,029 per property.
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, *inter alia*, the following:
 - (i) The owner has obtained the ownership rights of the property and the lessor has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28 February 2010 HK\$
37. Shop L1-19 on Level 1, Beijing Raffles Shopping Centre, No. 1 Dongzhimen South Main Street, Dongcheng District Beijing The PRC	The property comprises a retail unit on the level 1 of a 6-storey shopping centre completed in 2009. The property has a leased area of approximately 53 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Beijing Xinjie Real Estate Development Company Limited, an independent third party, for a term of 3 years commencing from 15 April 2009 and expiring on 14 April 2012, at a monthly rental exclusive of management fee and utility charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Notes:

1. Of the 4 leased retail properties in Beijing in the PRC (for property nos. 34 to 37, the total monthly base rental is RMB264,116.8 and the average monthly base rental is RMB66,029 per property).
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following:
 - (i) The lessor has obtained the State-owned Land Use Rights Certificate but has not yet obtained the Building Ownership Certificate of the property and the application for that is in progress. If the Building Ownership Certificate is obtained, the lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with the relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.
 - (v) The property is subject to mortgage. If there is change in ownership of the property arising from exercise of the mortgagee's rights, the leasing rights of the lessee within the tenancy period may be affected.

VALUATION CERTIFICATE

(D) Leased Office in Beijing

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
38. Unit No. 4 on Level 18 The Exchange Beijing No. 118 Jianguo Road (Yi) Chaoyang District Beijing The PRC	The property comprises a unit on level 18 of a 21-storey office building completed in about 2000. The property has a gross floor area of approximately 81.59 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Exchange (Beijing) Co., Ltd., an independent third party, for a term of 2 years commencing from 1 December 2009 and expiring on 30 November 2011, at a monthly rental of RMB15,094.15, exclusive of water and electricity charges and other outgoings.	The property is currently occupied by the Group for office purpose.	No commercial value

Note:

1. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, *inter alia*, the following:
 - (i) The lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has not been registered with relevant government authorities, but non-registration will not affect the validity and legality of the tenancy agreement.
 - (v) It is not certain whether the land use rights of the property is subject to mortgage. If it turns out that the property is subject to mortgage, the leasing rights of the lessee within the tenancy period may be affected if there is change in ownership of the property arising from the exercise of the mortgagee's rights.

VALUATION CERTIFICATE

(E) Leased Outlet in Guangzhou

			Capital value in existing state as at 28 February 2010 HK\$
Property	Description and tenure	Particulars of occupancy	
39. Shop 126 on Level 1, Tianhecheng Shopping Centre, No. 208 Tian He Road Tianhe District Guangzhou The PRC	The property comprises a retail unit on the level 1 of a 8-storey shopping centre completed in 1996. The property has a gross floor area of approximately 86.9 sq.m. Pursuant to a Tenancy Agreement, the property is rented to the Group from Guangdong Teemall (Group) Company Limited, an independent third party, for a term of 3 years commencing from 2 August 2009 and expiring on 1 August 2012, at a current base monthly rental of RMB65,175 exclusive of management fee and utility charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Group's PRC legal advisors, which contains, inter alia, the following:
 - (i) The lessor has obtained the ownership rights of the property and has the rights to lease the property.
 - (ii) The Tenancy Agreement is legal, valid and enforceable under the PRC laws.
 - (iii) The existing use of the property complies with the prescribed use.
 - (iv) The Tenancy Agreement has been registered with the relevant government authorities and the rights of the lessee is protected by the PRC laws.

B. DETAILS OF LEASED PROPERTIES OF THE GROUP

Set out below are certain information relating to properties leased by the Group as at 28 February 2010.

Our Own L'Occitane Stores**(a) Australia**

Address	Approved usage
Chatswood Chase Shopping Center, Shop# G12, 345 Victoria Ave, Chatswood, Sydney, NSW, 2067	Retail
448 Oxford Street, Paddington, Sydney, NSW, 2021	Retail
Warringah Mall Shopping Centre, Shop# 250, Brookvale, Sydney, NSW, 2100	Retail
Chadstone Shopping Centre, Shop #419, 1341 Dandeng Road, Chadstone, Melbourne, Victoria, 3148	Retail
Shop 2067 Miranda Westfield, Miranda, 600 The Kingsway, 2228, Sydney	Retail
Castle Towers Shopping Centre, Shop# 344, Castle Street, Castle Hill, Sydney, NSW, 2154	Retail
549 Chapel Street, South Yarra, Melbourne, Victoria, 3141	Retail
Macarthur Central, Shop# G15, Corner Queen and Edward Streets, Brisbane, QLD, 4000	Retail
Pacific Fair Shopping Center, Shop# 6, Sunshine Boulevard, Broadbeach Gold Coast, QLD, 4128	Retail
Shop# 1, 318–322 Little Collins Street, Melbourne, Victoria, 3000	Retail
Shop #33, Terminal 3 Sydney Domestic Terminal, Sydney, Mascot, NSW, 2020	Retail
Westfield Bondi Junction, Shop# 4055/6, Oxford Street Bondi Junction, NSW, 2022	Retail
Melbourne Central, Shop #GD023, 211 La Trobe Street, Melbourne, Victoria, 3000	Retail
Shop RM24, Qantas Domestic Terminal (Terminal 1), Melbourne Airport Tullamarine, Victoria, 3043	Retail
Shop AF05 Canberra Centre, Shop AF05, Bunda St, Canberra, ACT, 2600	Retail
Shop 320, Broadway Shopping Centre, Bay Street, Sydney, 2007	Retail
Shop GO5A, 100 Rundle Mall, Adelaide SA 5000	Retail
Shop 2053 Kotara Westfield, Kotara, Corner Park Avenue & rthcott Drive, 2289	Retail
Shop 56 & 57 Carillon City, Hay Street Mall, Cnr Hay and Murray Street, Perth WA 6000	Retail
97 Rokeby Road, Subiaco, Perth	Retail
Shop GD 16 Cairns Central, Cnr Mcleod & Spence Street, Cairns, QLD, 4870	Retail
Shop 2067 Level 2 Indooroopilly Shopping Centre, 322 Moggill Road Indooroopilly QLD 4068, Brisbane	Retail
Shop 3079 Level 3 Highpoint Shopping Centre, 120 Rosamond Road Maribynong VIC 3032, Melbourne	Retail
Shop 2015 Southland Shopping Centre, 1239 Nepean Hwy Cheltenham VIC 3192, Melbourne	Retail
Shop 1146 Doncaster Shopping Centre, 619 Doncaster Road Doncaster VIC 3108	Retail
Shop 4080 level 4 Robina Town Center, Robina Town Center Drive Robina QLD 4230	Retail
Level 1, Shop 359, Sunshine Plaza, Horton Pde, Maroochydore QLD 4558, Melbourne	Retail
Shop 58 Lower Ground Floor QVB 455 George Street Sydney NSW 2000	Retail

(b) Austria

Address	Approved usage
Seilergasse 1, Vienna	Retail
Mariahilferstrasse 27, Vienna	Retail
Millennium City 5 A, Handelskai 94–96, Top 1-09.0	Retail
Kärntner-Ring 5–7, Vienna	Retail
Ecke Rabensteig 2, Vienna	Retail
Schmiedgasse 21, Graz	Retail
ECE City-Arkaden, Klagenfurt	Retail
Mariahilferstrasse 113, Vienna	Retail
Kärntner Str. 47, Vienna	Retail

(c) Belgium

Address	Approved usage
Shopping Ville 2, Grand Rue 143, Charleroi	Retail
Woluwe Shopping Centre Rue Street, Lambert 202, BTE 60, Bruxelles	Retail
Stadfeestzaal, Meir 78, Antwerpen	Retail
Galerie Espace Louise, Avenue de la Toison d'Or 42, Bruxelles	Retail
Lange Munt 4, Gent	Retail
Shopping City 2, Rue Neuve 123	Retail
Lange Steenstraat 47, Kortrijk	Retail
Rue Pont d'Ile 51, Leige	Retail
Steenstraat 36, Brugge	Retail
Westland Shopping Centre, Boulevard Sylvain Dupuis 309, Bruxelles	Retail
Shopping Les Grands Pres, Place des Grand Pres 1, Mons	Retail

(d) Brazil

Address	Approved usage
Av. Roque Petroni Jr., 1089 lj 90S Piso Superior, Sao Paulo	Retail
Av. Giovanni Gronchi, 5819 lj 395/396 - piso 2, Sao Paulo	Retail
Av. Higienopolis, 618 lj 240 Piso Pacaembú, Sao Paulo	Retail
Rua Normandia 18 Indianópolis, Sao Paulo	Retail
Av. Brigadeiro Faria Lima, 2232 - Loja X98 P. Superior, Sao Paulo	Retail
Av. Dr. Chucris Zaidan, 902 - lj 217/218 1o. Piso, Sao Paulo	Retail
Av. Ibirapuera, 3103 - lj 110 Piso Moema, Sao Paulo	Retail
Rua Turiassu, 2100 - loja 161, Sao Paulo	Retail
Rua Bela Cintra, 2023 Jardim Paulistano, Sao Paulo	Retail/Spa
Av. Regente Feijó, 1739 lj 134 Nivel Tulipa, Sao Paulo	Retail
Av. Nações Unidas, 4777 lj 151 1º Piso, Sao Paulo	Retail
Rua Treza de Maio, 1947 - lj 416/1017/442 Piso Paraíso, Sao Paulo	Retail
Rua Olimpíadas, 360 lj 317 - 2º. Piso, Sao Paulo	Retail
SAI/SO Area 6580 - CCCV - lj 155 I, Brasília	Retail
SDN Conjunto A lj 122 Térreo - Asa Norte, Brasília	Retail
Rua Lauro Muller, 116 - lj 301 3o. Piso Quadra 33, Rio de Janeiro	Retail
Av. das Américas, 4666 LJ 132 Nível Lagoa, Rio de Janeiro	Retail
Estrada da Gávea, 899 lj 115C 1o. piso, Rio de Janeiro	Retail
Av. Afrânio de Melo Franco, 290 - lj 206, Rio de Janeiro	Retail
R. Commendador Araujo, 731 lj 231/232 Piso L2, Curitiba	Retail
R. Prof. Pedro VP de Souza, 600 - lj 175, Curitiba	Retail
Av. Cândido de Abreu, 127 lj 22 Nível Mateus Leme, Curitiba	Retail
Av. Olegario Maciel, 1600 lj 87 Piso OM, Belo Horizonte	Retail
Rod BR 356, 3049 - lj NL - 110, Belo Horizonte	Retail
Rua Padre Carapuciero, 777 - PC69, Recife	Retail
Rua Alfândega 35 - lj 211, Recife	Retail/Spa
Ilha de Comandatuba — Hotel Transamérica, Bahia	Retail/Spa
Av. Iguatemi 777 - lj 21 - 2o. Piso Quadra 23, Campinas	Retail
Rodovia Dom Pedro I KM 131,5, Campinas	Retail
Av. Cel. Fernando Ferreira Leite, 1540 lj 207, Ribeirão Preto	Retail
Alameda Araguaia, 762 lj 5, Barueri	Retail
Av. Joao Wallig, 1800 - lj 2.122, Porto Alegre	Retail
Av. Dario de Noticias, 300 lj 1073A Nível Joquei, Porto Alegre	Retail

(e) Canada

Address	Approved usage
3051 Granville Street, Vancouver	Retail
Chinook Centre, Calgary	Retail
2589 Yonge Street, Toronto	Retail
4972 rue Sherbrooke Ouest — Westmount, Montreal	Retail
1000 Av. Laurier Ouest, Montreal	Retail
765 Burrard Street, Vancouver	Retail
Unit 200, 4293 Mountain Square, Whistler	Retail
Intrawest at Blue Mountain, Collingwood	Retail
Sherway Gardens, Etobicoke	Retail
West Edmonton Mall, Edmonton	Retail
Orchard Park Mall, Kelowna	Retail
102 Bloor St W., Toronto	Retail

(f) China

Address	Approved usage
WB 121 China World Shopping Mall, No. 1 Jian Guo Men Wai Ave, 100004, Beijing	Retail
Zhong Yau Department Store, No.176 XiDan North Avenue, Xi Cheng District, 10032, Beijing	Retail
1/F Pacific Dept Stores (Shanghai), 333 Middle Huai Hai Road 200021, Shanghai	Retail
AA19 Oriental Plaza, No.1 East Chang An Ave., Beijing, 100738	Retail
1/F, Pacific Dept. Store (Yingkei) Beijing, 2A Gong Ti Bei Lu, Chao Yang District (YingKe Center), Beijing 100027	Retail
01-04A Raffles City, 268 Xi Zang Zhong Road, Shanghai, 200001	Retail
1189 Nanjing West Road, Shanghai, 200041	Retail
1/F, Pacific Dept. Store (Chunxi) Chengdu, 12 Zong Fu Road, Chengdu, 610016	Retail
1/F, Pacific Dept. Store (Quanxing) Chengdu, 68 Renmin Zhong Road, Erduan, Chengdu, 610017	Retail
1/F, Pacific Dept. Store (XuJiahuii) Shanghai, 932 Heng Shan Road, Shanghai, 200021	Retail
1Wulin Square, Hangzhou, Hangzhou, 310006	Retail
Tianjin Far Eastern Mall, 1/F, No. 168, Dong Ma Road, Nankai District, Tianjin, 300090	Retail
Pacific Chongqing, No. 68, Zou Rong Road, Yu Zhong District, Chongqing, 400010	Retail
1/F Hongqiao Parkson, Shanghai, No.100 Zhun Yi Road, Chang Ning District, Shanghai, 200051	Retail
1/F Qingdao Parkson, No. 44-60 Zhong Shan Road, Qingdao, 266001	Retail
1/F Tianjin Parkson, No. 162 He Ping Road, He Ping District, Tianjin, 300021	Retail
1/F Beijing Parkson, No. 101 Fu Xing Men Nei Da Jie, Beijing, 100031	Retail
The Gate City Mall, 1/F, L106, No. 19 Zhong Guan Chun Da Jie, Hai Wan Guo Ji Zhong Xin, Haidian District, Beijing, 100080	Retail
Pacific Dalian, 1/F, No.19, Jie Fang Road, Zhongshan District, Dalian, 116001	Retail
Huaihai Parkson, 1/F, No.918, Middle Huaihai Road, Shanghai, 200020	Retail
Shin Kong Mitsukoshi, 1/F, No.87, Jian Guo Road, Chaoyang District, Beijing, 100025	Retail
Tianjin Hisense, 1/F, No.188, Jiefang Road, Heping District, Tianjin, 300042	Retail
1/F Qingdao Sunshine, No.38, Middle Xianggang Rd., Qingdao, 266071	Retail
Wuxi Parkson, 1/F, No.127, Middle Renmin Rd., Wuxi, 214001	Retail
Harbin Songlei, 1/F, No.329, East Dazhi Av., Nangang District, Harbin, 150001	Retail
Changchun Charter, 1/F, No.1255 Chongqing Rd., Changchun, 130000	Retail
Shenzhen Reel, 1/F, No. 1881 Shenzhen Luohu District, Bao An Nan Road, Shenzhen, 518000	Retail
Modern City, 1/F, No.40, Zhongguancun Av., Beijing, 100086	Retail
1/F Kunming Gingko, No.131, Bai Ta Road, Kunming, Yunan Provence, 650001	Retail
1/F, Shenyang Zhongxing, No.86, North Taiyuan, Hepin District, Shenyang 110001	Retail

Address	Approved usage
No.688, Jie Fang Av., Wuhan, Hubei Province 430000	Retail
No.122, South Zhongshan Road 210005, Nangjing	Retail
No.51 Qingni Road, Zhongshan District, Dalian, Liaoning Province 116001	Retail
No.1, West Yanlin Rd, Changzhou, Jiangsu Province 213003	Retail
No.268, Wangdun Road, Suzhou Industrial Park 215123	Retail
No.1 North Zhonghua Rd., Guiyang, Guizhou Province	Retail
No.189, North Qingxian Rd, Taiyuan, Shanxi Province 300012	Retail
1F, No66, Li Yuan Av., Li Xia district, Jinan, Shandong Province 250014	Retail
L1-19, 1F, No 1 South Dongzhimen Av., Dongcheng District, Beijing 100027	Retail
1F, Huazhe Plaza No. 2-3, North Huanchen Road, Hangzhou, Zhejiang Province 310000	Retail
1F, No88, Middle Huangxing Rd. Changsha, Hunan Province 410002	Retail
No.89, Hangzhong Rd, Nanjing, Jiangsu Province 210018	Retail
1F, No.208, Tianhe Rd, Guangzhou, Guangdong Province 510620	Retail
1/F, No.245, Guanqian Road, Suzhou 215000	Retail
No. 133, 817 North Street	Retail
No. 378, Guogeli Road, Nangang District	Retail

(g) Czech Republic

Address	Approved usage
Dětský Dům, Na Prikope 15, 110 00 Praha 1, Czech republic	Retail
NC Flora Palac, Vinohradska 2828/151, 130 00 Praha 3, Czech Republic	Retail
OC Chodov, Roztylska 2321/19, 140 00 Praha 4, Czech Republic	Retail
OC Nový Smichov, Plzenska 8, 150 00 Praha 5, Czech Republic	Retail
NC Palladium, Namesti Republiky 1, 110 00 Praha 1, Czech republic	Retail
NC Olympia Plzeň, Pisecka 792/1, 326 00 Plzeň, Czech Republic	Retail
NC Olympia Brno, U Dalnice 777, 664 42 Brno-Modřice, Czech Republic	Retail
Masarykova 2, 602 00 Brno-Město, Czech Republic	Retail

(h) France

Address	Approved usage
21, rue Espariat, Aix en Provence	Retail
1, rue Jean Jacques Rousseau, Annecy	Retail
58, rue de la République, Arles	Retail
11-13, rue des Marchands, Avignon	Retail
6, rue Porte Dijeaux, Bordeaux	Retail
93, Boulevard Jean-Jaurès, Boulogne Billancourt	Retail
228, place Saint Léger, Chambéry	Retail
CC Régional Créteil-Soleil, Magasin 129, Créteil	Retail
102, Centre Commercial Grand Place, Grenoble	Retail
8, rue de Bonne, Grenoble	Retail
Cellule 134 CC les 4 Temps, Puteaux	Retail
Centre commercial Parly 2, Le Chesnay	Retail
44, avenue Président Wilson, Levallois-Perret	Retail
19, rue Neuve, Lille	Retail
30, rue de la République, L'Isle sur la Sorgue	Retail
82, rue Edouard Herriot, Lyon	Retail
Centre Commercial Part Dieu , 17, rue Bouchut, Lyon	Retail
ZI St Maurice, Magasin Saint Maurice, Manosque	Retail
21, rue Grande, Manosque	Retail
20-22 Rue Haxo, Marseille	Retail

Address	Approved usage
CC Mérignac Soleil, Local 145, Mérignac	Retail
26, grand rue Jean Moulin, Montpellier	Retail
Centre Commercial “ Le Polygone”, Local n°304 BP9582 Cedex 01, Montpellier	Retail
8, rue Masséna, Nice	Retail
9, rue de l’Aspic, Nîmes	Retail
26, rue Vavin, Paris	Retail
Galerie des Champs-Élysées, 84, avenue des Champs-Élysées, Paris	Retail
84, rue de Rivoli, Paris	Retail
Passage du Havre, 109, rue Saint-Lazare, Paris	Retail
27, rue du Commerce, Paris	Retail
17, rue des Francs-Bourgeois, Paris	Retail
93, rue de Rennes, Paris	Retail
60, rue du Faubourg Saint Antoine, Paris	Retail
8, rue Halevy, Paris	Retail
99, rue de Rivoli Local n°18, Carroussel du Louvre, Paris	Retail
Galerie Diderot Local GD04, Gare de Lyon, Paris	Retail
4, rue de Sèvres, Paris	Retail
CC Forum des Halles, 101, Niveau 3, Passage Verrière — Porte Berger, Paris	Retail
Bercy Village, Chai n°42, 42, cours Saint Emilion, Paris	Retail
1, rue d’Arcole, Paris	Retail
23, rue de l’Ange, Perpignan	Retail
CC Grand Portet , 1, boulevard de l’Europe, Portet sur Garonne	Retail
CC Rosny 2, Avenu Charles de Gaulle, Rosny	Retail
68, rue des Carmes, Rouen	Retail
3, rue des Louviers, Saint Germain en Laye	Retail
CC Nice Cap 3000 Lot 138, Saint Laurent du Var	Retail
CC Belle Epine niveau 1, Thiais	Retail
24, rue Lafayette, Toulouse	Retail
CC Vélizy 2, lot 156 niveau 1, Avenue de l’Europe, Vélizy	Retail
24, rue du Midi, Vincennes	Retail
22, Rue Condorcet, Reims	Retail
Centre Commercial Italie 2 Local 112 A-Niveau bas, Paris	Retail
Centre Commercial La Valentine Local n°7 et 106, Marseille	Retail
39, Rue de la Paroisse, Versailles	Retail
Galerie Passy Plaza local 1A et 1B 53, rue de Passy, Paris	Retail
CC Labège 2 Local 104A et Réserve R209 E, Labège	Retail
Local N°118 Centre Commercial Bordeaux Lac - Galerie marchande, Bordeaux	Retail
47, rue de Sèvres, Paris	Retail/Spa
Centre Commercial Blagnac 2, Rue Emile Zola Local N°89, Blagnac	Retail
2, 4 Avenue des Ternes	Retail

(i) Germany

Address	Approved usage
Mittelstrasse 12–14, Köln	Retail
Kurfürstendamm 214, Berlin	Retail
Flinger Str. 14, Düsseldorf	Retail
Friedrichstrasse 67, Berlin	Retail
Kaiserstrasse 24–26, Nürnberg	Retail
Sternstrasse 13, Bonn	Retail
Langgasse 16, Wiesbaden	Retail
Hauptstrasse 54, Heidelberg	Retail
Kaiserstraße 14, Frankfurt	Retail
Balindamm 40, Hamburg	Retail
Heegbarg 30, Hannover	Retail
Humboldttring 13, Mülheim	Retail
Stiftstraße 1, Stuttgart	Retail
Rothenburg 14–16, Münster	Retail
Kalbäckergasse 12/Meissengasse 8, Frankfurt	Retail
Kaiserstr. 145, Karlsruhe	Retail
Maffeistr. 1, München	Retail
Prager 15, Dresden	Retail
Grimmaisch Str. I-1	Retail
Limbecker Platz Ia	Retail
Heegbarg 31, Hamburg	Retail
Wertheim Village Outlet-Almosenberg	Retail

(j) Hong Kong

Address	Approved usage
The Landmark, Shop# B62, Central	Retail
Festival Walk, Shop# UG15, 80 Tat Chee Avenue, Kowloon Tong	Retail
New Town Plaza Phase I, Shop# 396, Shatin, New Territories	Retail
Pacific Place, Shop# 109, 88 Queensway Admiralty	Retail
Telford Plaza, Shop# G33, Kowloon Bay	Retail
24, Russell Street, Causeway Bay	Retail
IFC Mall, Shop# 1090 Podium Level 1, 8 Finance Street, Central	Retail
Millennium City 5, APM, Shop# C-28, Concourse Level, 418 Kwun Tong Road, Kowloon	Retail
Cityplaza, Shop#205, 2/F, 18 Taikooshing Road, Taikooshing, Kowloon	Retail
Shop 3326, Level 3, Gateway Arcade, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon	Retail
523 Lockhart Road, Causeway Bay	Retail
L2–30, Langham Place, 8 Argyle Street, Mong Kok, Kowloon	Retail
Shop 1094, Elements, 1 Austin Road West, Kowloon Station	Retail
Shop 328. L-3 Metroplaza, Kwai Chung, New Territories	Retail
Shop No. 2 to 4, G/F Fook Tai Building Nos. 24–26 Soy Street, No. 1 Sai Yeung Choi South Street, Mongkok	Retail
K11 Mall Basement II, No. 18 Hanoi Road, Tsim Sha Tsui	Retail

(k) Hungary

Address	Approved usage
MAMMUT Shopping center, Lövőház u. 2–6, 1024 Budapest, Hungary	Retail
WEST END Shopping center, Váci út 1–3, Bethlen G. sétány 17., 1062 Budapest, HUNGARY	Retail
ARENA PLAZA, Kerepesi ut. 9, 1087 Budapest, HUNGARY	Retail
Vaci utca 11/B, 1052 Budapest, HUNGARY	Retail/warehouse
ARKAD BUDAPEST, Örs Vezér tere 25, 1106 Budapest, HUNGARY	Retail
ARKAD GYŐR, Budai út 1, 9021 Győr, HUNGARY	Retail
Oktober 23 utca, 1117 Budapest, Hungary	Retail

(l) India

Address	Approved usage
69A, Khan Market	Retail
130A, Ground Floor, DLF Promenade, Vasant Kunj	Retail

(m) Italy

Address	Approved usage
Via Dante, n. 12 Milano 20124	Retail
Via Solferino, n. 12 Milano 20124	Retail
C.so Buenos Aires 15, Milan	Retail
Strada della Repubblica, 13 Parma 43100	Retail
Via Indipendenza, 17/a Bologna 40122	Retail
Via Garibaldi, 9 Bis Torino 10122	Retail
Via San Marco 230 Venezia 30100	Retail
Via Dante 4/b Trieste 34135	Retail
SP208, KM 2 Carugate Agrate SN 20061 (M1), Carugate	Retail
Via Ossmazurana 11, Trento 38100	Retail

(n) Japan

Address	Approved usage
Queen's East, 1/F, 2-3-2 Minatomirai, Nishi-ku, Yokohama-shi, Kanagawa 220-8542	Retail
3-5-18 Kita-Aoyama, Minato-ku, 107-0061, Tokyo	Retail
Honkan 2/F, Shinjuku Isetan, 3-14-1, Shinjuku, Shinjuku-ku, 160-0022, Tokyo	Retail
Daimaru Shinsaibashi, Minamikan, 1/F, 1-7-1, Shinsaibashisuji, Chuo-ku, Osaka-shi, 542-8501	Retail
Nishikan 1/F Tokyu Touyoko Branch, 2-24-1, Shibuya, Shibuya-ku, 150-8319, Tokyo	Retail
Tokyu Kichijoji, 9/F, 2-3-1, Honcho, Musashino-shi, 180-0004	Retail
Hanshin Department Umeda, 6/F, 1-13-13 Umeda, Kita-ku, Osaka-shi, 530-0001	Retail
Yokohama Sogo, 1/F, 2-18-1, Takashima, Nishi-ku, Yokohama-shi, 220-8510	Retail
Ikebukuro Tobu, 1/F, 1-1-25, Nishi-ikebukuro, Toshima-ku, 171-8512, Tokyo	Retail
Nagoya Matsuzakaya Eki-ten, 6/F, 1-1-2, Meieki Nakamura-ku, Nagoya-shi, 450-8502	Retail
Ebisu Mitsukoshi, B1, 4-20-7, Ebisu, Shibuya-ku, 150-6090, Tokyo	Retail
Tenjin IMS, B2, 1-7-11, Tenjin, Chuou-ku, Fukuoka-shi, 810-0001	Retail
Matsuzakaya Nagoya, North Bldg, 1/F, 3-16-1, Sakae, Naka-ku, Nagoya-shi, 460-0008	Retail
JR Tower Sapporo Stellar Place B1, 2–5 Kita5jyo Nishi, Chuo-ku, Sapporo-shi, 060-0005	Retail
Ginza Printemps, 1/F, 3-2-1, Ginza, Chuo-ku, 104-0061, Tokyo	Retail
Tamagawa Takashimaya SC Shin-Minamikan, 3/F, 3-17-1, Tamagawa, Setagaya-ku, 158-0094, Tokyo	Retail

Address	Approved usage
3 Gou Chikagai Diamond Osaka Ekimae, 1, Umeda, Kita-ku, Osaka-shi, 530-0001	Retail
Namba Parks, 3/F, 2-10-70, Nanbanaka, Naniwa-ku, Osaka-shi, 556-0011	Retail
Lumine2, 2/F, 630, Nishiki-machi, Omiya-ku, Saitama-shi, 330-0853	Retail
Colet IZUTSUYA 2/F, 3-1-1, Kyomachi, kita-ku, Kitakyushu-shi, 802-8508	Retail
Center Plaza 1F, 1-9-1, Sannomiya-cho, Chuo-ku, Kobe-shi, 650-0021	Retail
Minami-kan 2F, Lalaport, 2-1-1, Hamacho, Funabashi-shi, 273-8530, Chiba	Retail
Lumine Est B2F, 3-38-1, Shinjyuku, Shinjyuku-ku, 160-0022, Tokyo	Retail
361, Naramono-Machi, Teramachi-Nishi Hairu, Shijo Dori, Shimogyo-ku, Kyoto-shi, 600-8004	Retail
Ebisu Atre, 3/F, 1-5-5, Ebisu-Minami, Shibuya-ku, 150-0022, Tokyo	Retail
Nagoya LACHIC, 1/F, 3-6-1, Sakae, Naka-ku, Nagoya-shi, 460-0008	Retail
Kashiwa-Takashimaya Station Mall 5F, 1-1 Suehiro-cho, Kashiwa-shi Chiba, 277-8550	Retail
Sapporo-chika pole town, Nishi 4 chome Minami 1 jo, Chuo-ku, Sapporo, Hokkaido, 060-0061	Retail
Hankyu Department Store Osaka Umeda Honten 3/F, 8-7 Kakuta-cho, Kita-ku, Osaka, 530-8350	Retail
Sanda Hankyu 2F, 2-1 Ekimae-cho, Sanda-shi, Hyogo-ken, 669-1528	Retail
Nu Chayamachi 1F., 10-12 Chayamachi, Kita-ku, Osaka, 530-0013	Retail
Kyobashi Keihan Mall honkan 1F, 2-1-38 Higashi Noda-cho, Tsushima-ku, Osaka-shi, 534-0024	Retail
Kobe Hankyu 1/F., 1-7-2, Higashi Kawasaki-cho, Chuo-ku, Kobe-shi, Hyogo, 650-0044	Retail
Takashimaya Konandai 1F, 3-1-3, Konandai, Konan-ku, Yokohama-shi, Kanagawa-ken, 234-8501	Retail
Takashimaya Rakusai 1F, 2-5-5, Higashi-Sakaitani-Cho, Oharano, Nishigyo-ku, Kyoto-shi, Kyoto, 610-1143	Retail
Shinjyuku LUMINE 2 1F, 3-38-2, Shinjyuku, Shinjyuku-ku, Tokyo, 160-0022	Retail
Takanawa WING EAST 1F, 3-26-26, Takanawa, Minato-ku, Tokyo, 108-0074	Retail
JR Nagoya Takashimaya 3F, 1-1-4, Meieki, Nakamura-ku, Nagoya-shi, Aichi, 450-6001	Retail
Machida modi 2F, 6-2-6 Haramachida, Machida-shi, Tokyo, 194-0013	Retail
Mint Kobe 2F, 7-1-1, Kumoi-dori, Chuo-ku, Kobe-shi, 651-0096	Retail
Ginza Silk Building 1/F, 4-6-17 Ginza, Chuo-ku, Tokyo, 104-0061	Retail
Sun Station Terrace Okayama, 1-1, Ekimoto-cho, Kita-ku, Okayama-shi, Okayama-ken, 700-0024	Retail
1/F. Yokohama Joinus, 1-5-1, Nangyo, Nishi-ku, Yokohama-shi, 220-0005	Retail
Yurakucho hankyu 1/F., 2-5-1, Yurakucho, Chiyoda-ku, Tokyo, 100-8488	Retail
Tachikawa Granduo 1F, 3-2-1, Shibazaki-cho, Tachikawai-shi, Tokyo, 190-8554	Retail
Fukuoka Tenjin Daimaru Honkan 1F, 1-4-1, Tenjin, Chuou-ku, Fukuoka-shi, Fukuoka, 810-8717	Retail
Sakai Kitahanada Hankyu 2F, 4-1-12, Higashiasakayama-cho, Kita-ku, Sakai-shi, Osaka, 591-8008	Retail
Belle vie Akasaka B1, 3-1-6, Akasaka, Minato-ku, Tokyo, 107-0052	Retail
Hiroshima Station Building Asse 1F, 2-37 Matsubara-cho, Minami-ku, Hiroshima-shi, 732-0822	Retail
Hiroshima Fukuya Department Store 1F, 6-26 Ebisu-cho, Naka-ku Hiroshima-shi, 730-8548	Retail
Machida Lumine 2F, 6-1-11 Haramachida, Machida-shi, Tokyo, 194-0013	Retail
Tokyo Daimaru 2F, 1-9-1 Marunouchi, Chiyoda-ku, Tokyo, 100-6701	Retail
SUVACO JR Kyoto Isetan 2/F, Higashi Shiokouji, Shiokouji Kudaru, Karasuma Street, Shimokyo-ku, Kyoto-shi, 600-8555	Retail
Kitasenu Lumine 3/F, 42-2 Senjuasahicho, Adachi-ku, Tokyo, 120-0026	Retail
Okayama Tenmaya 1/F, 2-1-1 Omote-cho, Kita-ku, Okayama-shi, 700-0822	Retail
Shibuya Ekimae Building 1F, 2-3-1 Dogenzaka, Shibuya-ku, Tokyo, 150-0043	Retail
The SH one 1F, 1-26-6 Minamiikebukuro, Toshima-ku, Tokyo, 171-0022	Retail
Higashi-kan 1F, Takashimaya Osaka, 5-1-5, Nanba, Chuo-ku, Osaka-shi, Osaka, 542-8510	Retail
Abeno AND 1F, 2-1-40, Abeno-suji, Abeno-ku, Osaka-shi, Osaka, 545-0052	Retail
Honkan 2F, Odakyu Shinjuku-ten, 1-1-3, Nishi-shinjuku, Shinjuku-ku, Tokyo, 160-8001	Retail

Address	Approved usage
Sapporo Tokyu 1F, 4-2-1, Kita, Chuo-ku, Sapporo-shi, Hokkaido, 060-8619	Retail
Ikspiari 2F, 1-4, Maihama, Urayasu-shi, Chiba, 279-0031	Retail
Nishinomiya Hankyu 2F, 14-1, Takamatsu-cho, Nishinomiya-shi, Hyogo, 663-8204	Retail
Tsuruya honkan 1F, 6-1, Tetorihoncho, Kumamoto-shi, Kumamoto, 860-8586	Retail
Pallet city 1F, 7-1-1, Hon-cho, Funabashi-shi, Chiba, 273-8567	Retail
Lumine wing Ofuna 3F, 1-4-1, Ofuna, Kamakura-shi, Kanagawa, 247-0056	Retail
Lumine Tachikawa 2F, 2-1-1, Akebono-cho, Tachikawa-shi, Tokyo, 190-0012	Retail
Marubiru 1F, 2-4-1, Marunouchi, Chiyoda-ku, Tokyo, 100-6390	Retail
Perie chiba 2, 1F, 1-1-1 Shin Chiba, Chuo-ku, Chiba-shi	Retail
Esola Ikebukuro BIF, 1-12-1 Nishi-Ikebukuro, ToShima-ku	Retail

(o) Korea

Address	Approved usage
2FL, Galleria Concos Dept. 122-11, Bongrae-Dong 2Ga, Joong-Gu, Seoul, Korea	Retail
1FL, Galleria Time World Dept. 1036, Doosan-2Dong, Seogu, Daejeon, Korea	Retail
1FL, I Park Dept. 40-999, Hankangro-3Ga, Yongsangu, Seoul, Korea	Retail
1FL, Lotte Bundang Dept. 14, Sunae-Dong, Bundang-Gu, Kyonggi-Do, Korea	Retail
1FL, Galleria Apkujung East Dept. 494, Apkujung-Dong, Kangnamgu, Seoul, Korea	Retail
101, 547-4, Shinsa-Dong, Kangnam-Gu, Seoul, Korea	Retail
1FL, Lotte Kangnam Dept. 936-21, Daechi-Dong, Kangnam-Gu, Seoul, Korea	Retail
1B 147, Westerndom, Janghang-dong IlsanDong-gu, Goyang-si, Kyonggi-Do, Korea	Retail
1FL, Shinsegae Incheon Dept. 15, Kwangyo-Dong, Nam-Gu, Incheon, Korea	Retail
1F Lotte Centrum City U-dong Haeundae-gu Busan	Retail
1F 579, Karo-City2 BLD, Sinsa-dong Gangnam-gu Seoul	Retail
1FL, Lotte Main Dept. 1, Sogong-Dong, Joong-Gu, Seoul,, Korea	Retail
1FL, Lotte Mia Dept. 70-26, Mia 4 -Dong.Kang-Gu, Korea	Retail
1FL, Lotte Chamshil Dept. 40-1, Chamshil-Dong, Songpa-Gu, Seoul, 138-721, Korea	Retail
1FL, Lotte Youngdungpo Dept. 618-496, Youngdungpo-Dong, Youngdungpo-Gu, Seoul, 150-030, Korea	Retail
Daegu-Si, Buk-Gu, Chilsungdong 2 /1F	Retail
Seoul, Nowon, Sangae2-dong 713 /1F	Retail
Kwangju, Dong-Gu, Daeln dong 7-1 /1F	Retail
Seoul, Seocho-gu, Banpo dong 19-3 /1F	Retail
Daegu-Si, Dalseo-Gu, SangIn-dong 1502 /1F	Retail
Seoul.Kangdong-Gu, Chunho-dong 455-8 /1F	Retail
IFR, 96-4 Banpo-dong, Seocho-gu	Retail
20-1, Joong Ang-dong 7, Joong-gu	Retail
Loote Ulssa Department Store, Sam San-Dong, Nam-gu	Retail

(p) Macau

Address	Approved usage
Shop 2608, The Venetian Macau Grand Canal Shoppes, Macau	Retail

(q) Mexico

Address	Approved usage
158 Avenida Presidente Mazarik — Local B, Mexico DF	Retail
CC Avenida Vasco de Quiroga n°3800 — Local #358, Mexico DF	Retail
Av. Tamaulipas 150 Torre A — Circuito Centro Comercial #2252, Mexico DF	Retail

Address	Approved usage
Periferico Sur #4691, Mexico DF	Retail
Av. Insurgentes sur esquina parroquia, Mexico DF	Retail
Plaza Duendes Calzada San Pedro Sur 102 - local 10, Monterrey	Retail
Avenida Insurgentes No2500 local 728, Monterey	Retail
Boulevard Puerta de Hierro No2085C, Guadalajara	Retail
Km 87.850 de la autopista Mexico Acapulco — Esquina Avenida de los cincuenta metros, Cuernavaca	Retail
Avenida Coyoacan No2001, Mexico DF	Retail
Boulevard del Niño Poblano No2511, Puebla	Retail
Avenida Jose Vasconcelos No403, Monterrey	Retail
Avenida Rafael Sanzio No151, Guadalajara	Retail
Avenida Vallarta No3960, Guadalajara	Retail
Boulevard Nazario Ortiz No2346, Saltillo	Retail
Boulevard de las Naciones No1814, Acapulco	Retail
Boulevard Jose Diego Valadez No1677, Culiacan	Retail
Ejercito Nacional 843B, Esquina Moliere	Retail
Bosques de Duraznos No. 39 Esq. Bosques de Ciruelos, Local B-13	Retail

(r) Poland

Address	Approved usage
ul. Wołoska 12, 02-675 Warszawa	Retail
ul. Ostrobramska 75, 04-175 Warszawa	Retail
Al. Jana Pawła II 82 , 00-175 Warszawa	Retail/Spa
ul. Rynek Główny 13 , 31-042 Kraków	Retail
ul. Chorzowska 111, 40-101 Katowice	Retail
ul. Półwiejska 42, 61-813 Poznań	Retail
ul. Pawia 5, 31-154 Kraków	Retail
ul. Piłsudskiego 15/23, 90-307 Łódź	Retail
ul. Świdnicka 40, 50-950 Wrocław	Retail
Al. Zwycięzców 256, 81-525 Gdynia	Retail
ul. Kamińskiego 11, 30-644, Kraków	Retail

(s) Russia

Address	Approved usage
50 Sulimova Str., Ekaterinbourg	Retail
87, Metalurgov St., Ekaterinbourg	Retail
46, 8 Marta St., Ekaterinbourg	Retail
Ibragimova pr-t, 56, Kazan	Retail
141, Pobedy pr., Kazan	Retail
1, Peterburgskaya st., Kazan	Retail
33, Zemlyay Val, Moscow	Retail
Novinsky boulevard, 31, Moscow	Retail
22, Bolshaya Yakimanka, Moscow	Retail
Rublevskoe shosse 62, Moscow	Retail
Cheremushkinskaja, Moscow	Retail
62a, Leningradsky pr-t	Retail
Mega Mall — MKAD/Kaluzhkoye shosse, Moscow	Retail
85/1 Barvikha Village, Moscow	Retail
3/1, Michurinsky pr-t, Moscow	Retail
13, Bolshaya Tulsкая, Moscow	Retail

APPENDIX IV**PROPERTY VALUATION AND DETAILS OF
LEASED PROPERTIES OF THE GROUP**

Address	Approved usage
6, Tverskaya str., Moscow	Retail
12, Malaya Sukharevskaya, Moscow	Retail
1/2, Manegnaya pl., Moscow	Retail
4, Komsomolsky pr., Moscow	Retail
61A, Profsoyuznaya st., Moscow	Retail
76a, Leningradsky pr-t, Moscow	Retail
163a, Dmitrovskoe sh., Moscow	Retail
14, Kirovogradskaya st., Moscow	Retail
16a/4, Leningradskoe sh, Moscow	Retail
2/2, Ryazanskiy pr., Moscow	Retail
6, Vernadskogo pr., Moscow	Retail
32, Baumanskaya st., 24, Spartakovskaya st., Moscow	Retail
5, 1 Pokrovsky pr., Kotelniki, Moscow	Retail
20, Sheremetevskaya st., Moscow	Retail
4, Novoslobodskaya st., Moscow	Retail
2, Kievskaya pl., Moscow	Retail
107, Vatutina st., Novosibirsk	Retail
101, Krasniy pr., Novosibirsk	Retail
32j, M. Nagibina, Postov-on-Don	Retail
33, Novocherkasskoe sh., Postov-on-Don	Retail
3 Efimova str., St. Peterbourg	Retail
25, Nevsky pr-t, St. Peterbourg	Retail
126/A, Savushkina st., St. Peterbourg	Retail
Bugry, St. Peterbourg	Retail
12 km, Murmanskoe sh., St. Peterbourg	Retail
Domodedovski 14, bld 3, Orekhovy bul, Moscow	Retail

(t) Singapore

Address	Approved usage
Takashimaya Department Store, Basement 1, 391A Orchard Road, 238873	Retail
City Link Mall, Shop#B1-13, 1 Raffles Link, 039393	Retail
Centrepont, Shop#176, 02-05 Orchard Road, 238843	Retail
Ngee Ann City, Shop#B1-33A, 391 Orchard Road, 238872	Retail
VivoCity, Shop#01-10, 1 HarbourFront Walk, 99253	Retail
Peranakan Place, 178 Orchard Road, 238845	Retail
ION Orchard, Shop#B2-33, 2 Orchard Turn, 238801	Retail
Raffles City Shopping Centre, Shop#01-40, 252 North Bridge Road, 179103	Retail

(u) Slovakia

Address	Approved usage
Michalska 7, Bratislava	Retail
Shopping Center Aupark, Einsteiva 18, Bratislava	Retail

(v) Spain

Address	Approved usage
Rambla Catalunya, 61 Bjs, Barcelona	Retail
Santalo, 64 Bjs, Barcelona	Retail
c/ Santa Ana n°6, Barcelona	Retail

Address	Approved usage
Gran de Gracia nº76, Barcelona	Retail
San Nicolás, 8 Bjs, Palma de Mallorca	Retail
Centro Comercial Plaza Norte, Plaza del Comercio, 11 y 12, Madrid	Retail
Avenida Monforte de Lemos 36, Madrid	Retail
c/ Fuencarral nº54, Madrid	Retail
c/ Sierpes nº50, Seville	Retail
Marques de Larios, 3, Málaga	Retail
Columela, 29, bajo, Cádiz	Retail
El Carmen, 17, Madrid	Retail
Princesa 55, local 2, Madrid	Retail
Claudio Coello, 47, Madrid	Retail
Las Rozas Village-Local 14 A	Retail
Can Massageier s/n — Local 20	Retail
c/ Rodriguez Arias No. 23, Local 9	Retail

(w) Switzerland

Address	Approved usage
Rue de la Louve 1, Lausanne	Retail
Rue de Rives 2, Geneva	Retail
Centre commercial, Chavannes	Retail
Shopville, Bahnhofplatz 15, Zurich	Retail
Einkaufszentrum — Kalenderplatz — Sihlcity, Zurich	Retail
Freiestrasse 93, Basel	Retail
Einkaufszentrum Stucky, Basel	Retail
Einkaufszentrum Westside, Bern	Retail
Im Hauptbahnhof, Bern	Retail
Via Nassa 38, Lugano	Retail

(x) Taiwan

Address	Approved usage
140 Ta-an Road Sec. 1, Taipei 10685	Retail
Mitsukoshi Tainan, 1/F, 162 Chung Shan Road, Tainan 70043	Retail
Taipei Mitsukoshi Nanshi 1/F, 12 Nanking West Road, Taipei 10352	Retail
Mitsukoshi Kaoshiung, 1/F, 213 San Do San Road, Kaoshiung 80655	Retail
Mitsukoshi Shin Yi, 1/F, 11 Sung Shou Road, Taipei 11051	Retail
Mitsukoshi Taipei Station, 4/F, 66 Chun Hsiao West Road Sec 1, Taipei 10018	Retail
Mitsukoshi Taichung, 3/F, 111 Taichung Port Road Sec. 2, Taichung 40756	Retail
Mitsukoshi Shin Ju, 2/F, 190 Chung Hwa Road Sec.2, Shin Ju 30060	Retail
Asia world, 1/F, 337 Nanking E. Road Sec.3, Taipei 10550	Retail
1F., No.138, Sec. 4, Jhong-hsiao E. Rd., Da-an District Taipei 10658	Retail
Far Eastern Kaoshiung, 1/F, 21 San Do Szu Rd, Kaoshiung 80247	Retail
Mitsukoshi Tainan Simen, 2/F, 658 Simen Road Sec. 1, Tainan 70051	Retail
Hotel Regent, Shop#F, 1/F, 3, Lane 39, Chung Shan N. Road, Sec. 2, Taipei 10450	Retail
Far Eastern Shin Ju, 1/F, No. 323 Si-da Road, Shin Ju City 30041	Retail
20, Lane 38, Tien Yu Street, Taipei 11156	Retail
Breeze Centre, G/F, 39, Fu-Shin South Rd, Sec. 1, Taipei 10556	Retail
President Ho Ping, 1/F, 218, Ho Ping 1st Rd, Kaoshiung 80272	Retail
1F, 435, Chung Shan Road, Chia Yi City 60041	Retail
149-2, Kuang Chou Street, Lin Ya District, Kaoshiung 80265	Retail
No.62 Shin Ning South Rd, Taipei 10843	Retail

Address	Approved usage
Far Eastern Tao-yuan, 1/F, 20 Chung Cheng Rd, Tao-Yuan City 33041	Retail
Tien Mu Mitsukoshi 1F., No.200, Sec. 2, Zhongcheng Road, Taipei 11148	Retail
1F、2F、B1, No.92, Sec. 3, Shin-Shen South Road, Taipei 10673	Retail
Far Eastern Bao Ching, 1F, No. 32, Bao Ching Rd., Taipei 10042	Retail
No. 211, Chung cheng Rd., Luodong Town, I-lan County 26547	Retail
Chia Yi Mitsukoshi 1F., No. 726 Chuei Yang Rd., Chia-Yi 60043	Retail
1F, No.180, Sec. 4, Chenkung Rd, Neihs District, Taipei 11489	Retail
Han Shin Dept. Store B1, No. 266-1, Cheng Kung 1st Rd. Kaoshiung 80249	Retail
No.28-1, Sec. 2, ChungShan N. Rd. Taipei 10445	Retail
Mitsukoshi Tao Yuan 1/F, .189, Dayou Rd., Taoyuan City 33052	Retail
Miramar 1F, No.20, ChingYeh 3rd Rd., Taipei 10466	Retail
1F, No.135-1, Sec. 3, Sanmin Rd., North District, Taichung 40446	Retail
1F., No.230, Sec. 2, HsinYi Rd., Da-an District Taipei 10651	Retail
Mitsukoshi Tao Yuan 1F., No.19, Chung Cheng Rd., Taoyuan City, Taoyuan County 33041	Retail
Mitsukoshi Shin Yi A4, 1F, No.19, Song Gao Rd. Sinyi District, Taipei City 11073	Retail
SOGO BR4, B1, No.300, Sec. 3, Zhongxiao E. Rd., Da-an District, Taipei City 10654	Retail
Kuang San SOGO, 1F., No.299, Sec. 1, Taichung Port Rd., West District Taichung, 40360	Retail
Uni-President Hankyu, No.789, Jhong-hua 5th Rd., Cianjhen District Kaoshiung, 806	Retail
Chung Yo Department store (B), 1F., No.161, Sec. 3, Sanmin Rd., North District, Taichung 40446	Retail
Banciao Far East 1F., No.152, Sec. 1, Zhongshan Rd., Banqiao City, Taipei County 22065	Retail
Chia Yi Far East G/F, . 537, Chuiyang Road, East District, Chiayi City 60043	Retail
No. 6, Da-dun 19th Street, Xi-tun District, Taichung City 407	Retail
No.238, Sec. 1, Zhongshan Rd., Yong-he City, Taipei County 234	Retail
No.777, Bo-ai 2nd Rd., Zuo-ying District, Kaohsiung 81358	Retail
1F., No.67, Sec. 3, Beisin Rd., Sindian City, Taipei County 235	Retail
1F., No.59, Wu-fu 3rd Rd., Cianjin Dist., Kaohsiung 801	Retail
1F., No.77, Sec. 6, Jhongshan N. Rd., Shih-lin Dist., Taipei 111	Retail
1F., No.210, Cianfong Rd., East Dist., Tainan City 701	Retail
No. 219, Sec. 4, Zhongxiao E Rd	Retail
1F., No. 84, Xiao Ind Rd, Ren al. Dist.	Retail

(y) Thailand

Address	Approved usage
153 Rajdamri Rd, Lumpini Patumwan, Bangkok	Retail
1027 Ploenchit Road, Lumpini Pathumwan, Bangkok	Retail
1090 Moo12, Bangna-Trad Road, Bangna, Bangkok	Retail
1691 Phaholyothin Rd., Chatuchak, Bangkok	Retail
79/3 Sathupradit Road, Chongnonsri, Yannawa Bangkok	Retail
74-75 Moo 5, T.Wichit, Muang Phuket, Phuket	Retail
323/1 Thonglor 15, Sukhumvit 55, Klongton Nua, Wattana, Bangkok	Retail
622 Sukhumvit Rd., Klongtoey Bangkok	Retail
3522 Ladprao Rd., Bangkok, Bangkok	Retail
30/39-50 Moo 2, Ngamwongwan Road, Bangkok, Muang, Nontaburi	Retail
7/1 Bharomratchachonani road, Arun-Amarin Bangkok	Retail
99/1 Rama 1 Road, Patumwan, Bangkok	Retail
139 Ratchadapisek Road, Dindeang Bangkok	Retail
Sathorn Road, Lumpini Bangkok	Retail
4, 4/5 Ratchadamri Road, Pathumwan Bangkok	Retail
2 Mahidol Road, Haiya, Muang, Chiang Mai	Retail
94 Phaholyothin Road, Prachathipat, Thanyaburi, Phatumthani	Retail
277/2 Prajaksilakom Road, Makkang, Muang, Udon Thani, Udonthani	Retail
234/2, 99 Ratchadapisek Road, Ladyao, Chatuchak, Bangkok	Retail

Address	Approved usage
99, 99/9 Moo 2, Chaeng Wattana Road, Bangnatrad, Pak Kret Nonthabui	Retail
33/102 Moo 9 Nongprue, Banglamung Chonburi 20260	Retail
591 Ramintra Road, Kannayao, Kannayao, Bangkok	Retail
94 Phaholyothin Road, Prachatipat, Tanyaburi, Pathumthani, Bangkok	Retail
55/90 Moo 1, T.Sawed, Muang, Chonburi	Retail
99/2 Sri-cahn road, Nai Muang, Muong Konkaen	Retail

(z) United Kingdom

Address	Approved usage
70 Kensington High Street, London	Retail
67 Kings Road, London	Retail
7 Gees Court, Off Oxford Street, London	Retail
5–6 Parkfield Street, Islington, London	Retail
9 the Market, Covent Garden, London	Retail
149 Regent Street, London	Retail
Canary Wharf — Unit 9A, Jubilee Place, 45 Bank Street, London	Retail
Brent Cross Shopping Centre Hendon, London	Retail
2 Cathedral Walk, Victoria, London	Retail
29 Threadneedle St, London	Retail
L115B Lower Guild Hall, Greenhithe, Kent	Retail
13 Rose Crescent, Cambridge	Retail
Solihull — 2 Poplar Arcade, Touchwood Centre, Solihull	Retail
23 East Street, Brighton	Retail
46 Buchanan Street, Glasgow	Retail
Unit 5 Bicester Village, 50 Pingle Drive , Bicester	Retail
18b Frederick Street, Edinburgh	Retail
19 Church Street, Kingston Upon Thames, Surrey	Retail
15 George Street, Middlesex, Richmond	Retail
10–12 Market Street, Surrey	Retail
Gunwharf Quays, Portsmouth	Retail
55 Low Petergate, York	Retail
13, New Bond Street, Bath	Retail
1–5 George Street, Aberdeen	Retail
11Back of the Inns, Norwich	Retail
10 King Street, Manchester	Retail
Unit 2, Bridlesmith Gate, Nottingham	Retail
5 Bridge Street, Chester	Retail
The Heart Shopping Centre, Walton on Thames	Retail
3 The Promenade, Cheltenham	Retail
Unit U18, Upper Ground Level, The Oracle, Reading	Retail
Unit UL116, Highcross Center, 5 Shires Lane, Leicester	Retail
Westfield Shopping Centre, Unit 1163a, Ground Floor, London	Retail
28 St Margaret Street, Canterbury	Retail
SSU1, Church Yard Arcade, Liverpool	Retail
Unit 101a/102 Level 1 Lakeside Shopping Centre, West Thurrock Way, Grays	Retail
47 High Street, Exeter, Devon	Retail
Unit SU27, The Pavilion, 38 High Street, Birmingham	Retail
The Arc Building B Bury St. Edmunds	Retail
Unit 1.04 Metro Centre	Retail
4-6 Hages Arcade St. Davids Dewi Sant Cardiff	Retail
43 Pride Hill Shrewsbury	Retail

(aa) United States

Address	Approved usage
1046 Madison Avenue, New York, NY 10021(at 80th street)	Retail
198 Columbus Avenue, New York, NY 10024 (at 69th street)	Retail
1200 Morris Turnpike, #C115, Short Hills, NJ 07078	Retail
1100 South Hayes St. #R-10 Arlington, VA 22202	Retail
3106 M Street NW. Washington, DC 20007	Retail
2800 W. Big Beaver, #T-235 (2nd level) Troy, MI 48084	Retail
Route 110 & Jericho Turnpike, #1008A, Huntington Station, NY 11746	Retail
125 Old Orchard Center, #C35 Skokie, IL 60077	Retail
59 Oakbrook Center, Oakbrook, IL 60523	Retail
7007 Friars Road, #635 San Diego, CA 92108	Retail
600 Pine Street, #137 Seattle, WA 98101	Retail
900 N. Michigan, #L1-11 & L1-12 Chicago, IL 60611	Retail
1689 Arden Way, #1312 Sacramento, CA 95815	Retail
2106 Glendale Galleria, Glendale, CA 91210	Retail
125 Westchester Avenue #3800 White Plains, NY 10601	Retail
367 N. Beverly Drive, Beverly Hills, CA 90210	Retail
7445 Dadeland Mall, #1830 Miami, FL 33156	Retail
1961 Chain bridge Road, #G2CU, Mclean, VA 22102	Retail
6000 West Glades Road #1155, Boca Raton, FL 33431	Retail
846 West Armitage Street, Chicago, IL 60614	Retail
340 SW Morrison Avenue, #2370, Portland, OR 97204	Retail
10250 Santa Monica Blvd #114, Los Angeles, CA 90067	Retail
19501 Biscayne Blvd. #1067. Aventura, FL 33180	Retail
7875 Montgomery Road, Cincinnati, OH 45236	Retail
47 Main Street, Westport, CT 06880	Retail
2207 Fillmore Street, San Francisco, CA 94115	Retail
1 West Flatiron Circle, Ste 1182 Broomfield, CO 80021	Retail
3663 Las Vegas Blvd, #F-15 Las Vegas, NV 89109	Retail
1047 Newport Center Drive, Newport Beach, CA 92660	Retail
609 Paseo Nuevo, Santa Barbara, CA 93101	Retail
20530 N. Rand Road #413 Deer Park, IL 60010	Retail
2303 Broadway, New York, NY 10024 (at 83rd street)	Retail
2629 NE Village Lane, #74, Seattle, WA 98105	Retail
1428 Civic Place, Southlake, TX 76092	Retail
199 Boylston St. #N-123 Chestnut Hill, MA 02467	Retail
7014 E Camelback Road #1100 Scottsdale, AZ 85251	Retail
160 North Gulph Road, #2942 King of Prussia, PA 19406	Retail
101 University Place, New York, NY 10003	Retail
4400 Ashford Dunwoody Road, #1675 Atlanta, GA 30346	Retail
1188 Third Avenue, New York, NY 10021 (69th Street)	Retail
1288 Madison Avenue, New York, NY 10028 (92nd Street)	Retail
247 Bleecker Street, New York, NY 10014	Retail
3251 20th Avenue, #161 San Francisco, CA 94132	Retail
9585 Southwest Washington Square Road. H-6 Tigard, OR 97281	Retail
6121 West Park Blvd. D-104 Plano, TX 75093	Retail
26300 Cedar Road #1040 Beachwood, OH 44122	Retail
3000 East 1st Avenue, #180 Denver, CO 80206	Retail
2223 N. West Shore Blvd. #278. Tampa, FL 33607	Retail
3411 W. Chandler Blvd. #1030 Chandler, AZ 85226	Retail
1500 Polaris Parkway #1218 Columbus, OH 43240	Retail
2500 N. Mayfair Road, #074 Wauwatosa, WI 53226	Retail
302 Bellevue Square, #153 Bellevue, WA 98004	Retail
333 Canal Street, #117 New Orleans, LA 70130	Retail
189 The Grove Drive, Space F72 Los Angeles, CA 90036	Retail

Address	Approved usage
11837 L Fair Oaks, H-108, Fairfax, VA 22033	Retail
27494 Novi Road, #C250A Novi, MI 48377	Retail
2050 North Point Circle, Alpharetta, GA 30022	Retail
Newark Airport Terminal C, Space #88 Newark, NJ 07114	Retail
865 Market Street, #102 San Francisco, CA 94103	Retail
3393 Peachtree Road NE, #3119 Atlanta, GA 30326	Retail
1518 Commons Drive, Geneva, IL 60134	Retail
330 San Lorenzo Avenue, #2325 Coral Gables, FL 33146	Retail
4200 Conroy Road, #137, Orlando, FL 32839	Retail
3000 184th Street, N.W. #624 Lynwood, WA 98037	Retail
8702 Keystone Crossing, #119 Indianapolis, IN 46240	Retail
660 Stanford Shopping Center, #188, Palo Alto, CA 94304	Retail
2855 Stevens Creek Blvd. Ste 1036, Santa Clara, CA 95050	Retail
556 Castro Street, San Francisco, CA 94114	Retail
3200 Las Vegas Blvd South, #2005 Las Vegas, NV 89106	Retail
3301 Veterans Memorial Blvd #24, Metairie, LA 70002	Retail
5135 West Alabama, #7110 Houston, TX 77024	Retail
5 Woodfield Shopping Center #L123 Schaumburg, IL 60173	Retail
4751 Commons Way, #K Calabasas, CA 91302	Retail
3900 Cross Creek Road, #4 Malibu, CA 90265	Retail
10300 W. Forest Hill Blvd, #276, Wellington, FL 33414	Retail
843 Memorial City Mall, Houston, TX 77024	Retail
1412 Stoneridge Mall Road Pleasanton, CA 94588	Retail
9200 Stony Point Pkwy #171 Richmond, VA 23235	Retail
9259 F Airport Blvd, #16, T-419 Orlando, FL 32827	Retail
755 S. Grand Central Pkwy. #1105 Las Vegas, NV 89106	Retail
4093 The Strand East, Columbus, OH 43219	Retail
7101 Democracy Blvd, #1320A Bethesda, MD 20817	Retail
540 Lincoln Road, Miami, FL 33139	Retail
10300 Little Patuxent Parkway, #1965, Columbia, MD 21044	Retail
2905 East Skyline Drive, #156 Tuscon, AZ 85718	Retail
4400 Sharon Road, #L05 Charlotte, NC 28211	Retail
501 East Cooper Avenue, Aspen, CO 81611	Retail
8500 Beverly Blvd. #676 Los Angeles, CA 90048	Retail
2464 East Sunrise Blvd. #G-7. Ft. Lauderdale, FL 33304	Retail
3948 Westheimer Road, Houston, TX 77027	Retail
800 Boylston Street, #153 Boston, MA 02199	Retail
10 Columbus Circle, #112 New York, NY 10019	Retail
257 Plaza Frontenac, St. Louis, MO 63131	Retail
5521 Walnut Street, Pittsburgh, PA 15232	Retail
1239 Third Street Promenade, Santa Monica, CA 90401	Retail
50 Massachusetts Avenue NE, #107, Washington, DC 20002	Retail
7297 West Alaska Drive, Lakewood, CO 80226	Retail
610 Fifth Avenue, New York, NY 10022	Retail
3101 PGA Blvd, #C105, Palm Beach Gardens, FL 33410	Retail
400 Commons Way, #100 Bridgewater, NJ 08807	Retail
7 Backus Avenue, #G10 Danbury, CT 06810	Retail
Pittsburgh Int'l Airport, Space #AC-30C Pittsburgh, PA 15231	Retail
1235 Broadway Plaza, #C44 Walnut Creek, CA 94596	Retail
5715-E098 Richmond Road, Williamsburg, VA 23188	Retail
7845 Kew Avenue, Bldg #5600, Ste #5630 Rancho Cucamonga, CA 91739	Retail
2800 Terminal Road, Terminal E, Space #35, Houston, TX 77032	Retail
236 Greenwich Avenue, Greenwich, CT 06830	Retail
201 Evergreen Way, Suite 245 South Windsor, CT 06074	Retail
13350 Dallas Galleria, #1235 Dallas, TX 75240	Retail

Address	Approved usage
73-545 El Paseo , #G-1700, Palm Desert, CA 92260	Retail
342 Red Apple Court, Central Valley, NY 10917	Retail
1151 Galleria Blvd, Space #140 Roseville, CA 95678	Retail
544 West Hillcrest Drive, Space #P-19, Thousand Oaks, CA 91360	Retail
One Harbor Drive, Terminal A Satellite, Space #14, East Boston, MA 02128	Retail
JFK International Airport Terminal 8 Space #C1, Jamaica, NY 11430	Retail
4545 La Jolla Village Drive, San Diego, CA 92122	Retail
Two Embarcadero Center A, Space # R-2210 Tenant #1 San Francisco, CA 94111	Retail
3710 US Highway 9, Freehold, NJ 07728	Retail
14006 Riverdale Drive, Space #220, Sherman Oaks, CA 91423	Retail
1607 Walnut Street, Philadelphia, PA 19104	Retail
6801 Northlake Mall Drive, Charlotte, NC 28216	Retail
15900 La Cantera Parkway, Suite #2265, San Antonio, TX 78666	Retail
2126 Abbot Martin Road, Space #318, Nashville, TN 37215	Retail
630 Old Country Road, Space #2034, Garden City, NY 11530	Retail
3939 I-35 Highway South, Space #1010, San Marcos, TX 78666	Retail
1155 Saint Louis Galleria, Space #1461, St. Louis, MO 63105	Retail
2001 International Drive #1306, McLean, VA 22102	Retail
48400 Seminole Drive, Unit #326 Cabazon, CA 92230	Retail
10600 Quil Ceda Blvd. Suite #314 Tulalip, WA 98271	Retail
1450 Ala Moana Blvd. Space #2008, Honolulu, HI 96814	Retail
75 Middlesex Turnpike, Burlington, MA 01803	Retail
DFW Airport Terminal D, Space #SV-107, Dallas, TX 75261	Retail
One Atlantic Ocean, Space #BW-202, Atlantic City, NJ 07601	Retail
2233 Kalakaua Avenue, Ste 121, Honolulu, HI 96815	Retail
One Riverside Square, Hackensack, NJ 07601	Retail
60 East Broadway, Space #OW268, Bloomington, MN 55425	Retail
6600 Canyon Blvd, Space #1028 Canoga Park, CA 91303	Retail
511 Nichols Road, Kansas City, MO 64112	Retail
1849 Greenbay Road, Space #208 Highland Park, IL 60035	Retail
8687 North Central Expy, #1336 Dallas, TX 75225	Retail
1598 Broadway, New York, NY 10019	Retail
11401 Century Oaks Terrance, Space #H05, Austin, TX 78758	Retail
6910 Fayetteville Road, Space #1420, Durham, NC 27713	Retail
7900 Shelbyville Road, Space D10, Louisville, KY 40222	Retail
271 Crocker Park Boulevard, Westlake, Ohio 44145	Retail
1245 Worcesther Street, Natick, MA 01760	Retail
10307 Pacific Street, Omaha, NE 68114	Retail
2260 Q Street NE, Suite 3B, Albuquerque, NM 87110	Retail
S. Terminal, Concourse H, Space # H2RT05, Miami, FL 33122	Retail
2002 Annapolis Mall #1793, Annapolis, MD 21401	Retail
Ocean and Mission St, Space 118 Carmel Plaza, CA 93923,	Retail
One Walden Galleria, Space #A-1, Buffalo, NY 14225	Retail
One Garden State Plaza #2127, Paramus, NJ 07652	Retail
2514 E. Camelback Road, Phoenix, AZ 85016	Retail
638 N. Midvale, Space # C-1, Madison, WI 53705	Retail
209 Summit Blvd. Suite 150, Birmingham, AL 35243	Retail
Mall of Louisiana, 6401 Bluebonnet Blvd. Space #204, Baton Rouge, LA 70836	Retail
Kings Shops, 250 Waikoloa Beach Drive, Space #D-2, Waikoloa, HI 96738	Retail
931 F Street, NW. Washington, DC	Retail
525 F.D. Roosevelt Ave. Space #405, San Juan, PR 00918	Retail
4955 International Drive, Suite 1C01, Orlando, FL 32819	Retail
3462 Galleria, space #43, Edina, MN 55435	Retail
95 Fortune Drive, Suite 603, Irvine, CA 92618	Retail
Terminal A Space AR 1 (Bet Gate A 26 & A28), Atlanta, GA 30320	Retail

Address	Approved usage
412 Lexington Passage, #MC-75 New York, NY 10017	Retail
12801 Sunrise Boulevard, Space #561, Sunrise, FL 33323	Retail
108 North State Street, Space #170, Chicago, IL 60602	Retail
146 Spring Street, New York, NY 10012	Retail

Melvita Stores**(a) France**

Address	Approved usage
Lieu dit Moulon - 07200 AUBENAS	Retail Melvita
n° 572b route d'Alès	Retail Melvita
23 & 25 rue de l'Argenterie, Montpellier	Retail Melvita
La Fontaine du Cade 07150, Lagorce	Retail Melvita

(b) Hong Kong

Address	Approved usage
Shop No. 1088A on Podium Level One, Site R Retail Accommodation, IFC Mall, No. 8 Finance Street, Central, Hong Kong	Retail Melvita

Our other Stores

Address	Approved usage
1453 3rd Street Promenade Space #126 Santa Monica, CA 90401	Retail
2208 Fillmore Street, San Francisco, CA 94115	Retail
189 The Grove Drive, Suite F73, Los Angeles, CA 90036	Retail
600 Pine Street, Suite 135, Seattle, WA 98101	Retail
10250 Santa Monica Blvd, Space 134, Los Angeles, CA 90067	Retail
907 Newport Center Drive, Newport Beach, CA 92660	Retail
865 Market Street, Space #144, San Francisco, CA 94103	Retail
Shop No. 3, Tower 2, Star Crest, 9 Star Street, Wan Chai	SPA
1F., No.6, Lane 26, Sec. 2, ChungShan N. Rd., Taipei 104	SPA L'Occitane

Our other leased properties**(a) Australia**

Address	Approved usage
Suite 6.02, Level 6, 140 Arthur Street, North Sydney, NSW 2060	Commercial Office

(b) Austria

Address	Approved usage
Tiroler Strasse 80, 9500, Villach	Office
Tiroler Strasse 80, 9500, Villach	Warehouse

(c) Belgium

Address	Approved usage
DESGUINLEI 6, Antwerp	Office

(d) Brazil

Address	Approved usage
Matriz Av. Octalles Marcondes Ferreira, 330, São Paulo	Office and Warehouse

(e) Canada

Address	Approved usage
Chinook Centre, Calgary	Warehouse
2700 Dufferin St, Unit 88, Toronto	Office and warehouse
2701 Dufferin St, Unit 89, Toronto	Office and warehouse

(f) China

Address	Approved usage
2207–2212 Room, 22/F, No. 819, West Nanjing, Shanghai	Commercial
2215 Room, 22/F, No. 819, West Nanjing, Shanghai	Commercial
No.118, Jianguo Road (Yi), Chaoyang District, Beijing	Commercial
2201-02 Room, 22F, No. 819, West Nanjing Shanghai	Office

(g) Czech Republic

Address	Approved usage
Pobřežní 4/370, Praha 8	Office
Kyslíková 1984/4, Praha 4	Warehouse
Dětský Dům, Na Příkope 15, 110 00 Praha 1	Warehouse

(h) France

Address	Approved usage
ZI Saint Maurice — Unit production 04100 Manosque France	Unit production/logistic platform/offices
ZI Saint Maurice — Nervi 1 04100 Manosque	Warehouse
ZI Saint Maurice — Nervi 2 04100 Manosque	Warehouse
ZI Saint Maurice — Leclerc 04100 Manosque	Warehouse
545 ZI Saint Maurice — Vigani 04100 Manosque France	Warehouse
29 rue des Pyramides 75001 Paris	Office
27 Avenue Saint Jérôme 13100 Aix en Provence	Apartment
Sis, Quartier de la Gare	Warehouse
Vivacoop — chambre n° 34 St Sernin	Cold storage
Vivacoop — chambre n° 35 St Sernin	Cold storage
Vivacoop — chambre n° 33 St Sernin	Cold storage
Vivacoop — chambre n° 32 St Sernin	Cold storage
Vivacoop — chambre n° 31 St Sernin	Cold storage

Address	Approved usage
Vivacoop — chambre n° 14 St Sernin	Cold storage
Vivacoop — chambre n° 23 St Sernin	Cold storage
Vivacoop — chambre n° 24 St Sernin	Cold storage
Vivacoop — chambre n° 26 St Sernin	Cold storage
Vivacoop — chambre n° 5&6 St Sernin	Cold storage
Lot N° 70 lieu-dit Moulon à AUBENAS	Retail+ Logistic platform
ZI Sud Lavilledieu B.P.7	Logistic Platform
Fontaine du cade Lagorce 1	Office Melvita
Fontaine du cade Lagorce 2	Office Melvita
Fontaine du cade Lagorce 3	Office Melvita

(i) Germany

Address	Approved usage
Königsallee 63–65, 40215, Düsseldorf	Office
Prinz-Georg-Str. 83, Düsseldorf	Apartment

(j) Hong Kong

Address	Approved usage
14/F, Universal Trade Centre, 3 Arbuthnot Road, Central, Hong Kong	Commercial
Unit 1603, 16/F, Universal Trade Centre, 3 Arbuthnot Road, Central, Hong Kong	Commercial
Units 1601–2, Universal Trade Centre, 3 Arbuthnot Road, Central, Hong Kong	Commercial

(k) Hungary

Address	Approved usage
Váci utca 11/B, 1052 Budapest	Retail/warehouse
Revay u. 10, Budapest	Office
Kerepesi ut 9, Budapest	Warehouse
Lovonaz utca 2–6, Budapest	Warehouse

(l) Italy

Address	Approved usage
Clarins Italia S.p.A, V.G. Di Vittorio, 13 - Villanova di Castenaso (BO) 40050, Bologna	Warehouse
C.so Buenos Aires 15, Milan	Office

(m) Japan

Address	Approved usage
Kojimachi Crystal City Bldg. 14F, 4-8, Kojimachi, Chiyoda-ku, Tokyo 102-0083, Tokyo	Tokyo Office (14F)
Kojimachi Crystal City Bldg. 6F, 4-8, Kojimachi, Chiyoda-ku, Tokyo 102-0083, Tokyo	Tokyo Office (6F)
ORIX Yodoyabashi Bldg, 6F, 3-5-22, Kitahama, Chuo-ku, Osaka 541-0041, Osaka	Osaka Office (6F)

(n) Korea

Address	Approved usage
8FL, 823-21 Yeoksam-Dong, GangNam-Gu, Seoul	Commercial

(o) Mexico

Address	Approved usage
Km 12.5, Avenida Gustavo Baez — Mexico DF	Warehouse
Alfredo Musset #35 — Mexico DF	Office

(p) Poland

Address	Approved usage
Platan Park, ul. Poleczki 21B, 02-822 Warszawa	Office and warehouse

(q) Russia

Address	Approved usage
5/15, Gamsonovsky pr., Moscow	Office
bld E, 44, Dostoevskogo Str., St. Peterbourg	Office
3rd Floor, 2/17, Kashirskiy Proezd, Moscow	Warehouse

(r) Singapore

Address	Approved usage
20 Bideford Road, #14-03/04/05 Wellington Building, Singapore	Office
20 Bideford Road, #14-02 Wellington Building, Singapore	Office

(s) Spain

Address	Approved usage
Conde de Aranda, 20, 2º-dcha, Madrid	Office

(t) Switzerland

Address	Approved usage
Route de la Galaise 2 1228 Plan-les-Ouates	Office
28, Rte du bois de bay 1214 Vernier	Warehouse

(u) Taiwan

Address	Approved usage
Rm. G, 4F., No.7, Sihwei 4th Rd., Lingya Dist., Kaohsiung City 802	Commercial
5F., No.11, Lane 45, Sec. 2, Zhongshan N. Rd., Zhongshan District, Taipei City 104	Commercial
4F., No.11, Lane 45, Sec. 2, Zhongshan N. Rd., Zhongshan District, Taipei City 104	Commercial
3F., No.11, Lane 45, Sec. 2, Zhongshan N. Rd., Zhongshan District, Taipei City 104	Commercial
2F, 3F., No.25, Wu-cyuan 3rd Rd., Wu-gu Township, Taipei County 248	Commercial

(v) Thailand

Address	Approved usage
18/F, 25 Soi Chidlom, Ploenchit Rd., Lumpinee, Patumwan, Bangkok	Commercial

(w) United Kingdom

Address	Approved usage
15-19 Cavendish Place, London, 5th Floor	Office
15-19 Cavendish Place, London, 4th Floor	Office
Unit 8 Alpine Way, London	Warehouse
Unit 9 Alpine Way, London	Warehouse
15-19 Cavendish Place, London, Lower Ground Floor	Office

(x) United States

Address	Approved usage
1430 Broadway, 2nd Floor	Office
1270 Valley Brook Ave, Lyndhurst, New Jersey (NJ) (1,928.11 m ²)	Warehouse
1270 Valley Brook Ave, Lyndhurst, New Jersey (NJ) (697 m ²)	Warehouse

A. SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Set out below is a summary of certain provisions of the Articles of Association of our Company (the "Articles"), the principal of which is to provide investors with an overview of the Articles.

As the information contained below is in summary form, it does not contain all the information that may be important to potential investors. Copies of the full English text of the Articles are available for inspection as mentioned in "Appendix VII -Documents Delivered to the Registrar of Companies and Available for Inspection".

Our Company is a société anonyme incorporated and existing under the laws of the Grand-Duchy of Luxembourg on 22 December 2000. The Articles comprise its constitution.

1. Directors**1.1 *Power to Allot and Issue Shares***

- (a) The authorised share capital of the Company is set, in addition to the subscribed share capital, at one billion five hundred million Euro (EUR 1,500,000,000.00) represented by fifty billion (50,000,000,000) Shares with a par value of three euro cent (EUR 0.03) each. Subject always to compliance with applicable provisions of the Listing Rules, during the period of five years from the date of the publication of the creation or amendment of the authorised share capital by general meeting, the Board is authorised to issue Shares, to grant options to subscribe for Shares and to issue any other securities or instruments convertible into Shares, to such persons and on such terms as it shall see fit and specifically to proceed to such issue without reserving for the existing shareholders a preferential right to subscribe for the issued Shares.
- (b) The Share capital of the Company may also be increased by the shareholders in an extraordinary general meeting.

1.2 *Emoluments and Compensation for Loss of Office*

- (a) The nomination, revocation and powers as well as special compensations of Directors, officers, managers or other agents of the Company shall be determined by a resolution of the Board.
- (b) Nothing in the Articles should be taken as depriving a Director removed under any provisions of the Articles of compensation or damages payable to him in respect of the termination of his appointment as a Director or of any other appointment or office as a result of the termination of his appointment as a Director or as derogatory from any power to remove a Director which may exist apart from the provision of the Articles subject always to applicable Luxembourg laws.

1.3 *Loans to Directors, Supervisors and Other Officers*

- (a) The Company shall not, whether directly or indirectly:
 - (i) make a loan or quasi-loan to, or enter into a credit transaction with, a Director or any of his or her associates; or

- (ii) enter into a guarantee or provide any security in connection with a loan, quasi-loan or credit transaction made or entered into by any person to such a Director or his or her associates.

1.4 *Disclosure of Interests in Contracts with Our Company or any of its Subsidiaries*

- (a) Subject to the Luxembourg Companies Law and to the Articles, no contract or other transaction concluded between the Company and other companies or firms may be affected or invalidated by the fact that one or more Directors, managers or attorneys in fact of the Company has a personal interest in such company or firm, or by the fact that he is a Director, partner, attorney in fact or employee of such company or firm, provided that such Director shall, if his direct or indirect interest in such contract, proposed contract or other transaction is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, notwithstanding that the question of entering into the contract is not taken into consideration at that meeting, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may subsequently be made by the Company.
- (b) In the event that a Director, manager or attorney in fact of the Company should have a personal interest in an operation of the Company, he shall inform the Board of such personal interest and may not take part in the debate or express a vote regarding that operation. A report shall be prepared regarding such affair and the personal interest of such Director, manager or attorney in fact and shall be brought to the knowledge of the next following meeting of shareholders. The expression "personal interest" such as it is used in the preceding sentence shall not apply to the relations or interest that may exist in any way, in any capacity or for any reason whatsoever in connection with the Company, its subsidiaries or affiliated companies, or yet again in connection with any other company or legal entity which the Board may determine.
- (c) A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any proposal concerning any other company in which the Director or any of his associates is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or any of his associates is/are beneficially interested in the shares of that company, provided that the Director and any of his associates is/are not, in aggregate, beneficially interested in 5 per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights.

1.5 *Remuneration*

- (a) The Company in the annual general meeting shall hear the reports of the Directors and of the statutory auditor or independent auditor and discuss the balance sheet. After the balance sheet has been approved, the general meeting shall decide by special resolution on the remuneration and discharge to be granted to the Directors and statutory auditor. See “Emoluments and Compensation for Loss of Office” above.

1.6 *Appointment, Removal and Retirement*

- (a) The Directors shall be elected by the shareholders at a general meeting, which shall determine their number and term of office. The term of the office of a Director shall be not more than three years, upon the expiry of which each shall be eligible for re-election.
- (b) The Board shall have power from time to time and at any time to appoint any person as a Director to fill a causal vacancy. Any Director so appointed shall hold office only until the next following general meeting (including an annual general meeting) of the Company and shall then be eligible for re-election at that meeting.
- (c) No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven calendar days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven calendar days prior to the date of such meeting, there has been given to the secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
- (d) A motion for the appointment of two or more persons as Directors by way of a single resolution shall not be made at a general meeting unless a resolution that it shall be so made has been passed without any vote being cast against it.
- (e) The Company in general meeting may by ordinary resolution at any time remove any Director (including a managing director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed.

1.7 *Borrowing Powers*

- (a) Without prejudice to the general powers conferred by the Articles and Luxembourg Companies Law, the Board shall have the power to lend or borrow in the long or short term, including by means of the issue of bonds, with or without guarantees, such bonds being convertible bonds, if so approved by the Company in general meeting.

- (b) Further, the Company may borrow and grant all and any support, loans, advances or guarantees to companies in which it holds a direct or indirect participating interest or which form part of the same group of companies as the Company.

2. Alteration to the Constitutional Documents

- 2.1 The Company may at any time and from time to time by special resolution passed at an extraordinary general meeting alter or amend its Articles in whole or in part. However, the nationality of the company may be changed and the commitments of its shareholders may be increased only with the unanimous consent of all shareholders in an extraordinary general meeting.

3. Variation of Rights

- 3.1 If at any time the Share capital of the Company is divided into different classes of Shares, all or any of the rights attaching to any class of Shares for the time being issued (unless otherwise provided for in the terms of issue of the Shares of that class) may be varied or abrogated with the consent in writing by holders of not less than three-quarters in nominal value of the issued Shares of that class at an extraordinary general meeting, in addition to the approval of such variation and/or abrogation by special resolution passed by shareholders at that extraordinary general meeting. The quorum for the purposes of any such extraordinary general meeting shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than half of the nominal value of the issued Shares of that class and half of the nominal value of all issued Shares.
- 3.2 The special rights conferred upon the holders of such Shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such Shares, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

4. Resolutions

- 4.1 Notwithstanding any provision in the Articles, any resolution approving a special matter requiring shareholders' approval by:
 - (a) a simple majority vote shall be passed by more than half; and
 - (b) special resolution shall be passed by no less than three-quarters

of the votes cast in respect of that special matter at the relevant general meeting by shareholders other than those who (i) are required pursuant to the Listing Rules to abstain from voting or (ii) are restricted to voting only for or only against, in addition to a simple majority of the votes cast by all shareholders present in person (or, in the case of a corporation, by corporate representative) or by proxy at that general meeting.

5. Voting Rights

- 5.1 Each Share is entitled to one vote. Except as otherwise required by law or the Articles, resolutions at a general meeting of shareholders duly convened will be adopted at a simple majority of the votes cast. The votes cast shall not include votes attaching to Shares in respect of which the shareholder has not taken part in the vote or has abstained or has returned a blank or invalid vote. At any general meeting, any resolution put to the vote of the meeting shall be decided by poll.

6. Requirements of Annual General Meetings

- 6.1 The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held in Luxembourg at the registered office of the Company and/or at any other location as may be indicated in the convening notices, on the last business day in the month of September at 10 a.m..

7. Accounts and Audit

- 7.1 The operations of the Company, comprising in particular the keeping of its accounts and the preparation of income tax returns or other declarations provided for by Luxembourg law, shall be supervised by a statutory auditor or independent auditor, who need not be shareholders of the Company. The statutory auditor or independent auditor shall be appointed by the annual general meeting of shareholders for a period of office ending on the day of the next following annual general meeting of shareholders once his successor shall have been elected. The statutory auditor or independent auditor shall remain in office until he has been re-elected or his successor has been elected.
- 7.2 The statutory auditor or independent auditor shall be eligible for re-election.
- 7.3 The statutory auditor or independent auditor in office may be removed at any time, with or without motive, by the shareholders in general meeting, provided that the notice of the resolution proposing any appointment or removal of auditors pursuant to the Articles is given to the Company at least 28 calendar days before the relevant general meeting and that the Company gives its members 21 calendar days' notice of such a general meeting.

8. Notice of Meeting and Business to be Conducted Thereat

- 8.1 The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it. The Board may, whenever they think fit, convene a general meeting at such time and place as the Board may determine and as shall be specified in the notice of such meeting in accordance with the Articles. Save for any general meeting convened by the Board pursuant to the Articles, no other general meeting shall be convened except on the written requisition of any one or more members of the Company deposited at the registered office of the Company in Luxembourg or the office of the Company in Hong Kong.

- 8.2 An annual general meeting and any other general meeting called for the passing of a special resolution shall be called by not less than 21 calendar days' notice in writing and any other general meeting shall be called by not less than 14 calendar days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.
- 8.3 Notice of every general meeting shall specify the following:
- (a) the place, day and hour of the meeting;
 - (b) in the case of special business the general nature of that business and the intention to propose the resolution(s) as a special resolution(s);
 - (c) in the case of an annual general meeting that the meeting will be such;
 - (d) such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the Shares of the Company, to reorganise its Share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail, and the cause and effect of such proposal must be properly explained;
 - (e) a disclosure of the nature and extent, if any, of the material interests of any Director in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class; and
 - (f) that a member is entitled to vote and to appoint one or more proxies to attend and vote instead of him.
- 8.4 If the Board fails to convene a general meeting (including an annual general meeting) in accordance with the Articles or the Luxembourg Companies law, any member may apply to a court of competent jurisdiction in Luxembourg to appoint an ad hoc representative with the mission of convening an annual general meeting.
- 8.5 Except as otherwise provided in the Articles, any notice or document may be served by the Company on any member either personally or by sending it through the registered mail in a prepaid letter addressed to such member at his registered address as appearing in the Share register or, to the extent permitted by the Luxembourg Companies Law, the Listing Rules and all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's website provided that the Company has obtained the member's prior express positive confirmation in writing to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means, or (in the case of notice) by advertisement published in the newspapers. In the case of joint holders of a Share, all notices shall be given to that holder for the time being whose name stands first in the Share register and notice so given shall be sufficient notice to all the joint holders.

8.6 Notice of every general meeting shall be given in any manner hereinbefore authorised to:

- (a) every person shown as a member in the Share register as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Share register;
- (b) every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a member of record where the member of record but for his death or bankruptcy would be entitled to receive notice of the meeting;
- (c) the independent auditor or statutory auditor;
- (d) each Director;
- (e) the Hong Kong Stock Exchange; and
- (f) such other person to whom such notice is required to be given in accordance with the Listing Rules.

8.7 No other person shall be entitled to receive notices of general meetings.

8.8 A member shall be entitled to have notice served on him at any address within Hong Kong. Any member who has not given an express positive confirmation in writing to the Company to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by electronic means and whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. A member who has no registered address in Hong Kong shall be deemed to have received any notice which shall have been displayed at the transfer office and shall have remained there for a period of 24 hours and such notice shall be deemed to have been received by such member on the day following that on which it shall have been first so displayed, provided that, without prejudice to the other provisions of the Articles, nothing in the Articles shall be construed as prohibiting the Company from sending, or entitling the Company not to send, notices or other documents of the Company to any member whose registered address is outside Hong Kong.

8.9 Any notice or document sent by post shall be deemed to have been served on the day following that on which it is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so addressed and put into such post office shall be conclusive evidence thereof.

8.10 Any notice or other document delivered or left at a registered address otherwise than by post shall be deemed to have been served or delivered on the day it was so delivered or left.

- 8.11 Any notice served by advertisement shall be deemed to have been served on the day of issue of the official publication and/or website(s) and/or newspaper(s) in which the advertisement is published (or on the last day of issue if the publication and/or newspaper(s) are published on different dates).
- 8.12 Any notice given by electronic means as provided herein shall be deemed to have been served and delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by the Listing Rules or any applicable laws or regulations.
- 8.13 Any notice or document delivered or sent to any member in pursuance of the Articles shall notwithstanding that such member be then deceased and whether or not the Company has notice of his death be deemed to have been duly served in respect of any registered Shares whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of the Articles be deemed a sufficient service of such notice or document on his personal representatives and all persons (if any) jointly interested with him in any such Shares.
- 8.14 The signature to any notice to be given by the Company may be written or printed by means of facsimile or, where relevant, by any signature affixed in electronic form.

9. Transfer of Shares

- 9.1 The transfer of Shares shall be carried out by way of an instrument of transfer in the usual or common form or in a form prescribed by the designated stock exchange or in any other form approved by the Board and a written declaration of transfer recorded in the Share register, such declaration of transfer to be dated and signed (by hand, machine imprinted or otherwise) by both the transferor and the transferee, or by persons holding the necessary representative powers to act in this respect.
- 9.2 Transfers of Shares may be carried out freely, and fully paid Shares shall be free from all lien. The word “transfer” designates any operation which direct or indirect effect is the assignment to another person, including to a shareholder of the Company, of a right of enjoyment, of any kind whatsoever on the corporate Shares of the Company. The same shall apply in particular in the case of sale by mutual agreement or by way of adjudication, exchange, sharing, distribution, partial contribution of assets or simple contribution, as applies in all other cases of assignment, even free of charge.
- 9.3 However, the Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer or any Share which is not fully paid up. If the Board shall refuse to register a transfer of any Share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.
- 9.4 The Board may also decline to register any transfer of any Shares unless:

- (a) the declaration of transfer is lodged with the Company accompanied by the certificate for the Shares to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (b) the declaration of transfer is in respect of only one class of Shares;
- (c) the declaration of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to which the Share is to be transferred does not exceed four;
- (e) the Shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such maximum as the Hong Kong Stock Exchange may from time to time determine to be payable (or such lesser sum as the Board may from time to time require) is paid to the Company in respect thereof.

9.5 The registration of transfers may, on 14 calendar days' notice being given by advertisement published in the newspapers, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided, be suspended and the Share register closed at such times for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended or the Share register closed for more than 30 calendar days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 calendar days in any year).

10. Power of our Company to Repurchase our Own Shares

10.1 Subject to the Luxembourg Companies Law, in a case where a shareholder, or a number of shareholders (the "relevant shareholder"), gives notice to all other shareholders in the Company not later than the date that notice of the meeting called for the purpose of authorising the proposed offer is given that the relevant shareholder shall not tender any of the Shares held by it for purchase by the Company, if, during the period of 4 months beginning on the date of the offer, the Company buys nine-tenths of the Shares (other than the Shares held by the relevant shareholder) for which the Company has made the offer, the Company may give notice to the holder of any Shares to which the offer relates, and which the Company has not acquired, that it desires to purchase those Shares.

10.2 The relevant shareholder shall not tender any of its Shares under the offer.

10.3 The Company shall not give notice to the relevant shareholder of its desire to purchase any of the relevant shareholder's Shares.

11. Right of our Subsidiaries to Own Shares in our Company

11.1 There is no provision in the Articles preventing a subsidiary of the Company from owning any Shares.

12. Dividends and other Methods of Profit Distribution

12.1 Upon recommendation from the Board, the Company in general meeting shall decide on the allocation of the balance of the annual net profit. Such allocation may include the distribution of dividends, the setting up or provisioning of the legal or other reserves, a carry forward, as well as the amortisation of the Share capital, without such capital being decreased.

12.2 The Board may proceed to pay out interim dividends subject to such conditions and methods as are set forth by law and in the Articles.

12.3 The Company shall not make a distribution except out of profits available for this purpose. The Company's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated losses, so far as not previously written off in a reduction or reorganisation of capital duly made and sums to be placed to reserve in accordance with Luxembourg law or the Articles.

12.4 The Company shall not apply an unrealised profit in paying up debentures, or any amounts unpaid on its issued Shares.

12.5 The Company may only make a distribution at any time:

- (a) if, at that time the amount of its net assets is not less than the aggregate of its called up Share capital and distributable reserves; and
- (b) if, to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

12.6 The Company's undistributable reserves are:

- (a) the Share premium account;
- (b) the capital redemption reserve; and
- (c) any other reserve which the company is prohibited from distributing by any enactment including the Hong Kong Companies Ordinance or by the Articles.

12.7 The Company shall not include any uncalled Share capital as an asset in any accounts relevant for the purposes of the above.

12.8 All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. All dividends and bonuses unclaimed for six years

after having been declared may be forfeited by the Board and shall revert to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses. Further, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such cheque or warrant is returned undelivered.

13. Proxies

- 13.1 Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).
- 13.2 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
- 13.3 Every instrument of proxy, whether for a specified meeting or otherwise, shall be in common form or such other form as the Board may from time to time approve, provided that it shall enable a member, according to his intention, to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates.
- 13.4 The instrument appointing a proxy to vote at a general meeting shall: (a) be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit; and (b) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that the meeting was originally held within 12 months from such date.
- 13.5 A vote given in accordance with the terms of an instrument of proxy or resolution of a member shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy or resolution of a member was executed or revocation of the relevant resolution or the transfer of the Share in respect of which the proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office, or at such other place as is referred to in the Articles, at least two hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

14. Calls on Shares and Forfeiture of Shares

14.1 There are no provisions in the Articles relating to the making of calls on shares or for the forfeiture of shares.

15. Inspection of Register of Members

15.1 The Shares of the Company shall be in registered form.

15.2 A principal register of shareholders shall be kept at the registered office of the Company in Luxembourg. Such register shall record the name of each shareholder, his residence and elected domicile, the number of Shares he holds, the transfers of Shares and the date of those transfers. If the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside Luxembourg as the Board thinks fit. The principal register and any branch register(s) shall together be treated as the Register for the purposes of these Articles.

15.3 Any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by a member without charge and any other person on payment of a fee. The Company shall cause any copy so required by any person to be sent to that person within a period of 10 calendar days commencing on the date next after the day on which the request is received by the Company.

15.4 The register may, on 14 calendar days' notice being given by advertisement published in the newspapers, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of Shares, provided that the register shall not be closed for more than 30 calendar days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 calendar days in any year). The Company shall, on demand, furnish any person seeking to inspect the Register or part thereof which is closed by virtue of these Articles with a certificate under the hand of the secretary stating the period for which, and by whose authority, it is closed.

16. Quorum for Meetings and Separate Class Meetings

16.1 If at any time the Share capital of the Company is divided into different classes of Shares, all or any of the rights attaching to any class of Shares for the time being issued (unless otherwise provided for in the terms of issue of the Shares of that class) may be varied or abrogated with the consent in writing by holders of not less than three-quarters in nominal value of the issued Shares of that class at an extraordinary general meeting, in addition to the approval of such variation and/or abrogation by special resolution passed by shareholders at that extraordinary general meeting. The quorum for the purposes of any such extraordinary general meeting shall be a person or persons together holding (or representing by proxy or

duly authorised representative) at the date of the relevant meeting not less than half of the nominal value of the issued Shares of that class and half of the nominal value of all issued Shares.

16.2 For all purposes the quorum for a general meeting shall be two or more members present in person (or, in the case of a corporation, by its corporate representative) or represented by proxy.

16.3 If within 30 minutes from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved, and it shall stand adjourned to the same day, time and place in the next week (or otherwise as the Directors may determine) provided that such second general meeting was convened jointly together with the first general meeting in the convening notice of the first general meeting, and if at such adjourned meeting a quorum is not present within 30 minutes from the time appointed for holding the meeting, the member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy shall be a quorum and may transact the business for which the meeting was called.

17. Rights of Minority Shareholders

17.1 There are no provisions in the Articles concerning the rights of minority shareholders in relation to fraud or oppression.

18. Procedures on Dissolution

18.1 The Company in an extraordinary general meeting may at any time, upon proposal from the Board, by special resolution resolve to dissolve. In the event of a dissolution of the Company, the Company in general meeting shall decide on the method to apply to the dissolution and appoint one or more liquidators whose mission shall be to realise the aggregate of the movable and immovable assets of the Company and to settle its liabilities.

18.2 From the net assets resulting from the dissolution once the liabilities have been settled, there shall be deducted a sum necessary to redeem the amount paid up on the Shares and not amortised. The balance shall be allocated pro rata among all the Shares.

B. LUXEMBOURG COMPANY LAW

1. Introduction

The Luxembourg legal system provides for two kinds of legal entities: the civil company (*société civile*) and the commercial company (*société commerciale*). The governing rules of the civil companies are included in the civil code whereas the governing rules for the commercial companies are embodied, in addition to the rules of the civil code, in the law of 10 August 1915 on commercial companies, as amended and updated from time to time ("LCC").

2. Incorporation

The Company is a *société anonyme* governed by the LCC. It is incorporated in front of a Luxembourg notary. The notary is in charge of verifying whether the conditions for the incorporation of a company are complied with and whether the articles of association of the company comply with Luxembourg law.

3. Share capital

The increase or reduction of the share capital of a company shall be resolved upon by an extraordinary general meeting of shareholders, acting in accordance with the conditions prescribed for the amendment of the articles of association.

Any extraordinary general meeting held to consider and approve a reduction of capital is required to be held in the presence of a notary who is responsible for ensuring that laws applicable to capital reduction are complied with. Any share capital reduction shall be made in equal terms to each shareholder in accordance with the equal treatment principle, except where the shareholders expressly waive their right to participate in a share capital reduction.

The convening notice shall specify the purpose of the reduction and how it is to be carried out.

The reduction may be carried out by a repayment to shareholders or a waiver of their obligation to pay up their shares. Where the reduction of share capital results in the capital being reduced below the legally prescribed minimum (i.e. EUR 31,000 for a *société anonyme*), the meeting must at the same time resolve to either increase the capital up to the required level or transform the company into another form of company.

If the reduction is to be carried out by means of a repayment to shareholders or a waiver of their obligation to pay up their shares, creditors whose claims were made prior to the publication in the Luxembourg official gazette (*Mémorial C, Recueil des Sociétés et Associations*) of the minutes of the general meeting resolving on the share capital reduction may, within 30 days from such publication, apply for the constitution of security to the judge presiding the chamber of the *Tribunal d'Arrondissement* dealing with commercial matters and sitting in urgency matters. The president may only reject such an application if the creditor already has adequate safeguards or if such security is unnecessary, having regard to the assets of the company. Such repayment or waiver thus shall not be made before the expiration of the aforementioned period of 30 days.

4. Dividends and distributions

Except for cases of reduction of subscribed share capital, no distributions to shareholders may be made if on the last day of the last financial year, the net assets value as shown in the annual accounts are, or following such a distribution would become, lower than the amount of the subscribed capital plus the reserves which may not be distributed by law or by virtue of the articles of association.

The amount of a distribution to shareholders may not exceed the amount of the profits at the end of the last financial year plus any profits carried forward and any amounts drawn from reserves which are available for that purpose, less any losses carried forward and sums to be placed to reserve in accordance with the law or the articles of association.

No interim dividends may be paid unless the articles authorise the board of directors to do so. The amounts to be distributed shall not exceed the total profits made since the end of the last financial year, for which the annual accounts have been approved, plus any profits carried forward and sums drawn from reserves available for this purpose, less losses carried forward and any sums to be placed in reserve pursuant to the requirements of the law or of the articles of association.

5. Shareholders' suits / Protection of minority shareholders' rights

The board of directors as well as the statutory auditor(s) shall be obliged to convene a general meeting so that it is held within a period of one month if one or more shareholder(s) representing one-tenth of the company's capital require so in writing with an indication of the agenda for such general meeting of shareholders.

One or more shareholders, who hold together at least ten percent (10%) of the subscribed capital may request that one or more additional items be put on the agenda of the general meeting. Such request shall be sent by registered mail to the registered office of the company, at least five days prior to holding the general meeting).

In the event of default in holding a meeting requisitioned by shareholders as referred to above, criminal penalties apply. Accordingly, any director (including a *de facto* director), who is in violation of such requirement, is subject to a fine of EUR500 to EUR25,000.

If upon a request made by one or more shareholders representing at least ten percent (10%) of the share capital to convene a general meeting of shareholders, the board of directors fails to convene such general meeting of shareholders within the period provided for by law, the general meeting of shareholders may be convened by an *ad hoc* representative appointed by the chairman of the District Court (*Tribunal d'Arrondissement*) dealing with commercial matters upon request made by one or more shareholders representing at least ten percent (10%) of the share capital.

In case of emergency and where the corporate bodies have generally ceased to perform their normal functions, it would be possible for minority shareholders to seek the judicial appointment of a provisional director (*administrateur provisoire*).

Upon application by at least twenty percent (20%) of the shareholders to the District Court (*Tribunal d'Arrondissement*), the District Court may, in exceptional circumstances, appoint one or more auditors with the duty to examine the books and the accounts of the Company.

A minority shareholder may bring an action against the majority shareholders in case he believes that the decisions passed with the voting rights of the majority shareholders are contrary to the interest of the Company and provide an undue advantage to such majority shareholders.

6. Disposal of assets

The board of directors is vested with the broadest powers to perform all acts of administration and disposition in a company's assets, including the power to borrow. All powers not expressly reserved by law or by the articles of association to the general meeting of shareholders fall within the competence of the board of directors. However the disposal of all of the Company's assets will require an approval given by the general meeting of shareholders.

7. Accounting and auditing requirements

A joint stock company (*société anonyme*) must prepare annual financial statements which must be audited by one or more auditors. The annual financial statements and the auditor's report must also be submitted to and approved by the annual general meeting of shareholders.

The appointment of auditor(s) is voted upon either by the annual general meeting or any other general meeting. The resolution relating to the appointment or dismissal of the auditor(s) is validly adopted by a majority of the votes cast. No quorum is required for such a general meeting.

The annual general meeting generally resolves upon the position of the auditors and shall be held annually within six months of the end of the financial year and the publication of the annual accounts has to be done within one month following the approval of the annual accounts, that is within a maximum of seven months after the end of the relevant financial year.

The first auditors of the company are appointed at the general meeting of shareholders immediately following the incorporation of the company. The auditors may be removed at any time by a decision of the general meeting of shareholders.

The remuneration of auditor(s) is voted upon either by the annual general meeting or any further general meeting.

8. Register of shareholders

A register of the shareholders shall be maintained at the registered office of the Company where every shareholder may examine it. The register shall specify: (i) the precise designation of each shareholder and the number of shares or fractional shares held by him; (ii) the payments made on the shares; (iii) the transfers and the dates thereof or conversion of the shares into shares in bearer form, if the articles allow bearer shares.

The names of the shareholders and the register of shareholders are not disclosed to the public, except that the names of subscribers of shares shall be published in the notarial deed resolving on the incorporation of the company or any capital increase thereof.

The register is any time available to the shareholders during operating hours at the registered office of the company.

9. Special resolutions

Unless otherwise provided for by the articles of association, the extraordinary general meeting is entitled to amend any provisions of the articles, except for the change of the nationality of the company and the increase of the commitments of its shareholders, which may be amended only through the unanimous consent of all the shareholders and bondholders.

The extraordinary general meeting may only validly deliberate if at least one half of the capital is represented and the agenda indicates the proposed amendments to the articles. If the first condition is not satisfied, a second general meeting may be convened. The second meeting shall validly deliberate regardless of the proportion of the capital represented. At both meetings,

resolutions, in order to be adopted, must be carried by at least two-thirds of the votes cast. The “votes cast” shall not include the votes attached to the shares for which the shareholder did not participate at the vote, abstained from voting or returned a blank or void voting paper.

However, any increase of the commitments of the shareholders requires the unanimous consent of all shareholders and bondholders.

If there is more than one class of shares, any resolution to change the respective rights of any class of shares, shall, in order to be validly adopted, fulfil the conditions as set out here above (presence and majority for an extraordinary general meeting) with respect to each class of shares.

Convening notices for an extraordinary general meeting shall contain the agenda and shall take the form of announcements published twice, with a minimum interval of eight days, and eight days before the meeting in Memorial C of the Collection of Societies and Associations (*Mémorial C, Recueil des Sociétés et Associations*) and in a Luxembourg newspaper.

Notices by mail shall be sent eight days before the meeting to registered shareholders, but no proof need be given that this formality has been complied with.

Where all the shares are in registered form, the convening notices may be made by registered letters only.

The minutes of any extraordinary general meeting shall be signed in front of a notary in Luxembourg.

10. Power of the Company to purchase its own shares

Without prejudice to the principle of equal treatment of all shareholders who are in the same position, and the law on market abuse, the Company may acquire its own shares either itself or through a person acting in his own name but on the company's behalf subject to certain conditions as prescribed under the LCC:

- 1° the authorisation to acquire shares shall be given by the general meeting of shareholders, which shall determine the terms and conditions of the proposed acquisition and in particular the maximum number of shares to be acquired, the duration of the period for which the authorisation is given which may not exceed five years and, in the case of acquisition for value, the maximum and minimum consideration. The board of directors shall satisfy themselves that, at the time of each authorised acquisition, the conditions referred to in points 2° and 3° below are observed;
- 2° the acquisitions, including shares previously acquired by the company and held by it and shares acquired by a person acting in its own name but on the company's behalf, must not have the effect of reducing the net assets below the aggregate of the subscribed capital and the reserves which may not be distributed under law or the articles of association. Such amount of subscribed capital shall be reduced by the amount of subscribed capital remaining uncalled if the latter amount is not included as an asset in the balance sheet;
- 3° only fully paid-up shares may be included in the transaction.

Where the acquisition of the Company's own shares is necessary in order to prevent serious and imminent harm to the Company, the condition under 1° above shall not apply.

In such a case, the next general meeting must be informed by the board of directors of the reasons for and the purpose of the acquisitions made, the number and nominal values, or in the absence thereof, the accounting par value, of the shares acquired, the proportion of the subscribed capital which they represent and the consideration paid for them.

The condition under 1° shall likewise not apply in the case of shares acquired by either the Company itself or by a person acting in his own name but on behalf of the Company for the distribution thereof to the staff of the Company.

The distribution of any such shares must take place within twelve months from the date of their acquisition.

11. Take-overs

The law of 19 May 2006 on take-over bids implementing the EC directive 2004/25/CE only applies to takeover bids for the securities of companies governed by the laws of member states of the European Union, where all or some of those securities are admitted to trading on a regulated market within the meaning of Directive 93/22/EEC(11) in one or more Member States. We have not made, and currently have no plans to make, any application for the admission of any of our securities to trading on any regulated market within the meaning of Directive 93/22/EEC(11) or any other stock exchange other than the Hong Kong Stock Exchange. Accordingly, neither the aforesaid EC directive 2004/25/CE nor any other rules, regulations, laws or directives in the EU or Luxembourg concerning public takeovers or privatisations apply to our Company.

12. Liquidation

The winding up of the Company is a process resolved upon by three different general meetings. The first general meeting must be held in front of a Luxembourg notary, approving the dissolution and liquidation of the Company, as well as appointing one or more liquidators who may be physical persons or corporate entities. Once the liquidator is appointed, his duty will be to realise the assets in order to settle the outstanding liabilities. If no realisation of assets is required to pay the liabilities (because sufficient cash is available), the liquidator may, upon request of the shareholder(s) simply pay the liabilities out of the available cash and subsequently distribute the remaining assets to the shareholders.

A second general meeting of shareholders is convened by the liquidator, and appoints one or more commissioner(s) (*commissaire(s)*) to examine the documents drawn up by the liquidator(s) and convene another general meeting of shareholders.

After completion of its review of the actions taken and of the report drawn up by the liquidator, the third general meeting of shareholders fixed during the second general meeting examines the liquidator's report and the commissioner's report, grants discharge to the liquidator(s) and resolves on the termination of the liquidation.

The termination of the liquidation shall be published in the same way as the decision to liquidate the Company, taken at the first extraordinary general meeting. Such publication further contains an indication on the place where the corporate books are deposited and kept for a minimum period of five years.

C. ENFORCEMENT OF JUDGEMENTS AGAINST THE COMPANY, ITS DIRECTORS OR ITS MAJOR SHAREHOLDER

Our Luxembourg legal adviser, Arendt & Medernacht, has confirmed that there is nothing under Luxembourg law which would prevent the enforcement of a judgement passed by a court of competent jurisdiction in Hong Kong in proceedings brought by a shareholder of our Company against our Company, our Directors or our major shareholder. Our Luxembourg legal adviser has confirmed, further, that if the judgement is to be enforced in the Grand Duchy of Luxembourg, a judgement obtained from a court of competent jurisdiction in Hong Kong will be recognised and enforceable in the Grand Duchy of Luxembourg in accordance with and subject to applicable enforcement proceedings as provided for in articles 678 of the Luxembourg New Code on Civil Procedure relating to the exequatur of judgements.

D. CERTAIN DISCLOSURE OF INTEREST AND OTHER SHAREHOLDING REQUIREMENTS UNDER LUXEMBOURG LAW DO NOT APPLY TO OUR SHAREHOLDERS

Our Luxembourg legal adviser, Arendt & Medernacht, has confirmed that the following requirements **do not apply** to our shareholders.

- **Disclosure of interest requirements provided for by Luxembourg law of 11 January 2008 implementing the EU directive 2004/109/EC.** Such disclosure of interest requirements only apply to issuers of securities which are listed and admitted to trading on a regulated market in an EU Member State within the meaning of directive 2004/39/EC. Since our Company is not listed in Luxembourg or in any other EU Member State, the EU or Luxembourg rules, regulation, laws and directives imposing requirements on investors after listing only on the Hong Kong Stock Exchange would not apply to our Company. Our Luxembourg legal adviser has further confirmed that, under Luxembourg corporate law, there is no requirement of disclosure of interest for the shareholders of a company.
- **Restrictions on ownership of interests in a Luxembourg *société anonyme*.** There are no particular share ownership restrictions for a *société anonyme* under Luxembourg corporate law. Shares in a *société anonyme* are freely transferrable, subject to the articles of association. The transfer of title of registered shares is effective as of the registration of such transfer in the shareholders' register.

E. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company's Articles of Association have been amended in respect of certain specific matters with a view of affording the Company's shareholders a level of protection in respect of those matters comparable to that provided under Hong Kong law for shareholders of a Hong Kong incorporated company. The major amendments made for this purpose are summarised below:

1. Certain matters to be decided by a three-quarters majority vote by shareholders in general meeting

Under Hong Kong law, the following matters are required to be decided by special resolution, that is by a resolution passed by no less than a three-quarters majority vote at a general meeting of shareholders. However, under Luxembourg law, a resolution passed by no less than a two-thirds majority of the votes cast is sufficient. The Company's Articles of Association have been amended to require a three-quarters majority of the votes cast on such matters, namely:

- amendments to a company's articles of association
- variation to class rights (where the three-fourths majority of the votes cast is required within each class of shares)
- reduction of share capital
- voluntary liquidation of the Company

2. Quorum for general meetings to be required

Under Luxembourg law, there is no quorum requirement for an ordinary general meeting of shareholders (including the annual general meeting) whereas a quorum of 50% of the share capital is required for holding an extraordinary general meeting. Under Hong Kong law, the quorum requirement is two members present in person or by proxy (unless the articles provide otherwise). The Company's Articles of Association have been amended to provide in addition to the Luxembourg law quorum requirement applicable in case of an extraordinary general meeting, for the same quorum requirement (that is two members present in person or by proxy in order for ordinary and extraordinary general meetings of shareholders (including the annual general meeting) to be validly held.

3. Notice period for convening general meetings

Under Hong Kong law, an annual general meeting and a general meeting called to pass a special resolution are required to be called by giving at least 21 days' notice, whereas the notice period under Luxembourg law is eight days if all the shares of the Company are in the form of registered shares. The Company's Articles of Association have been amended to require notice periods required under Hong Kong law.

Further, under Hong Kong law, a general meeting at which matters relating to the appointment and removal of auditors are considered, at least 28 days' notice of the meeting shall be given to the Company and, further, the Company shall give at least 21 days' notice to its shareholders. Under Luxembourg law, a shorter notice period is required. Shorter notice is nevertheless effective if (a) in the case of an annual general meeting, all of the members who are entitled to attend and vote at the meeting consent; or (b) in the case of any other meeting, if a majority of member

holding not less than 95% in nominal value of the shares giving a right to attend and vote at the meeting consent. The Company's Articles of Association have been amended to adopt the notice periods required under Hong Kong law.

4. Public to be entitled to inspect share register

Both require the register of members to be made available for inspection by members. However, under Luxembourg law, the names of the shareholders and the register of shareholders are not disclosed to the public whereas Hong Kong provisions allow the register of shareholders to be open for public inspection upon payment of a certain fee. The Company's Articles of Association have been amended to include a provision that the public is entitled to inspect the register of shareholders at any time during business hours at the registered office of the Company in Luxembourg and in its premises in Hong Kong.

5. Rights relating to compulsory acquisition following a takeover offer

The Hong Kong Companies Ordinance contains provisions setting out the circumstances and procedures whereby, following a successful takeover offer (a) the offeror may compulsorily acquire the equity interests of minority shareholders and, alternatively, (b) minority shareholders may require the offeror to acquire their equity interests. The corresponding legal provisions under Luxembourg law are not applicable to the Company, as the Company's shares are listed outside of the European Union. Provisions have been included in the Company's Articles of Association to reflect such rights relating to compulsory acquisition following a takeover offer under Hong Kong law.

6. Requisitioning and convening of general meetings

Under Hong Kong law, in default of holding an annual general meeting as required, any member of the company can apply to the court to call or direct the calling of a general meeting. By contrast, under Luxembourg law, shareholders representing one-tenth of the issued share capital can require the board of directors to convene a general meeting of shareholders to be held within one month after the written request specifying the agenda is made. If the directors fail to duly convene a meeting within one month upon receipt of such request, members holding no less than one-tenth of the issued share capital may apply to the court to appoint an ad hoc representative with the mission of convening a general meeting. The Company's Articles of Association have been amended to lower the threshold such that any member (rather than members holding no less than one-tenth of the issued share capital) may apply to the court to appoint an ad hoc representative for the convening of a general meeting of shareholders.

Further, under Hong Kong law, an extraordinary general meeting must be convened by the directors on requisition of members holding not less than 5% of the paid up capital of the company and who have the right to vote on the date of the deposit of the requisition, whilst the threshold under Luxembourg law is 10%. In addition, under Hong Kong law, if the directors fail to duly convene a meeting within 21 days from the date of deposit of the requisition for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than half the voting rights of all of them, may themselves convene a meeting, whilst under Luxembourg law the shareholders may only seek appointment of an ad hoc representative in front of the court for the purpose of convening the

general meeting. The Company's Articles of Association will specify a lower threshold of 5% for the requisitioning of general meetings, as well as permitting requisitionists to convene a general meeting, to reflect the position under Hong Kong law.

Under Luxembourg law, the convening notice to any general meeting shall contain the agenda and the place, time and date of the general meeting. Provisions have also been included in the Company's Articles of Association to provide for certain requirements under Hong Kong law as to notices of meetings, including contents of notices, which are not otherwise required under Luxembourg law.

7. Shareholders may elect chairman of general meeting

Under Hong Kong law, the chairman of a general meeting may be elected by shareholders present at the meeting, whilst no such procedure is expressly provided for under Luxembourg law. Provisions have been included in the Company's Articles of Association giving members present at the meeting the right to elect the chairman of the meeting if the chairman of the board is unable to attend.

8. Appointment of Directors required to be voted on individually

Under Hong Kong law, a public company is prohibited from appointing two or more directors by the passage of a single resolution at a general meeting unless the company has first passed a motion approving a multiple appointment. If such motion is passed without any vote being cast against it, the resolution may be put to the general meeting regarding the multiple appointments. Under Luxembourg law, no distinction is made between the appointment of a single director or multiple directors. The Company's Articles of Association have been amended to prohibit the appointment of two or more directors by the passage of a single resolution to reflect the position under Hong Kong law.

9. Declaration of interests by directors

Under Hong Kong law, where a director has a material interest in a contract or a proposed contract with the company, the director is required to declare the nature of the interest at the earliest meeting of directors that is practicable, notwithstanding that the question of entering into the contract is not taken into consideration at that meeting. Whilst Luxembourg law is more stringent in that it requires directors to declare any interest (that is, not just material interests) in a transaction submitted for approval to the board of directors conflicting with that of the company, such procedure is not applicable where the decision of the board of directors of the company relates to routine operations entered into under normal conditions. The Company's Articles of Association have been amended to require the declaration of material interests in all transactions (including day-to-day transactions).

Further, under Hong Kong law, when a company proposes to put a resolution to a general meeting of the company, the notice of the meeting must be accompanied by a statement that (among other things) disclose any material interest of any director in the matter which is the subject of the resolution. There is no requirement under Luxembourg law to include a disclosure of any director's conflict of interest in such a notice. The Company's Articles of Association have been amended to include a requirement to disclose any director's conflict of interest in notices of general meetings.

10. Prohibition of loans to directors

Under Hong Kong law, there is a general prohibition against the making of loans to or the provision of guarantees or other security for the benefit of directors of public companies or persons related to them, unless falling within certain exemptions specified under Hong Kong law. Luxembourg law does not expressly provide for any such limitations. Provisions have been included in the Company's Articles of Association to impose prohibitions against such transactions with Directors similar to that under Hong Kong law.

11. Reduction in share capital

Under Hong Kong law, a company may reduce its share capital by special resolution (that is, three-quarters majority) if so authorised by its articles of association and subject to confirmation by the court.

The position under Luxembourg law is similar in that the reduction of share capital requires a qualified majority (that is, two-thirds majority of the votes cast) vote rather than a simple majority. The Company's Articles of Association have been amended to require a special resolution (that is, three-quarters majority of the votes cast) for the approval of a capital reduction.

Under Luxembourg law, there is no equivalent requirement to seek confirmation by the courts of a reduction in share capital and Luxembourg courts do not have jurisdiction nor an established process in respect of capital reduction of companies. It would not be legally possible for the Company to create such jurisdiction in a Luxembourg court by amendment of its Articles of Association (e.g. to include a requirement of seeking court approval) where this is not provided by law. However, any general meeting held to consider and approve a reduction of capital is required by Luxembourg law to be held in the presence of a notary who is responsible for ensuring that laws applicable to a capital reduction are complied with. Further, any share capital reduction shall be made in equal terms to each shareholder in accordance with the equal treatment principle. A notary who presides over the general meeting held to consider a capital reduction is a public officer appointed by the Grand-Duke of Luxembourg. The profession is governed by the law of 9 December 1976 on the notarial profession. In order to qualify for appointment as a public notary, a candidate should fulfil the following conditions: be a Luxembourg national, hold a law degree and a certificate of accomplishment of judiciary traineeship and/or notary-candidate certificate which is delivered to the candidate after passing some specific exams in the field of the notary's duties, and be aged 25 years at least. The notary is bound by professional secrecy and is completely independent from and unrelated to the company in question.

12. Redemption of redeemable shares

In general, Hong Kong law and Luxembourg law contain similar provisions relating to permitting the redemption of redeemable shares provided that conditions relating to profitability are met. Hong Kong law and Luxembourg law differ in that under Hong Kong law, there is a cap placed on the premium payable for redemption whereas Luxembourg law does not have an equivalent requirement. Further, Hong Kong law provides that where a company is wound up without having redeemed its redeemable shares, the terms of the redemption may be enforced against the company and when redeemed they will be treated as cancelled. Luxembourg law is silent in this regard.

The Company's Articles of Association have been amended to reflect the requirements under Hong Kong law such that any premium payable on the redemption of redeemable shares will be subject to a similar cap, and that where the Company is wound up without having redeemed its redeemable shares, the terms of the redemption may be enforced against the Company, provided the Company has the financial capacity to perform such redemption of redeemable shares and when redeemed will be treated as cancelled.

13. Distribution of assets/reserves

Both Hong Kong law and Luxembourg law contain provisions governing the distribution of assets by companies which reflect a similar concept, in that both restrict the ability of a company from making a distribution to shareholders unless the company has the required level of profits or reserves. Further, both Hong Kong and Luxembourg laws provide that only realised profits are distributable.

Hong Kong law further provides that where the directors of a company are, after making all reasonable enquiries, unable to determine whether a particular profit made before the appointed day is realised or unrealised, they may treat the profit as realised; and where after making such enquiries they are unable to determine whether a particular loss so made is realised or unrealised, they may treat the loss as unrealised. In addition, under Hong Kong law, a listed company may only make a distribution at any time if (a) at that time the amount of its net assets is not less than the aggregate of its called up share capital and distributable reserves; and (b) to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate. Under Hong Kong law, a listed company's undistributable reserves are:

- (a) the share premium account;
- (b) the capital redemption reserve;
- (c) the amount by which the company's accumulated, unrealised profits, so far as not previously utilised by capitalisation (not including a transfer of profits of the company to its capital reserve on or after the appointed day), exceed its accumulated, unrealised losses (so far as not previously written off in a reduction or reorganisation of capital duly made); and
- (d) any other reserve which the company is prohibited from distributing by any enactment or by its memorandum or articles.

Although Luxembourg law does not further define "undistributable reserves", it does provide that a company is required to maintain a legal reserve to which 5% of profits must be allocated yearly, up to 10% of the share capital of the company. The Company's Articles of Association have been amended to reflect the additional specifications relating to undistributable reserves described above.

14. Financial assistance

The Company will comply with applicable provisions in relation to the prohibition of giving financial assistance under the Hong Kong Companies Ordinance and the Luxembourg Companies Law, whichever is more stringent from time to time. The Company's Articles of Association have been amended to reflect the general prohibition of financial assistance under Hong Kong law.

F. SUMMARY OF MAIN LUXEMBOURG TAX ASPECTS RELEVANT TO SHAREHOLDERS OF THE COMPANY

The following is a summary of certain material Luxembourg tax consequences for the Shareholders relating to the holding and disposing of the Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase the Shares or with regard to the taxation of the Company. Prospective purchasers should consult their own tax advisers as to the applicable tax consequences of the purchase and the ownership of the Shares based on their particular circumstances. No conclusions should be drawn with respect to issues not specifically addressed by this summary. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect and as interpreted by Luxembourg tax authorities on the date of this prospectus and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective purchasers should therefore consult their own advisers as to the effects of any local laws, including Luxembourg tax law, to which they may be subject.

1. Dividend payments

Dividends paid by the Company to the Shareholders are as a rule subject to a 15% withholding tax in Luxembourg. However, subject to the provisions of an applicable double tax treaty, the rate of withholding tax may be reduced. For instance, based on the provisions of the double tax treaty between Luxembourg and Hong Kong dated 2 November 2007, dividends paid by the Company to Hong Kong shareholders may, under certain conditions, be exempt from withholding (i.e. if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the Company or a participation with an acquisition cost of at least €1.2 million in the Company). In all other cases, the withholding tax levied on dividends paid by the Company to a Hong Kong resident will be 10% of the gross amount of the dividends. In order to benefit from such treaty exemption or reduced rates on dividend payments made by the Company, a certificate of residence status issued by the Hong Kong Inland Revenue Department will have to be provided by shareholders who are residents of Hong Kong to the Company at its registered office within such period of time before any particular dividend payment date as shall be specified by the Company in its announcement of dividend payments. **Shareholders should seek independent professional advice in relation to the procedures, timing and cost involved in obtaining a certificate of residence status from the Hong Kong Inland Revenue Department.**

Furthermore, based on Luxembourg domestic law, a withholding exemption applies if at the time the dividend is made available, (i) the receiving entity is an eligible parent (as defined hereafter) and (ii) has held or commits itself to hold for an uninterrupted period of at least 12 months a participation of at least 10% of the share capital of the Company or a participation of an acquisition price of at least €1.2 million. Eligible parents include most notably a company covered by Article 2 of the 90/435/EEC European Union Parent-Subsidiary Directive of 23 July 1990, as amended or a Luxembourg permanent establishment thereof, a company resident in a State having a tax treaty with Luxembourg and subject to a tax corresponding to Luxembourg income tax or a Luxembourg permanent establishment thereof, a company limited by shares (*société de capitaux*) or a cooperative society (*société coopérative*) resident in a European Economic Area Member State other than an European Union Member State and liable to a tax corresponding to Luxembourg

corporate income tax or a Luxembourg permanent establishment thereof, and a Swiss company limited by share capital which is effectively subject to corporate income tax in Switzerland without benefiting from an exemption.

Please see the section headed “D. Other Information — 1. Payment of Luxembourg withholding tax on dividends and refund procedures” in Appendix VI to this prospectus for further details relating to the payment of Luxembourg withholding tax on dividends and refund procedures.

2. Capital gains

As a general rule, non-resident Shareholders who have neither a permanent establishment nor a permanent representative in Luxembourg to which the Shares are attributable are generally not liable to any Luxembourg income tax when they realize capital gains upon sale of Shares, except for capital gains realized on a substantial participation before the acquisition or within the first 6 months of the acquisition thereof that are subject to income tax in Luxembourg at a rate of 21.84% (for corporates) or at progressive rates up to 38.95% (for individuals). A participation is deemed to be substantial where a shareholder holds, either alone or together with his spouse and/or minor children, directly or indirectly within the five years preceding the disposal, more than 10% of the share capital of the Company. The above taxation is subject to the application of relevant double tax treaties and, based on the provisions of the double tax treaty between Luxembourg and Hong Kong dated 2 November 2007, capital gains realized by a Shareholder, who is a resident of Hong Kong, will not be taxable under Luxembourg capital gains tax (even in respect of capital gains realised upon a speculative sale of a substantial participation). The absence of taxation in Luxembourg of such capital gains is not subject to any specific formalities and our shareholders who are residents in Hong Kong are therefore not required to take any action in order to enjoy this exemption from capital gains tax.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company, société anonyme, was incorporated on 22 December 2000 and exists under the laws of the Grand-Duchy of Luxembourg. Our registered office is at L'Occitane International S.A., 1 rue du Fort Rheinsheim, L-2419 Luxembourg, and we are registered with the Luxembourg trade and companies' register under number B80359. We have registered a place of business in Hong Kong at 14/F, Universal Trade Centre, 3 Arbuthnot Road, Central, Hong Kong and have been registered as an overseas company under Part XI of the Hong Kong Companies Ordinance. Mr. Kenny Choy has been appointed as our agent for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our registered place of business in Hong Kong set out above. As we are incorporated in Luxembourg, our corporate structure, our Memorandum of Association and Articles of Association are subject to the relevant laws of Luxembourg. A summary of the relevant provisions of our Memorandum of Association and Articles of Association and certain relevant aspects of Luxembourg company law are set out in "Appendix V — Summary of the Constitution of the Company and Luxembourg Companies Law and Taxation" to this prospectus.

2. Changes in share capital of our Group

The Company

At its incorporation on 22 December 2000, the issued share capital of the Company was denominated in Francs Français, the French currency at the time, and amounted to approximately €16,992,550 divided into 8,574,140 shares having a nominal value of approximately €1.982. The Company further had an authorized share capital of FRF 500,000,000, i.e. approximately €76,224,509.

The amount of the subscribed share capital of the Company was increased within the limits of the authorized share capital through decisions of the Board of the Company the first time on 23 January 2001, as recorded by a Luxembourg notary on 29 January 2001, then on 20 April 2001, as recorded by a Luxembourg notary on 23 April 2001, so that it amounted on 21 April 2001 to approximately €23,140,773 represented by 11,676,425 shares having a nominal value of approximately €1.982.

On 2 May 2001 the general meeting of shareholders of the Company (the "**General Meeting**") held in front of a Luxembourg notary resolved to (i) categorize the issued shares of the Company in class A, B, C and D shares, according to their holder (i.e. Class A for the founder members, Class B for the members of the Comité de Développement, class C for the staff members and Class D for the "Investisseur" (investor) under the shareholder agreement of the Company, (ii) to set the authorized share capital of the Company at €100,000,000, (iii) to convert the amount of the share capital from Franc Français into Euro with retroactive effect as of the incorporation date of the Company, so that it amounts to €23,140,773, (iv) to abolish the reference to the nominal value of the shares, (v) to amend the articles of the Company (the "**Articles**") in order to reflect certain new conditions for the increase of the subscribed share capital within the limits of the authorized share capital of the Company.

On 15 December 2003, as recorded by a Luxembourg notary on 15 January 2004, the Board resolved to increase the share capital of the Company within the authorized share capital up to €27,064,943 divided into 13,656,492 shares of equal value, but without nominal value, categorised into Class A, B, C and D shares. The newly issued shares were allocated among Class A shares and Class B shares of the Company and were subscribed according to eight contribution agreements relating to contributions in kind of the shares of three companies of the L'Occitane group.

On 22 February 2005, the General Meeting resolved to approve the sale by Clarins BV, of 750 convertible bonds issued on 20 April 2001 to Clarins Groupe, S.à r.l., and to amend the Articles so that the Board is authorised to increase the share capital of the Company within the authorised share capital by converting the convertible bonds issued to Clarins Groupe, S.à r.l. on 20 April 2001 and on 22 February 2005 into new Class D shares of the Company.

On 3 July 2006 and on 28 August 2006, as recorded by a Luxembourg notary on 28 September 2006, the Board approved the contribution in kind to the Company of shares in L'Occitane Japon KK, as well as a claim from Hopeful (BVI) toward L'Occitane Japon KK. The Board further acknowledged on 28 September 2006 the request for conversion of options into shares of the Company pursuant to article 5.5. of the Articles and issued new Class A, B, and C shares, so that the share capital of the Company was increased up to €30,931,991.49 represented by 15,607,576 shares of equal value, without nominal value, categorised into Class A, B, C and D shares.

On 29 September 2006, the General Meeting resolved to fully amend and restate the Articles in order to (a) cancel the various classes of shares in the Company, (b) circumscribe the use of the authorised share capital to the purpose of issuing shares (i) for the implementation of the shareholding plan for the employees of the L'Occitane group, (ii) by conversion of existing options, and (iii) by conversion of convertible bonds subscribed by Clarins Groupe S.à r.l., and (c) simplify the existing provisions governing the options.

On 26 February 2007, as stated by a Luxembourg notary on 26 March 2007, the Board upon the exercise of share options, and further to the conversion of bonds owned by Clarins Groupe S.à r.l., increased the share capital of the Company up to €38,185,279.05 represented by 19,267,156 shares without designation of their nominal value.

On 28 September 2007, the General Meeting increased the subscribed share capital of the Company up to €38,231,891.72 represented by 19,290,674 shares without nominal value, upon the exercise of share options.

Save as disclosed in this Appendix, there has been no alteration in the Company's share capital since the date of our incorporation.

Our subsidiaries

The list of our subsidiaries is set out in the section headed “Appendix I — Accountant’s Report” to this prospectus. The following alterations in the share capital (or registered capital as the case may be) of our subsidiaries have taken place within two years preceding the date of this prospectus.

L’Occitane Central Europe s.r.o

On 17 December 2009 the issued share capital L’Occitane Central Europe s.r.o was increased from CZK3,400,000 to CZK9,361,000.

Save as described above there has been no other alteration in the share capital of the subsidiaries of the Company in the two years preceding the date of this prospectus.

4. Resolutions of our shareholders

Pursuant to the written resolutions passed by our shareholders on 9 April 2010:

- (a) the authorised share capital of our Company be set to €1.5 billion represented by 50 billion ordinary Shares with a par value of €0.03 each;
- (b) our Company approved and adopted its new Articles of Association with effect from 15 April 2010, the terms of which are summarised in Appendix V to this prospectus;
- (c) conditional upon the conditions for completion of the Global Offering being fulfilled and (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and (ii) the obligations of the Underwriters under the Hong Kong Underwriting Agreement and the International Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Hong Kong Underwriting Agreement and the International Placing Agreement or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
 - (1) the Global Offering and our Directors were authorised to allot and issue, and to approve the transfer of, such number of Shares in connection with the Global Offering and any exercise of the Over-allotment Option as they see fit, on and subject to the terms and conditions stated in this prospectus and in the relevant Application Forms;
 - (2) a general unconditional mandate was given to our Directors to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for shares under options and warrants or a special authority granted by our shareholders) with an aggregate nominal value of not more than the sum of:
 - 20% of the aggregate nominal value of our share capital in issue immediately following completion of the Global Offering before any exercise of the Over-allotment Option; and
 - the aggregate nominal value of the share capital of our Company repurchased by us (if any);

- (3) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to repurchase Shares to be listed on the Hong Kong Stock Exchange with a total nominal value of not more than 10% of the aggregate nominal value of our Company's Share capital in issue immediately following completion of the Global Offering before any exercise of the Over-allotment Option; and
- (4) the general unconditional mandate as mentioned in paragraph (2) above was extended by the addition to the aggregate nominal value of our Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (3) above.

Each of the general mandates referred to in paragraphs (2), (3) and (4) above will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of our Company; (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association of our Company; or (iii) the time when such mandate is revoked or varied by an ordinary resolution of the shareholders of our Company in a general meeting.

5. Repurchases of our own Shares

This section includes information relating to the repurchase of our Shares, including information required by the Hong Kong Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Relevant Legal and Regulatory Requirements

The Listing Rules permit our shareholders to grant to our Directors a general mandate to repurchase our Shares that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by our shareholders in a general meeting.

(b) Shareholders' Approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 9 April 2010, our Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering on the Hong Kong Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose, before any exercise of the Over-allotment Option. This mandate will expire at the earliest of (i) the conclusion of our next annual shareholders' general meeting, (ii) the date by which our next shareholders' general meeting is required by applicable laws and our Articles of Association to be held, or (iii) such mandate being revoked or varied by ordinary resolutions of our shareholders in a general meeting (the "Relevant Period").

(c) *Source of Funds*

Our repurchase of the Shares listed on the Hong Kong Stock Exchange must be funded from the funds legally available for the purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws of Luxembourg. We may not repurchase our Shares on the Hong Kong Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the foregoing, we may make repurchases with funds which would otherwise be available for dividend or distribution or out of an issue of new Shares for the purpose of the repurchase.

(d) *Reasons for Repurchases*

Our Directors believe that it is in our Company and our shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our shareholders.

(e) *Funding of Repurchases*

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association, the applicable laws of Luxembourg and the Listing Rules.

On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors believe that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(f) *Share Capital*

The exercise in full of the current repurchase mandate, on the basis of 1,456,456,391 Shares in issue immediately after completion of the Global Offering before any exercise of the Over-allotment Option could accordingly result in up to 145,645,639 Shares being repurchased by us during the Relevant Period.

(g) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any of our Shares to us or our subsidiaries.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, our Memorandum of Association and Articles of Association, the Luxembourg Companies Law and any other applicable laws of Luxembourg.

If, as a result of any repurchase of our Shares, a shareholders' proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Hong Kong Code on Takeovers and Mergers. Our Directors are not aware of any consequences of repurchases which would arise under the Hong Kong Code on Takeovers and Mergers.

No connected person as defined by the Listing Rules has notified us that he or it has a present intention to sell his or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

- (a) a sale and purchase agreement ("*Acte de Cession d'Actions de la Société M&A Développement au profit de L'Occitane S.A.*") executed by Mr. Bernard Chevilliat for himself and on behalf of Ms. Amanda Chevilliat and Mr. Emmanuel Chevilliat, Mr. Philippe Chevilliat for himself and on behalf of Mr. Alban Chevilliat and Mr. Pierre-Olivier Chevilliat, Initiative et Finance Investissement S.A., Calixte Investissement SAS and CAPIDA SAS as sellers and L'Occitane S.A. as purchaser acknowledged by M&A Développement SAS, Lamartine Conseil and our Company with a consideration of €46,750,000 relating to the issued share capital of M&A Développement SAS dated 5 June 2008 (the **SPA**);
- (b) guarantee relating to the SPA ("*Garantie d'Actif et de Passif Groupe M&A Développement*") granted by Mr. Bernard Chevilliat, Mr. Philippe Chevilliat, Initiative et Finance Investissement S.A., Calixte Investissement SAS and CAPIDA SAS as guarantors to L'Occitane S.A. as beneficiary dated 5 June 2008;
- (c) a shareholders' agreement ("*Pacte d'Actionnaires M&A Développement*") relating to M&A Développement SAS between L'Occitane S.A. and Mr. Bernard Chevilliat acknowledged by M&A Développement SAS dated 5 June 2008;
- (d) (i) an amendment agreement ("*Convention Portant Avenant au Contrat de Prêts Senior en Date du 4 Juillet 2007*") dated 15 December 2008 between LOG, our Company, L'Occitane S.A., Calyon, HSBC France, LCL, Caisse Regionale Provence Cote d'Azur, BNP Paribas, Société Generale, CIC Lyonnaise de Banque and Credit du Nord, amending certain terms of a senior loan agreement ("*Contrat de Prêts Senior*") dated 4 July 2007 (the **Senior Loan Agreement**) between LOG, our Company, L'Occitane S.A., Calyon and HSBC France; (ii) a letter from Crédit Agricole to LOG in its capacity as representative for LOG, our Company and L'Occitane S.A. dated 18 March 2010, amending certain terms of the Senior Loan Agreement; (iii) a letter of amendment dated 30 March 2010 from Crédit Agricole to, in response to a request dated 5 March 2010 from, LOG, our Company and L'Occitane S.A., amending certain terms of the Senior Loan Agreement;

- (e) an amendment agreement dated 15 December 2008 between LOG, Calyon and our Company, amending certain terms of a share pledge agreement dated 30 May 2007 amongst the same parties;
- (f) an asset purchase agreement between (a) Stroms' Enterprises Ltd., (b) L'Occitane Canada Corp., (c) our Company, (d) Solange Strom and (e) Jon E. Strom, pursuant to which L'Occitane Canada Corp. acquired the business of the sale and distribution of L'Occitane branded products in Canada from Stroms' Enterprises Ltd., dated 17 April 2009;
- (g) a shareholders' agreement relating to L'Occitane (China) Limited between L'Occitane (Far East) Limited as shareholder A, LS Holding Company Limited as shareholder B, Wang Yuan Hong, Wang Chen Tasi-Hsieh, Wang Tzu Wei, Lu Yu Tin, Lin Por Shin and PLJ Holding Limited as guarantors and L'Occitane (China) Limited as the company, undated;
- (h) a shareholders' agreement relating to L'Occitane Rus between our Company and Mr. Anton Lyubimov, undated;
- (i) a general conveyance, assignment and bill of sale dated 14 May 2009 relating to the acquisition of the business undertaking of Stroms' Enterprises Ltd. between Stroms' Enterprises Ltd. as vendor and L'Occitane Canada Corp. as purchaser;
- (j) a shareholders' agreement dated 6 October 2009 relating to L'Occitane India Private Limited between L'Occitane Singapore Pte. Ltd. as shareholder A, Rajiv Bahety as shareholder B and L'Occitane India Private Limited as the company;
- (k) a share purchase agreement relating to the acquisition of the remaining minority interests in L'Occitane Do Brasil S/A for the consideration of R\$6,961,500.00 between Silvia Gambin Gomez and Miguel Angel Vendrasco Aschieri as sellers and L'Occitane Holding Brasil Ltda. as buyer for completion on 16 November 2009;
- (l) a sale and purchase agreement ("*Vente de Propriété Batie*") dated 30 March 2010 relating to the acquisition of the Meltiva Property for the consideration of €4,683,091.91, between SCI be Marquenoux SCI, Oseo Financement S.A., Fructicomi S.A., Sogefimur S.A., Mr. Philippe Chevilliat and Melvita Production SAS;
- (m) a finance lease agreement ("*Credit Bail Immobilier*") dated 30 March 2010 between Fructicomi S.A., Oseo Financement S.A., Sogefimur S.A. and Melvita Production SAS relating to the acquisition of the property at which our manufacturing facilities for Melvita are situated in Lagorce, France;
- (n) a cornerstone investment agreement dated 19 April 2010 entered into between Best Investment Corporation, the Joint Bookrunners, LOG and the Company, pursuant to which Best Investment Corporation has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US\$50 million, rounded down to the nearest board lot; and
- (o) the Hong Kong Underwriting Agreement dated 23 April 2010, details of which are set out in the section headed "Underwriting".

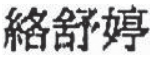
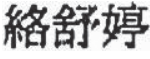
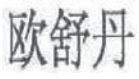
2. Intellectual property rights

As of 31 March 2010, our Group has registered or has applied for the registration of the following material intellectual property rights.

A. Trademarks

(i) As at 31 March 2010, our Group has registered the following material trademarks:

Trademark	Territory of Registration	Registered Owner	Class	Registration Number	Expiry Date
L'OCCITANE	Albania	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Algeria	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Argentina	L'Occitane SA	3	1,582,230	21/06/16
L'OCCITANE	Armenia	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Australia	L'Occitane SA	5	650177	05/01/15
L'OCCITANE	Australia	L'Occitane SA	3	650176	05/01/15
L'OCCITANE	Austria	L'Occitane SA	3	533941	27/02/19
L'OCCITANE	Austria	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Azerbaijan	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Bahrain	L'Occitane SA	3	29512	15/04/11
L'OCCITANE	Bahrain	L'Occitane SA	24	29513	15/04/11
L'OCCITANE	Belarus	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Benelux	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Benelux	L'Occitane SA	3	533941	27/02/19
L'OCCITANE	Bolivia	L'Occitane SA	3	91677-C	01/12/13
L'OCCITANE	Bolivia	L'Occitane SA	24	91736-C	02/12/13
L'OCCITANE	Bosnia	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Brazil	L'Occitane SA	3	818615001	06/01/18
L'OCCITANE	Brazil	L'Occitane SA	24	823701239	20/03/17
L'OCCITANE	Brazil	L'Occitane SA	35	830156500	22/12/18
L'OCCITANE	Brazil	L'Occitane SA	44	830156526	22/12/18
L'OCCITANE	Bulgaria	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Bulgaria	L'Occitane SA	3/5/21	682882	08/10/17
(Cyrillic characters)					
L'OCCITANE	Cambodia	L'Occitane SA	3	8659	03/02/17
L'OCCITANE	Canada	L'Occitane SA	no classification	598968	09/01/2019
L'OCCITANE	Chile	L'Occitane SA	3	710.477	01/12/14
L'OCCITANE	China	L'Occitane SA	3/4/5/16/21	579875	04/11/11
	China	L'Occitane SA	3	3827870	27/05/18
	China	L'Occitane SA	24	3827869	27/10/16
L'OCCITANE	China OSD	L'Occitane SA	3	3765955	27/02/16
L'OCCITANE	Croatia	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Community mark	L'Occitane SA	3/5/21/24/25	368159	11/09/16
L'OCCITANE	Community mark	L'Occitane	9, 14, 18, 24, 25, 28, 30, 35, 43, 44	1006051	08/10/18
L'OCCITANE	Denmark	L'Occitane SA	24	VA 2002 02687	11/11/12
L'OCCITANE	Denmark	L'Occitane SA	3/5	VA 1992 00471	11/09/12
L'OCCITANE	Dominican Republic	L'Occitane SA	3	0120633	30/07/11
L'OCCITANE	Dominican Republic	L'Occitane SA	24	0121544	15/07/11
L'OCCITANE	Egypt	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Ecuador	L'Occitane SA	3	22520	09/04/13
L'OCCITANE	Ecuador	L'Occitane SA	24	22487	08/04/13
L'OCCITANE	Estonia	L'Occitane SA	3/5	21322	Community Mark
L'OCCITANE	Finland	L'Occitane SA	3	95/1950	Community Mark
L'OCCITANE	France	L'Occitane SA	3	1458078	02/03/15
L'OCCITANE	France	L'Occitane SA	3/4/5/6/16/21/24/25	1669214	27/01/15
L'OCCITANE	France	L'Occitane SA	14/18	95560972	02/03/15

Trademark	Territory of Registration	Registered Owner	Class	Registration Number	Expiry Date
L'OCCITANE	France	L'Occitane SA	9/14/18/24/28/ 30/35/43/44	83569123	10/04/18
L'OCCITANE	France	L'Occitane SA	44	023196605	27/11/12
L'OCCITANE	Germany	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Great Britain	L'Occitane SA	3/5	2108803	Community Mark
L'OCCITANE	Guatemala	L'Occitane SA	3	90949	12/10/18
L'OCCITANE	Honduras	L'Occitane SA	4	4018908	18/10/18
L'OCCITANE	Hong Kong	L'Occitane SA	3/5	200002048AA	02/09/16
L'OCCITANE	Hong Kong	L'Occitane SA	24	200112438	22/03/18
	Hong Kong	L'Occitane SA	3	300,227,123	03/06/14
	Hong Kong	L'Occitane SA	3/24	300098028	20/10/13
L'OCCITANE	Hungary	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	India	L'Occitane SA	3	729611	01/01/17
L'OCCITANE	Indonesia	L'Occitane SA	3	IDM000044628	13/04/15
L'OCCITANE	International	L'Occitane SA	3	533941	27/02/19
L'OCCITANE	International	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	International	L'Occitane SA	3/5/21	682882	08/10/17
(Cyrillic characters)					
L'OCCITANE	Iraq	L'Occitane SA	3/24	48194	28/09/15
L'OCCITANE	Iran	L'Occitane SA	3 and 24	83121006	08/03/15
L'OCCITANE	Iceland	L'Occitane SA	3/24	1544/2002	02/10/12
L'OCCITANE	Israel	L'Occitane SA	3	108390	30/10/17
L'OCCITANE	Italy	L'Occitane SA	3	533941	27/02/19
L'OCCITANE	Italy	L'Occitane SA	3/4/5/16/21	579875	05/11/11
	Japan	L'Occitane SA	1 (local class)	2317823	26/06/11
L'OCCITANE	Japan	L'Occitane SA	3	4096138	19/12/17
L'OCCITANE	Japan	L'Occitane SA	5	4168674	17/07/18
L'OCCITANE	Japan	L'Occitane SA	21	4185489	04/09/18
L'OCCITANE	Japan	L'Occitane SA	24	4147710	22/05/18
L'OCCITANE	Japan	L'Occitane SA	25	4147711	22/05/18
L'OCCITANE	Japan	L'Occitane SA	9, 14, 18, 24, 25, 28, 30, 35, 43, 44	1,006,051	08/10/18
L'OCCITANE	Jordan	L'Occitane SA	3	66627	09/05/12
L'OCCITANE	Jordan	L'Occitane SA	24	66628	09/05/12
L'OCCITANE	Kazakhstan	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Laos	L'Occitane SA	3	4772	05/02/17
L'OCCITANE	Latvia	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Latvia	L'Occitane SA	3/5/21	682882	08/10/17
(Cyrillic characters)					
L'OCCITANE	Lebanon	L'Occitane SA	3	71549	15/02/12
L'OCCITANE	Lithuania	L'Occitane SA	3/5	27301	03/04/15
L'OCCITANE	Macau	L'Occitane SA	3/24	N/12997 et N/12998	11/05/11
	Macau	L'Occitane SA	3 and 24	N/12999 et N/13000	11/05/11
	Macau	L'Occitane SA	3	N/15367	08/03/12
L'OCCITANE	Macedonia	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Madagascar	L'Occitane SA	3	4044	12/07/10
L'OCCITANE	Malaysia	L'Occitane SA	3	95004135	02/05/12
L'OCCITANE	Malta	L'Occitane SA	3	31787	02/06/10
L'OCCITANE	Mauritius	L'Occitane SA	3	A 48/2	01/06/17
L'OCCITANE	Mexico	L'Occitane SA	3	516,905	16/05/15
L'OCCITANE	Moldova	L'Occitane SA	3/4/5/16/21	579875	05/11/11

Trademark	Territory of Registration	Registered Owner	Class	Registration Number	Expiry Date
L'OCCITANE	Monaco	L'Occitane SA	3	533941	27/02/19
L'OCCITANE	Monaco	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Montenegro	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Morocco	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	New Zeland	L'Occitane SA	3	248702	02/05/16
L'OCCITANE	Norway	L'Occitane SA	3/21/30	158598	19/08/13
L'OCCITANE	OAPI (Africa)	L'Occitane SA	3	49311	27/06/13
L'OCCITANE	OMPI	L'Occitane SA	3 5 and 21	682882	08/10/17
(Cyrillic characters)					
L'OCCITANE	Oman	L'Occitane SA	3	8033	31/01/13
L'OCCITANE	Paraguay	L'Occitane SA	3	309744	17/09/17
L'OCCITANE	Philippines	L'Occitane SA	3	4-1995-102023	21/05/24
L'OCCITANE	Philippines	L'Occitane SA	5	4-1995-102024	25/12/25
L'OCCITANE	Poland	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Portugal	L'Occitane SA	3	533941	27/02/19
L'OCCITANE	Portugal	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Qatar	L'Occitane SA	3	27499	11/05/12
L'OCCITANE	Qatar	L'Occitane SA	24	27500	11/05/12
L'OCCITANE	Romania	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Russia	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Russia	L'Occitane SA	9/14/18/24/25/28/ 30/35/43/44	1006051	08/10/18
L'OCCITANE	Russia	L'Occitane SA	3/5/21	682882	08/10/17
(Cyrillic characters)					
L'OCCITANE	Salvador	L'Occitane SA	3	2006060618	27/02/17
L'OCCITANE	Salvador	L'Occitane SA	24	2006060619	27/02/17
L'OCCITANE	South Korea	L'Occitane SA	3, 18, 21(local12)	0343037	15/07/16
L'OCCITANE	South Korea	L'Occitane SA	3, 21 (local 13)	0343038	15/07/16
룩시탄	South Korea	L'Occitane SA	12 (local class)	40-0414812	06/08/18
룩시탄	South Korea	L'Occitane SA	13 (local class)	40-0414813	06/08/18
L'OCCITANE	Saudi Arabia	L'Occitane SA	24	692/87	05/04/12
L'OCCITANE	Serbia & Montenegro	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Serbia & Montenegro	L'Occitane SA	3/5/21	682882	08/10/17
L'OCCITANE	Singapore	L'Occitane SA	3	T95/03032B	04/04/15
L'OCCITANE	Singapore	L'Occitane SA	5	T95/03033J	04/04/15
L'OCCITANE	Slovakia	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Slovenia	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Sudan	L'Occitane SA	3	533941	27/02/19
L'OCCITANE	South Africa	L'Occitane SA	3	95/04271	05/04/15
L'OCCITANE	Spain	L'Occitane SA	3	533941	27/02/19
L'OCCITANE	Sweden	L'Occitane SA	3	249957	24/06/13
L'OCCITANE	Switzerland	L'Occitane SA	3	533941	27/02/19
L'OCCITANE	Switzerland	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Syria	L'Occitane SA	3 and 24	99604	19/04/15
L'OCCITANE	Taiwan	L'Occitane SA	6 (local class)	00575361	15/11/12
L'OCCITANE	Taiwan	L'Occitane SA	21	00776455	15/11/12
L'OCCITANE	Taiwan	L'Occitane SA	24	00781191	15/10/17
L'OCCITANE	Taiwan	L'Occitane SA	5	771,106	14/08/17
L'OCCITANE	Taiwan	L'Occitane SA	25	776,721	15/09/17
歐舒丹	Taiwan	L'Occitane SA	3	775,049	14/09/17
L'OCCITANE	Tajikstan	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Thailand	L'Occitane SA	3	76,734	18/11/16
L'OCCITANE	Thailand	L'Occitane SA	5	76894	18/11/16
L'OCCITANE	Ukraine	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Ukraine	L'Occitane SA	3/5/21	682882	08/10/17
(Cyrillic characters)					
L'OCCITANE	United Arab Emirates	L'Occitane SA	3	18804	01/03/17
L'OCCITANE	Uruguay	L'Occitane SA	3	277,830	20/08/07

Trademark	Territory of Registration	Registered Owner	Class	Registration Number	Expiry Date
L'OCCITANE	USA	L'Occitane SA	3/5	2021793	10/12/16
L'OCCITANE	USA	L'Occitane SA	24	76/228184	28/05/12
L'OCCITANE	USA	L'Occitane SA	44	1006051	08/10/18
L'OCCITANE	Vietnam	L'Occitane SA	3/4/5/16/21	579875	05/11/11
L'OCCITANE	Yemen	L'Occitane SA	24	31,390	07/03/15
L'OCCITANE	Yemen	L'Occitane SA	3	26,394	07/03/15
Atelier des Huiles Essentielles	France	L'Occitane SA	3 and 20	83591902	27/7/18
Atelier du Bien être	France	L'Occitane SA	3 and 44	23140724	9/1/12
BAVX (design)	France	L'Occitane SA	3	053400477	28/12/15
BAVX (design)	China	L'Occitane SA	3	5,444,868	27/2/20
Candle Theater	France	L'Occitane SA	3, 4 and 20	83590670	24/7/18
Candle Theater	Japan	L'Occitane SA	3, 4 and 20	998498	27/1/19
Candle Theater	E.U.	L'Occitane SA	3, 4 and 20	998498	27/1/19
Candle Theater	China	L'Occitane SA	3, 4 and 20	998498	27/1/19
Champs de Lavande	France	L'Occitane SA	35 and 41	01 3084055	20/2/11
Collection Méditerranée	E.U.	L'Occitane SA	3	998684	30/4/19
Collection Méditerranée	China	L'Occitane SA	3	998684	30/4/19
Collection Méditerranée	France	L'Occitane SA	3	83,595,759	27/8/18
Colors of Provence	France	L'Occitane	3	53346344	11/3/15
		International SA			
Colors of Provence	Benelux	L'Occitane	3	771530	14/3/15
		International SA			
Couleurs de Provence	Benelux	L'Occitane	3	771529	14/3/15
		International SA			
Couleurs de Provence	France	L'Occitane	3	53346343	11/3/15
		International SA			
Colours of the season from L'Occitane	France	L'Occitane SA	3 and 4	93662538	7/7/19
Crème anti-souci	France	L'Occitane SA	3, 4 and 5	93630953	18/2/19
Eau d'Azur	France	L'Occitane SA	3 and 5	1364887	15/7/16
Eau de la récolte bleue	France	L'Occitane SA	3	53341759	15/2/15
Eau des 4 Reines	France	L'Occitane SA	3	43271541	4/2/14
Eau des 4 Voleurs	France	L'Occitane SA	3	1596941	7/6/10
Eau des Baux	France	L'Occitane SA	3	053358124	10/5/15
Eau des Baux	China	L'Occitane SA	3	9,428,667	19/6/16
Eau des Mille et une units	France	L'Occitane SA	3	53333074	4/1/15
Eau du Midi	France	L'Occitane SA	3	043303651	16/7/14
Eau du Val	France	L'Occitane SA	3	043287722	23/4/14
Espace Méditerranée	France	L'Occitane SA	3, 29, 43, 44	03 3 247 081	23/9/13
Essential Oils Workshop	France	L'Occitane SA	3 and 20	083591901	29/7/18
Essential Oils Workshop	E.U.	L'Occitane SA	3 and 20	998279	25/2/19
"Fais un vœu"	France	L'Occitane SA	3	053341000	15/2/15
Feu d'orange	France	L'Occitane SA	3	063425216	25/4/16
Feu d'orange semi figuratif	France	L'Occitane SA	3, 4, 24	083557417	18/2/18
Feu d'orange semi figuratif	E.U.	L'Occitane	3, 4, 24	981801	14/8/18
Feuille d'Herbe	France	L'Occitane SA	3	99789580	30/4/09
Fleurs de Lumière	France	L'Occitane SA	3, 4, 5	093655719	8/6/19
Fragrance Merchant	France	L'Occitane SA	3	04 3 296 158	8/6/14
Hautes de Provence	Benelux	L'Occitane SA	3	767919	27/9/11
Hautes de Provence	Brazil	L'Occitane	3	825269768	11/2/03
		International SA			
Hautes de Provence	Denmark	L'Occitane	3	767919	27/9/11
		International SA			
Hautes de Provence	Finland	L'Occitane	3	767919	27/9/11
		International SA			
Hautes de Provence	France	L'Occitane	3	767919	11/8/09
		International SA			
Hautes de Provence	Germany	L'Occitane	3	767919	27/9/11
		International SA			
Hautes de Provence	Great Britain	L'Occitane	3	767919	27/9/11
		International SA			

Trademark	Territory of Registration	Registered Owner	Class	Registration Number	Expiry Date
Hautes de Provence	Greece	L'Occitane International SA	3	767919	27/9/11
Hautes de Provence	Iceland	L'Occitane International SA	3	767919	27/9/11
Hautes de Provence	Italy	L'Occitane International SA	3	767919	27/9/11
Hautes de Provnce	Japan	L'Occitane International SA	3	4697067	1/8/13
Hautes de Provence	Norway	L'Occitane International SA	3	767919	27/9/11
Hautes de Provence	Portugal	L'Occitane International SA	3	767919	27/9/11
Hautes de Provence	Spain	L'Occitane International SA	3	767919	27/9/11
Hautes de Provence	Sweden	L'Occitane International SA	3	767919	27/9/11
Hautes de Provence	Switzerland	L'Occitane International SA	3	767919	27/9/11
Home made cream	France	L'Occitane SA	3, 4, 5	073545565	19/12/17
Immortelle	E.U.	L'Occitane SA	3	2244192	5/6/11
Immortessence	France	L'Occitane SA	3, 4, 5	073545564	19/12/17
Imoteru (katakanas)	Japan	L'Occitane SA	3	4741005	16/1/14
L'Occitane Cafe	Japan	L'Occitane SA	43	5201045	30/1/19
La Bonne Mère	E.U.	L'Occitane SA	3	001607688	12/4/10
La Bonne Mère	France	L'Occitane SA	3	1526271	23/3/19
La crème maison	France	L'Occitane SA	3, 4, 5	073545566	19/12/17
La Marseillaise	France	L'Occitane SA	3	1487091	10/9/18
Le Cerisier des Oiseaux	France	L'Occitane SA	3, 4, 5	093664172	15/7/19
Le rameau d'or	France	L'Occitane SA	3, 4 and 5	73546314	26/12/17
Le rameau d'or	Japan	L'Occitane SA	3, 4 and 5	969370	25/6/18
Le rameau d'or	U.E.	L'Occitane SA	3, 4, 5	969370	25/6/18
Le rameau d'or	Russia	L'Occitane SA	3, 4, 5	969370	25/6/18
Le rameau d'or	China	L'Occitane SA	3, 4, 5	969370	25/6/18
Les couleurs de Saison de L'Occitane	France	L'Occitane SA	3 and 4	93662565	7/7/19
L'Occitan	France	L'Occitane SA	3	1458077	18/3/18
L'Occitane (Design)	France	L'Occitane	3	82452008	12/8/18
Marseille (design)	France	L'Occitane SA	3	1669575	17/5/18
Ma crème nature	France	L'Occitane SA	3/4/5	83568757	9/4/18
Ma crème yaourt (Design)	France	L'Occitane SA	3, 4 and 5	93631755	23/2/19
My Yoghurt Cream (Design)	France	L'Occitane SA	3, 4 and 5	93631757	23/2/19
Marchant d'Odeurs (Design)	France	L'Occitane SA	3, 4 and 16	93630119	16/2/19
Nadalet	France	L'Occitane SA	3 and 5	1689477	20/8/11
Natural Mediterranean Treasures	France	L'Occitane SA	3, 5 and 44	73508160	20/7/17
Ondée Matinale	France	L'Occitane SA	3	1470105	1/6/18
Orgue a bougies	France	L'Occitane SA	3, 4 and 20	83590671	24/7/18
Pomandre	France	L'Occitane SA	3	1526269	20/4/19
Promenade en Provence	France	L'Occitane SA	3, 4 and 5	83591900	29/7/18
Promenade en Provence	France	L'Occitane SA	3	1006699	25/2/2019
Promenade en Provence	Taiwan	L'Occitane SA	3	01385196	15/11/19
Rose & Reine	France	L'Occitane SA	3 and 4	63435767	16/6/16
Rose 4 Reines	France	L'Occitane SA	3,4,5	83584594	25/6/18
Rose Juste Eclose	France	L'Occitane SA	3, 4 and 5	83580516	5/6/18
Rose Juste Eclose	U.E	L'Occitane SA	3, 4 and 5	988370	2/12/18
Rose Juste Eclose	China	L'Occitane SA	3, 4 and 5	988370	2/12/18
Rose Nuit de Mai	France	L'Occitane SA	3, 4 and 5	83580515	5/6/18
Rose Nuit de Mai	U.E	L'Occitane SA	3, 4 and 5	991271	5/12/18
Rose Nuit de Mai	China	L'Occitane SA	3, 4 and 5	991271	5/12/18
Savon de La Bonne Mère	France	L'Occitane SA	3	1645633	20/4/19
Serre à Parfums	France	L'Occitane SA	3 and 20	93645989	22/4/19
The Golden Branch	France	L'Occitane SA	3, 4 and 5	73546315	26/12/17

Trademark	Territory of Registration	Registered Owner	Class	Registration Number	Expiry Date
The Golden Branch	Japan	L'Occitane SA	3, 4 and 5	972813	25/6/18
The Golden Branch	China	L'Occitane SA	3, 4 and 5	972813	25/6/18
The Golden Branch	U.E	L'Occitane SA	3, 4 and 5	972813	25/6/18
The Golden Branch	Russia	L'Occitane SA	3, 4 and 5	972813	25/6/18
The Perfumes Greenhouse	France	L'Occitane SA	3 and 20	93645988	22/4/19
Une Histoire Vraie	France	L'Occitane SA	3, 16, 35, 38 and 42	23143155	22/1/12
Une Beauté Vraie	France	L'Occitane SA	3, 5 and 44	73481695	12/2/17
Verdon	France	L'Occitane SA	3 and 4	83580094	3/6/18
Verdon	U.E	L'Occitane SA	3 and 4	988376	2/12/18
Verdon	China	L'Occitane SA	3 and 4	988376 INTER	2/12/18
Vinespa	Benelux	L'Occitane International SA	3	785994	27/6/15
Violette d 'Or	France	L'Occitane SA	3	53337280	27/1/15
Voyage en Méditerranée	France	L'Occitane SA	3, 4 and 5	83595758	27/8/2018
Voyage en Méditerranée	U.E	L'Occitane SA	3	996948	25/2/2019
Voyage en Méditerranée	China	L'Occitane SA	3	996948	25/2/19
	EU	L'Occitane SA	3	4496741	17/6/15
	China	L'Occitane SA	3	5,059,974	27/5/19
	France	L'Occitane SA	3	53,394,600	29/11/15
	Hong Kong	L'Occitane SA	3	300,647,406	27/5/16
	Japan	L'Occitane SA	3	893,164	26/05/16
	Mexico	L'Occitane SA	3	785,422	26/05/16
	Norway	L'Occitane SA	3	893,164	29/6/16
	Russia	L'Occitane SA	3	893,164	26/05/16
	Singapore	L'Occitane SA	3	893,164	26/05/16
	South Korea	L'Occitane SA	3	893,164	26/05/16
	Switzerland	L'Occitane SA	3	893,164	26/05/16
	Taiwan	L'Occitane SA	3	01257831	15/4/17
	Ukraine	L'Occitane SA	3	893,164	26/05/16
	EU	L'Occitane SA	3	4,765,798	28/11/15
	Brazil	L'Occitane SA	3	828,451,990	12/8/12
	China	L'Occitane SA	3	887132	26/5/16
	Japan	L'Occitane SA	3	887,132	26/5/16
	Mexico	L'Occitane SA	3	785,420	26/5/16
	Russia	L'Occitane SA	3	887132	26/5/16
	Singapore	L'Occitane SA	3	887,132	26/5/16
	South Korea	L'Occitane SA	3	887,132	26/5/16
	Taiwan	L'Occitane SA	3	01257830	15/4/17
	Ukraine	L'Occitane SA	3	887132	26/5/16
	France	L'Occitane SA	3	06/3402168	06/01/16
	Brazil	L'Occitane SA	3	828545480	24/3/19
	China	L'Occitane SA	3	893,075	29/06/16
	EU	L'Occitane SA	3	5192364	26/06/16
	Japan	L'Occitane SA	3	893,075	29/06/16
	Mexico	L'Occitane SA	3	792,923	06/07/16
	Norway	L'Occitane SA	3	893,075	29/06/16
	Russia	L'Occitane SA	3	893,075	29/06/16
	Singapore	L'Occitane SA	3	893,075	29/06/16
	South Korea	L'Occitane SA	3	893,075	29/06/16
	Ukraine	L'Occitane SA	3	893,075	29/06/16
	South Korea	L'Occitane SA	3	892,945	29/06/16
	Japan	L'Occitane SA	3	892,945	29/06/16
	Russia	L'Occitane SA	3	892,945	29/06/16
	Singapore	L'Occitane SA	3	892,945	29/06/16
	Ukraine	L'Occitane SA	3	892,945	29/06/16

Trademark	Territory of Registration	Registered Owner	Class	Registration Number	Expiry Date
	Taiwan	L'Occitane SA	3	01296907	15/1/18
 Les Minimes de Provence + logo Les Minimes de Provence + logo Couvent des Minimes en Provence + logo	France	L'Occitane SA	3	63,441,442	19/07/16
	France	L'Occitane International SA	3	04 327 0682	30/01/14
	USA	L'Occitane International SA	3	834236	13/07/14
	USA	L'Occitane International SA	3	3194282	13/07/14
					
Couvent des Minimes en Provence + logo	France	L'Occitane International SA	3	043270678	30/01/14
					
Couvent des Minimes Haute Provence + logo	USA	L'Occitane International SA	3	852118	08/11/14
					
Couvent des Minimes Haute Provence + logo	Japan	L'Occitane International SA	3	852118	08/11/14
					
Le Couvent des Minimes without logo	France	L'Occitane International SA	41/43/44	06/3413846	02/03/16
	Benelux	L'Occitane International SA	41/43/44	796099	28/02/16
Les Couvent des Minimes + logo	France	L'Occitane International SA	3	04 327 0680	30/01/14
					
	USA	L'Occitane International SA	3	834235	13/07/2014
	Canada	L'Occitane International SA	3	1269597	09/11/23
	UE	L'Occitane International SA	3	4480505	09/06/15
	Australia	L'Occitane International SA	3	855803	03/08/15
	Hong Kong	L'Occitane International SA	3	300457515	14/07/15
	Israel	L'Occitane International SA	3	197504	5/2/17
	Malaysia	L'Occitane International SA	3	5018886	10/11/15
	Morocco	L'Occitane International SA	3	855803	03/08/15

Trademark	Territory of Registration	Registered Owner	Class	Registration Number	Expiry Date
	Singapore	L'Occitane International SA	3	855803	3/8/15
	Taiwan	L'Occitane International SA	3	1220305	31/07/16
	Switzerland	L'Occitane International SA	3	855803	10/03/15
	South Korea	L'Occitane International SA	3	855803	03/08/15
Soins Angéliques	Benelux	L'Occitane International SA	3	822330	10/04/17

(ii) As at 31 March 2010, we have applied for the registration of the following trademarks:

Trademark	Territory of Registration	Applicant	Class	Application Number
Immortelle	USA	L'Occitane SA	3	77,039,312
Notre flore	China	L'Occitane SA	3	Pending
Paeonia	Japan	L'Occitane SA	3	59330
Promenade en Provence	China	L'Occitane SA	3, 4 and 5	83591900
Promenade en Provence	E.U	L'Occitane SA	3, 4 and 5	83591900
Promenade en Provence	Taiwan	L'Occitane SA	3, 4 and 5	98006281
Rose Jardin Delice	Japan	L'Occitane SA	3	2009075921
Voyage en Méditerranée	Japan	L'Occitane SA	3	2009071410
	Brazil	L'Occitane SA	3	828,452,008
	Taiwan	L'Occitane SA	3	95,034,950
	Brazil	L'Occitane SA	3	828,545,502
	Brazil	L'Occitane SA	3	828947333
	E.U	L'Occitane SA	3, 4, 16	8469561
	Australia	L'Occitane SA	3, 4, 16	Pending
	Canada	L'Occitane SA	3, 4, 16	Pending
	China	L'Occitane SA	3, 4, 16	Pending
	Etats Unis	L'Occitane SA	3, 4, 16	Pending
	France	L'Occitane SA	3, 4, 16	8469561
	Hong Kong	L'Occitane SA	3, 4, 16	301405656
	Japan	L'Occitane SA	3, 4	Pending
	Taiwan	L'Occitane SA	3, 4, 16	98034067

(iii) As at 31 March 2010, M&A Santé Beauté, Melvita and Melvitacosc have applied for or registered the following trademarks:

Trademark	Territory of Registration	Applicant/ Registered Owner	Class	Application/ Registration Number	Expires on
Capipoux	France	Melvitacosc	3, 5	53350082	18/3/2015
Carbopolis	France	Melvitacosc	5, 30	13086185	22/2/2011
Couleurs de Provence	France	Melvitacosc	3	33216801	19/3/2013
Cyrano	Germany	Melvitacosc	3	553625	20/5/2010
Cyrano	Benelux	Melvitacosc	3	553625	20/5/2010
Cyrano	Spain	Melvitacosc	3	553625	20/5/2010
Cyrano	Italy	Melvitacosc	3	553625	20/5/2010
Cyrano	Portugal	Melvitacosc	3	553625	20/5/2010
Cyrano	Switzerland	Melvitacosc	3	553625	20/5/2010
Institut Nature	France	Melvitacosc	3.5	43289716	27/4/2014
Melvita la nature au cœur	France	Melvitacosc	3.5	33216800	19/3/2013
Melvitacosc	Japan	Melvitacosc	3	4281450	11/6/2019
Naturalift	France	Melvitacosc	3.5	43328113	2/12/2014
Nectar de Creme	France	Melvitacosc	3.5	13097264	19/4/2011
Procarbo	France	Melvitacosc	5, 30	13086195	23/2/2011
Bio-Excellence	France	M&A Santé Beauté	5, 30, 32	13082091	2/2/2011
Bio-Ecellia	France	M&A Santé Beauté	3.5	97692940	26/8/2017
Capistim	France	M&A Santé Beauté	5	97691164	7/8/2017
M&A Sante Beauté	France	M&A Santé Beauté	3, 5, 31	98744442	30/7/2018
Nutribeauté	France	M&A Santé Beauté	3.5	97690621	4/8/2017
Océaforce	France	M&A Santé Beauté	5	98713027	13/1/2018
Apicosma	France	MELVITA	3, 5, 30	1699703	14/1/2011
Apivitamine	France	MELVITA	5, 30	1705411	12/10/2010
Bio par respect de la vie	France	MELVITA	3, 5, 30	93623784	20/1/2019
Bio-Excellence	U.E	MELVITA	3	961026	6/3/2018
Bio-Excellence	China	MELVITA	3	961026	6/3/2018
Bio-Excellence	France	MELVITA	3	73532259	19/10/2017
Bio-Excellence	France	MELVITA	3	961026	6/3/2018
Bio-Excellence	France	MELVITA	3	97690731	21/7/2017
Bio-Excellence	South Korea	MELVITA	3	961026	6/3/2018
Bio-Excellence	U.S	MELVITA	3	961026	6/3/2018
Bio-Excellence	Japan	MELVITA	3	961026	6/3/2018
Bio-Excellence	Sweden	MELVITA	3	961026	6/3/2018
Bio-Excellence	Switzerland	MELVITA	3	961026	6/3/2018
Capiforce	France	MELVITA	3.5	1699069	1/10/2011
Cardioforce	France	MELVITA	5	97680556	30/5/2017
Immunt C	France	MELVITA	5	92441504	6/11/2012
Kinesis	France	MELVITA	3.5	1705754	4/11/2011
Le comptoir du Savon	France	MELVITA	3	98728015	10/4/2018
Les Solyflores	France	MELVITA	3.5	1641326	24/1/2011
Magia Naturalis	France	MELVITA	3	1497573	2/11/2018
Melvita Organic out of respect of life	France	MELVITA	3, 5, 30	93623789	20/1/2019
Propoleol	France	Melvitacosc	3.5	94501088	29/12/2013
Prosun	France	MELVITA	3.5	1553480	14/10/2019
MELVITA	Australia	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Bahrain	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Bosnia	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Brazil	Melvita	3, 5 and 30	830157301, 830157280, 8301310	Pending
MELVITA	Canada	Melvita	3, 5 and 30	1321197	9/10/2024
MELVITA	China	Melvita	3, 5 and 30	Pending	Pending
MELVITA	Colombia	Melvita	3, 5 and 30	8137188	25/11/2019
MELVITA	South Korea	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Croatia	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Equator LOCAL	MELVITA	3, 5 and 30	208304	29/11/2015

Trademark	Territory of Registration	Applicant/ Registered Owner	Class	Application/ Registration Number	Expires on
MELVITA	E.U (25 pays)	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Hong Kong	MELVITA	3, 5 and 30	301258164	15/12/2018
MELVITA	India LOCAL	Melvita	3, 5 and 30	1760746	Pending
MELVITA	Indonésia LOCAL	Melvita	3, 5 and 30	D00.2008.04386	Pending
MELVITA	Israël LOCAL	Melvita	3, 5 and 30	217, 127, 217 128, 217, 128	Pending
MELVITA	Japan	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Jordan LOCAL	Melvita		105735	8/3/2019
MELVITA	Kazakistan	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Kuwait LOCAL	Melvita	3, 5 and 30	100186, 100187, 100188	Pending
MELVITA	Lebanon	MELVITA	3, 5 and 30	120748	18/2/2024
MELVITA	Macedonia	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Malaysia LOCAL	Melvita	3, 5 and 30	2008/24682, 24681, 24680	Pending
MELVITA	Morocco	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Mexico	MELVITA	3, 5	1079541 and 1079542	Pending
MELVITA	Montenegro	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Norway	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Oman	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Panama LOCAL	Melvita	3, 5 and 30	180919, 180921, 180920	Pending
MELVITA	Qatar LOCAL	Melvita	3, 5 and 30	56262, 56263 and 56264	5/3/2019
MELVITA	Russia	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	South Africa LOCAL	Melvita	3, 5 and 30	2008/28656, 28657, 38658	Pending
MELVITA	Saudi Arabia LOCAL	Melvita	3, 5 and 30	138250, 138251, 138252	Pending
MELVITA	Serbia	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Singapore	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Switzerland	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Syria	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Taiwan	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Thailand LOCAL	Melvita	3, 5 and 30	721791, 721792, 721793	Pending
MELVITA	Turkey	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	Ukraine	MELVITA	3, 5 and 30	881365	29/11/2015
MELVITA	United Arab Emirates	Melvita	3, 5 and 30	123424, 123426, 123425	Pending
MELVITA	France	Melvita	3, 5 and 30	13082082	2/2/2011
MELVITA	United States	MELVITA	3 and 30	881365	29/11/2015
MELVITA	Vietnam	MELVITA	3, 5 and 30	881365	29/11/2015
Bio Excellence	Canada	MELVITA	3	1387739	Pending
Bio Excellence	Taiwan	MELVITA	3	97010563	Pending
Melvita la nature au cœur	E.U	MELVITA	3, 5, 30	1009107	11/5/2019
Melvita la nature au cœur	Canada	MELVITA	3, 5, 30	1439119	Pending
Melvita la nature au cœur	China	MELVITA	3, 5, 30	Pending	Pending
Melvita la nature au cœur	France	MELVITA	3, 5, 30	93648911	7/5/2019
Melvita la nature au cœur	France	MELVITA	3.5	09364891	Pending
Melvita la nature au cœur	Croatia	MELVITA	3, 5, 30	Pending	Pending
Melvita la nature au cœur	Sweden	MELVITA	3, 5, 30	Pending	Pending
Melvita la nature au cœur	Switzerland	MELVITA	3, 5, 30	Pending	Pending
Melvita, nature at heart	France	MELVITA	3, 5, 30	93647792	30/4/2019

B. Registered Designs

As at 31 March 2010, we have registered the following registered designs:

Design Patents	Place of registration	Name of applicant	Application number	Expiry date
	UE China	L'Occitane SA L'Occitane SA	677,638 200930000555.6	26/02/2012 9/1/19
Bottle/Flacon Fleur de Cerisier				
	UE China	L'Occitane SA L'Occitane SA	603,790 200730146414.6	10/10/11 10/4/17
Bottle/Flacon Ruban d'orange				
	UE China	L'Occitane SA L'Occitane SA	828551 Application 200830128310.7	20/11/2012 20/5/2018
Bottle/Flacon EDP 4 Vents				
	UE China	L'Occitane SA L'Occitane SA	797,196 200830116223.X	26/09/2012 26/03/2018
Pot Miel et Citron				
	UE	L'Occitane SA	000099031-0001	6/11/13
Pomander				
	UE	L'Occitane SA	000107164-0001	26/11/13
Bruele Parfum				
	France	L'Occitane SA	090664	12/2/19
Marchand d'Odeurs				
	UE China	L'Occitane SA L'Occitane SA	797,188 200830116222.5	26/09/2012 26/03/2018
Bottle/Flacon Miel et Citron				
	France	L'Occitane SA	85,832	30/12/2018
Pomander				

C. Domain Names

As at 31 March 2010, we have registered the following domain names:

No.	Domain name	Registered Owner	Expiry Date
1	ardecosm.fr	Melvita	08/11/2009
2	atruebeauty.com	L'OCCITANE International SA	27/01/2011
3	couventdesminimes.com	L'OCCITANE International SA	20/04/2011
4	couventdesminimes.fr	L'OCCITANE International SA	22/05/2010
5	lecouventdesminimes.be	L'OCCITANE International SA	13/05/2010
6	lecouventdesminimes.com	L'OCCITANE International SA	07/12/2010
7	lecouventdesminimes.fr	L'OCCITANE International SA	31/10/2010
8	loccitane-carriere.com	L'OCCITANE International SA	02/05/2011
9	loccitane.asia	L'OCCITANE, S.A.	27/11/2010
10	loccitane.be	L'OCCITANE International SA	22/02/2010
11	loccitane.ca	L'OCCITANE International SA	15/09/2010
12	loccitane.cl	COMERCIAL AGUABLANCA S.A.	12/02/2011
13	loccitane.cn	L'Occitane SA	05/12/2010
14	loccitane.co.il	L'OCCITANE International SA	22/02/2011
15	loccitane.co.kr	L'OCCITANE International SA	06/12/2011
16	loccitane.co.nz	L'OCCITANE International SA	31/08/2010
17	loccitane.co.th	L'Occitane (Thailand) Ltd	11/06/2010
18	loccitane.com	L'OCCITANE International SA	25/10/2009
19	loccitane.com.br	L'Occitane Do Brasil S.A.	13/09/2010
20	loccitane.com.cn	L'OCCITANE International SA	19/04/2011
21	loccitane.com.ec	BFS IMPORTADORA CIA.LTDA	07/02/2011
22	loccitane.com.hk	L'OCCITANE (FAR EAST) LIMITED	22/12/2010
23	loccitane.com.my	Clarins Sdn. Bhd	15/04/2011
24	loccitane.com.sg	L'OCCITANE International SA	13/03/2011
25	loccitane.com.tr	L'OCCITANE International SA	28/05/2010
26	loccitane.com.tw	L'OCCITANE International SA	03/10/2011
27	loccitane.cz	L'Occitane SA	19/04/2011
28	loccitane.de	L'OCCITANE International SA	31/12/2009
29	loccitane.dk	L'OCCITANE International SA	31/08/2010
30	loccitane.ec	BFS IMPORTADORA CIA.LTDA	06/02/2011
31	loccitane.eu	L'OCCITANE SA	17/04/2010
32	loccitane.fr	L'OCCITANE International SA	21/05/2010
33	loccitane.hu	L'OCCITANE International SA	06/02/2010
34	loccitane.info	L'OCCITANE International SA	12/10/2010
35	loccitane.it	L'Occitane Inc	07/02/2011
36	loccitane.lt	L'OCCITANE International SA	02/12/2009
37	loccitane.lu	L'Occitane SA	09/12/2009
38	loccitane.nl	L'OCCITANE International SA	31/01/2010
39	loccitane.no	OLIVENLUNDEN AS	18/08/2010
40	loccitane.pl	L'Occitane SA	03/09/2010
41	loccitane.pt	L'OCCITANE International SA	01/07/2010
42	loccitane.ru	L'Occitane SA	10/12/2009

No.	Domain name	Registered Owner	Expiry Date
43	loccitane.se	OLIVENLUNDEN AS	17/08/2010
44	loccitane.si	STILLMARK	13/02/2011
45	loccitane.tel	L'OCCITANE société anonyme	23/03/2012
46	loccitaneenprovence.com	L'OCCITANE International SA	29/07/2010
47	loccitanekorea.co.kr	L'OCCITANE International SA	07/12/2010
48	melvita.ca	MELVITA	04/12/2009
49	melvita.cn	MELVITA	09/01/2011
50	melvita.co.uk	L'OCCITANE International SA	03/08/2011
51	melvita.com	Melvita	28/07/2009
52	melvita.eu	Melvita	16/06/2010
53	melvita.fr	Melvita	17/04/2010
54	melvita.hk	MELVITA	10/01/2011
55	melvita.jp	MELVITA	31/05/2010
56	melvita.sg	L'OCCITANE International SA	26/08/2010
57	melvita.tw	L'OCCITANE International SA	25/08/2010
58	occitane.com	L'OCCITANE International SA	12/06/2010
59	unebeautevraie.com	L'OCCITANE International SA	27/01/2011

D. *Invention Patents*

(i) As at 31 March 2010, our Group has registered the following invention patents:

Patent	Name of Applicant (as recorded)	Place of Registration	Application Number	Application Date (DD/MM/YYYY)
Huile Essentielle Extraite Helichrysum Italicum, SA Preparation Et Les Compositions Cosmetiques Et Dermatologiques La Contenant	L'Occitane SA	France	01 11224	29/08/2001
Cosmetic Composition Comprising An Essential Oil Extracted From Helichrysum Italicum	L'Occitane SA	PCT	PCT/FR02/ 02954	28/08/2002

Patent	Name of Applicant (as recorded)	Place of Registration	Application Number	Application Date (DD/MM/YYYY)
Cosmetic Composition Comprising An Essential Oil Extracted From Helichrysum Italicum	L'Occitane SA	U.S.A.	10/785,237	24/02/2004
Composition Cosmetique Ou Dermatologique A Base D'Huiles Essentielles Utile Pour Le Soins De La Peau, Plus Particulierement Chez L'Homme	L' Occitane En Provence SA	France	02 12543	09/10/2002
Composition Cosmetique Ou Dermatologique A Base D'Olive	L'Occitane SA	France	04 02151	02/03/2004
Composition Cosmetique Et/Ou Dermatologique Et Son Utilisation Pour Prevenir Et/Ou Traiter L'Obesite Ou La Lipodystrophie	L'Occitane SA	France	04 52938	13/12/2004
Composition Cosmetique Ou Dermatologique Et Son Utilisation	L'Occitane SA	France	06 00454	18/01/2006
Composition Cosmetique A Base D'Acide Gras Polyinsatures Et Ses Utilisations	L'Occitane SA	France	06 05953	30/06/2006

Patent	Name of Applicant (as recorded)	Place of Registration	Application Number	Application Date (DD/MM/YYYY)
Cosmetic Composition Based on Polyunsaturated Fatty Acids And Its Uses	L'Occitane SA	PCT	PCT/FR2007/001115	02/07/2007
Cosmetic Composition or dermathological based on apple and its utilisations	L'Occitane SA	France	07 55550	07/06/2007

(ii) As at 31 March 2010, we have applied for the registration of the following invention patents:

Patent	Name of Applicant (as recorded)	Place of Registration	Application Number	Application Date (DD/MM/YYYY)
Cosmetic Composition based on the camargue rice, rice vinegar, extract of reine des près and essential oil of lemon	L'Occitane SA	France	08 53537	29/05/2008
Distributeur de Liquide a orifice de rechargement dissimule	L'Occitane SA	PCT	PCT/EP2009/055785	13/05/2009

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT, STAFF AND EXPERTS**1. Disclosure of Interests**

The interests and short positions of our Directors and chief executive in the equity or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once our Shares are listed, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to us and the Hong Kong Stock Exchange, or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein once our Shares are listed, are as follows:

Name of Director	Nature of interest	Relevant company (including associated corporations)	Number of shares in the relevant company	Approximate percentage of total issued shares in the relevant company immediately after completion of the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of total issued shares in the relevant company immediately after completion of the Global Offering (assuming full exercise of the Over-allotment Option)
Mr. Reinold Geiger ⁽¹⁾	Beneficial interest and deemed interest	LOG ⁽²⁾	11,998,513 ⁽³⁾	52.08%	52.08%
	Deemed interest	Our Company ⁽⁴⁾	see note (4)	75.00%	71.80%
Mr. André Hoffmann	Deemed interest	LOG ⁽²⁾	3,130,676 ⁽⁵⁾	13.59%	13.59%
Mr. Emmanuel Osti	Beneficial interest and deemed interest	LOG ⁽²⁾	417,946 ⁽⁶⁾	1.81%	1.81%
Mr. Martial Lopez	Beneficial interest	LOG ⁽²⁾	26,069	0.11%	0.11%

Notes:

1. Mr. Reinold Geiger is the beneficial owner of the entire issued share capital of Société d'Investissement Cime S.A., which in turn is the beneficial owner of approximately 51.94% of the entire issued share capital of LOG. Mr. Geiger is therefore deemed under the SFO to be interested in all the Shares registered in the name of LOG, which immediately after completion of the Global Offering will hold 1,092,336,391 (assuming no exercise of the Over-allotment Option) or 1,065,027,391 (assuming full exercise of the Over-allotment Option) Shares. Mr. Geiger is also deemed under the SFO to be interested in the 33,656 shares in LOG held by Mr. Geiger's wife, Ms. Dominique Maze-Sensier. Mr. Geiger directly holds 253 shares in LOG.
2. LOG is our holding company and therefore an "associated corporation" of our Company within the meaning of Part XV of the SFO.
3. Comprised of 253 shares held by Mr. Reinold Geiger, 11,964,604 shares held by Société d'Investissement Cime S.A. and 33,656 shares held by Ms. Dominique Maze-Sencier, each as beneficial and registered owner. Mr. Geiger is the beneficial owner of the entire issued share capital of Société d'Investissement Cime S.A.; Mr. Geiger is therefore deemed under the SFO to be interested in all the shares in LOG held by Société d'Investissement Cime S.A. Mr. Geiger is also deemed under the SFO to be interested in the shares in LOG held by Mr. Geiger's wife, Ms. Dominique Maze-Sencier.
4. Please see the section below headed "— 2. Substantial Shareholders" for further details on Mr. Geiger's interest in shares of our Company.
5. Mr. André Hoffmann controls Provence Investment Pte. Ltd. Mr. Hoffmann is therefore deemed under the SFO to be interested in all the shares in LOG registered in the name of Provence Investment Pte. Ltd., which immediately after completion of the Global Offering will hold 3,130,676 shares in LOG.
6. Comprised of 325,402 shares held by Mr. Emmanuel Osti and 92,544 shares held by Ms. Cecile de Verdelhan, each as beneficial and registered owner. Mr. Osti is deemed under the SFO to be interested in the shares of LOG held by Mr. Osti's spouse, Ms. Cecile de Verdelhan.
7. The approximate percentage shareholdings in the share capital of LOG stated above are calculated on the basis of the total number of 23,037,362 LOG shares issued to persons other than LOG, but do not take into account 254,060 LOG treasury shares that are held by LOG itself.
8. All interests stated are long positions.

2. Substantial shareholders

So far as our Directors are aware, the following persons will, immediately following completion of the Global Offering, have interests or short positions in our Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of shareholder	Shares immediately prior to completion of the Global Offering	Approximate percentage of total issued shares immediately prior to completion of Global Offering	Number of Shares immediately after completion of the Global Offering (assuming no exercise of the Over-allotment Option)	Approximate percentage of total issued shares immediately after completion of the Global Offering (assuming no exercise of the Over-allotment Option)	Number of Shares immediately after completion of the Global Offering (assuming full exercise of the Over-allotment Option)	Approximate percentage of total issued shares immediately after completion of the Global Offering (assuming full exercise of the Over-allotment Option)
Mr. Reinold Geiger ⁽¹⁾ . .	1,274,396,391	100%	1,092,336,391	75%	1,065,027,391	71.8%
Société d'Investissement Cime S.A. ⁽²⁾	1,274,396,391	100%	1,092,336,391	75%	1,065,027,391	71.8%
LOG ⁽³⁾	1,274,396,391	100%	1,092,336,391	75%	1,065,027,391	71.8%

Notes:

- Mr. Reinold Geiger is the beneficial owner of the entire issued share capital of Société d'Investissement Cime S.A., which in turn is the beneficial owner of approximately 51.94% of the entire issued share capital of LOG. Mr. Reinold Geiger is therefore deemed under the SFO to be interested in all the Shares registered in the name of LOG, which immediately before and after completion of the Global Offering will hold 1,274,396,391 and 1,092,336,391 (assuming no exercise of the Over-allotment Option) or 1,065,027,391 (assuming full exercise of the Over-allotment Option) Shares respectively. Ms. Dominique Maze-Sensier, Mr. Geiger's wife, is also deemed under the SFO to be interested in shares in LOG in which Mr. Geiger is interested.
- Société d'Investissement Cime S.A. is the beneficial owner of approximately 51.94% of the entire issued share capital of LOG, which immediately before and after completion of the Global Offering will hold 1,274,396,391 and 1,092,336,391 (assuming no exercise of the Over-allotment Option) or 1,065,027,391 (assuming full exercise of the Over-allotment Option) Shares respectively. Société d'Investissement Cime S.A. is therefore deemed under the SFO to be interested in all the Shares registered in the name of LOG, which immediately before and after completion of the Global Offering will hold 1,274,396,391 and 1,092,336,391 (assuming no exercise of the Over-allotment Option) or 1,065,027,391 (assuming full exercise of the Over-allotment Option) Shares respectively.
- Shares held by LOG are the subject of a pledge in favour of Crédit Agricole Corporate and Investment Bank (formerly Calyon), HSBC France and other lenders to secure a loan granted to LOG principally to finance LOG's obligations under the Leveraged Management Buyout. The share pledge will be released in respect of the Offer Shares upon or before completion of the Global Offering, and none of any remaining security interest over any of LOG's Shares will be held to secure any obligations of our Company or any of our subsidiaries. Please see the section headed "Our History, Culture and Corporate Structure — Corporate Structure — Leveraged Management Buy out" for further details.
- The approximate percentage shareholdings in the share capital of LOG stated above are calculated on the basis of the total number of 23,037,362 LOG shares issued to persons other than LOG, but do not take into account 254,060 LOG treasury shares that are held by LOG itself.
- All interests stated are long positions.

Save as disclosed above and in the section headed “Our History, Culture and Corporate Structure — Corporate Structure”, our Directors are not aware of any person who will, immediately following completion of the Global Offering, have interests or short positions in our Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying voting rights to vote in all circumstances at general meetings of an other member of our Group.

3. No Share option schemes nor options over Shares

We currently have no concrete plan to establish any option scheme, nor do we plan to issue any options under any scheme previously established, in respect of our Shares after listing. There are currently no option scheme in respect of Shares, nor outstanding options over Shares.

4. Particulars of service contracts

Mr. Thomas Levilion, an executive Director, entered into an employment contract with L’Occitane S.A., our wholly owned subsidiary, dated 29 January 2008 pursuant to which Mr. Levilion is engaged as Deputy CEO in charge of finance, control and administration. This employment contract came into effect on 18 February 2008 and is for an indefinite term. This employment contract is governed by the laws of France.

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

5. Directors’ remuneration

The aggregate amount of remuneration (including fees, salaries, share-based payments, housing allowances and other allowances and benefits in kind and discretionary bonuses) which were paid to our Directors for the years ended 31 March 2007, 2008 and 2009 were €1,897,000, €2,151,000 and €2,348,000 respectively.

It is estimated that remuneration and benefits in kind equivalent to approximately €3,119,000 in aggregate will be paid and granted to our Directors by us in respect of the financial year ending 31 March 2010 under arrangements in force at the date of this prospectus.

6. Fees or commissions received

Save as disclosed in this prospectus, none of our Directors or any of the persons whose names are listed in the paragraph headed “Consents” in this Appendix VI had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

D. OTHER INFORMATION

1. Payment of Luxembourg withholding tax on dividends and refund procedures

Dividends paid by our Company to our shareholders are as a rule subject to a 15% withholding tax under Luxembourg laws. However, based on the provisions of the double tax treaty between Luxembourg and Hong Kong dated 2 November 2007, dividends paid by our Company to Hong Kong shareholders may, under certain circumstances, be subject to a reduced rate of or exempt

from such withholding tax. Please see the section headed “F. Summary of Main Luxembourg Tax Aspects Relevant to Shareholders of the Company — 1. Dividend Payments” in Appendix V to this prospectus for further details.

Summarised below are certain relevant information and the procedures which we currently intend to adopt in relation to the payment of dividend withholding tax following our listing on the Hong Kong Stock Exchange. We will inform our shareholders promptly in the future through formal announcements and other means which we deem appropriate if there is any material change to such procedures. Further, detailed procedures will also be announced at the time the Company declares any dividend payment.

In summary, subject to compliance with the procedures outlined below and in the relevant announcement(s) to be made by our Company in respect of specific dividend payments, it is currently envisaged that individual shareholders with shares registered in their own names or held in their own CCASS Investor Participant accounts (in each case either solely or jointly with other shareholders who are eligible) who are eligible to any reduced rate of dividend withholding tax pursuant to the tax treaty between Luxembourg and Hong Kong will receive dividends with tax withheld at a reduced rate. Corporate and other types of individual shareholders (whether Shares are held through CCASS or otherwise) who believe that they are entitled to any treaty exemption or reduced rates on dividend payments made by our Company will need to apply to the Luxembourg tax authority directly on their own behalf to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority.

In respect of any particular dividend payment, shareholders who satisfy the criteria set out below on the relevant dividend record date will be paid a dividend per share less the rate of dividend withholding tax set out below.

Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(a) Individual and corporate shareholders who hold through CCASS through accounts maintained with their CCASS Clearing Participants or CCASS Custodian Participants		
Any shareholder:		
(i) who is an individual or a body corporate;	The full rate of withholding tax	A shareholder in this category should apply directly on his own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
(ii) whose Shares are held in a CCASS Participant account by his CCASS Clearing Participant or CCASS Custodian Participant on his behalf	Shareholders resident in Hong Kong for tax purposes who are entitled to any treaty reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	

Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(b) Individual shareholders who hold through CCASS and who are Individual CCASS Investor Participants or Joint Individual CCASS Investor Participants		
Any shareholder who:		
(i) is an individual;	The full rate of withholding tax	Instructing HKSCC Nominees to deliver to us within such period of time prior to the dividend payment date as shall be specified by us in our announcement of dividend payment
(ii) is an Individual CCASS Investor Participant or Joint Individual CCASS Investor Participant; and	For shareholders resident in Hong Kong who are entitled to any treaty reduced rates on dividend payments made by our Company, we will deduct dividend withholding tax at a reduced rate of withholding tax in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong provided that the relevant procedures specified by us from time to time are complied with	(1) evidence of his shareholding through CCASS within such period of time prior to the dividend payment date as shall be specified by us in our announcement of dividend payment and (2) the following (the Tax Residency Documents):
(iii) holds his Shares in his or their own CCASS Investor Participant account	However, we may at our sole and absolute discretion withhold the full rate of withholding tax, for example where we are aware of information that may indicate that any particular shareholder may not be a resident of Hong Kong for tax purposes or otherwise may not be eligible to any reduced rate of withholding tax	(i) a certificate of residence status from the Hong Kong Inland Revenue Department; and (ii) a written undertaking to notify our Company of any change in the shareholder's country of residence for tax purposes as soon as practicable, in any case before the next dividend payment (Notification of Change) In the case of Joint Individual CCASS Investor Participants, each shareholder is required to deliver the Tax Residency Documents Any shareholder (and each joint shareholder, where applicable) falling within this category would only need to deliver to us the above Tax Residency Documents in respect of the first dividend to which he is entitled, unless he (or any one joint shareholder, where applicable) delivers a Notification of Change to us. If any Notification of Change has been delivered to us, and the relevant shareholder (or the joint shareholders, where applicable) subsequently wishes to claim any tax treaty benefit in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong, such shareholder (or each joint shareholder, where applicable) will need to deliver to us updated Tax Residency Documents in respect of the next dividend in respect of which he (or the joint shareholders) wishes to claim any such tax treaty benefit

Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(c) Corporate shareholders with Shares held through CCASS and who are corporate CCASS Investor Participants		
Any shareholder who: (i) is a body corporate; and (ii) is a Corporate CCASS Investor Participant; and (iii) holds its shares in its own CCASS Investor Participant account	The full rate of withholding tax Corporate shareholders resident in Hong Kong for tax purposes who are entitled to any treaty exemption or reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	A shareholder in this category should apply directly on its own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
(d) Individual shareholders with shares registered in their own names (whether solely or jointly with other individual(s)), a Hong Kong address and entitled (jointly with other individual(s) in respect of jointly held shares, where applicable) to receive less than €1,000 in dividends per year		
Any shareholder who: (i) is an individual with Shares registered in his own name (whether solely or jointly with other individual(s) who fall within this category); (iv) has a Hong Kong address recorded in our Hong Kong share register; and (iii) had been entitled (jointly with other individual(s) who fall within this category in respect of jointly held shares, where applicable), during the period of 12 months immediately prior to the relevant dividend record date, to receive in aggregate less than €1,000 in dividends (before the deduction of any withholding tax) declared by our Company	The reduced rate of withholding tax in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong However, we may at our sole and absolute discretion withhold the full rate of withholding tax, for example where we are aware of information that may indicate that any particular shareholder may not be a resident of Hong Kong for tax purposes or otherwise may not be eligible to any reduced rate of withholding tax	None

Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(e) Individual shareholders with shares registered in their own names (whether solely or jointly with other individual(s)) and (I) entitled (jointly with other individual(s) in respect of jointly held shares, where applicable) to receive €1,000 or more in dividends per year, whether or not they have a Hong Kong address; or (II) who do not have a Hong Kong address registered in our Hong Kong share register, irrespective of the amount of dividends they are entitled to receive per year		
Any shareholder who:	The full rate of withholding tax	Deliver to us his Tax Residency Documents
(i) is an individual with Shares registered in his own name (whether solely or jointly with other individual(s)); and	For shareholders resident in Hong Kong for tax purposes who are entitled to any treaty reduced rates on dividend payments made by our Company, we will deduct dividend withholding tax at a reduced rate of withholding tax in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong provided that the relevant procedures specified by us from time to time are complied with	In the case of jointly held shares, each shareholder whose name is recorded in our Hong Kong share register in respect of those shares is required to deliver the Tax Residency Documents
(ii) (I) had been entitled (jointly with other individual(s) who fall within this category in respect of jointly held shares, where applicable), during the period of 12 months immediately prior to the relevant dividend record date, to receive in aggregate €1,000 or more in dividends (before the deduction of any withholding tax) declared by our Company, whether or not they have a Hong Kong address; or (II) does not have a Hong Kong address recorded in our Hong Kong share register, irrespective of the amount of dividends he is entitled (jointly with other individual(s) who fall within this category in respect of jointly held shares, where applicable) to receive per year	However, we may at our sole and absolute discretion withhold the full rate of withholding tax, for example where we are aware of information that may indicate that any particular shareholder may not be a resident of Hong Kong for tax purposes or otherwise may not be eligible to any reduced rate of withholding tax	Any shareholder falling within this category would only need to deliver to us the above Tax Residency Documents in respect of the first dividend to which he is entitled, unless he delivers a Notification of Change to us. If any Notification of Change has been delivered to us, and the relevant shareholder subsequently wishes to claim any tax treaty benefit in accordance with the provisions of any applicable tax treaty between Luxembourg and Hong Kong, such shareholder will need to deliver to us updated Tax Residency Documents in respect of the next dividend in respect of which he wishes to claim any such tax treaty benefit
(f) Individual shareholders with Shares registered in the name of a corporation (other than HKSCC Nominees) holding as nominee on their behalf		
Any shareholder who:	The full rate of withholding tax	A shareholder in this category should apply directly on his own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
(i) is an individual;	Shareholders resident in Hong Kong for tax purposes who are entitled to any treaty reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	
(ii) holds Shares registered in the name of a nominee corporation holding on his behalf		

Type of shareholder	Rate of dividend withholding tax by which dividend will be deducted	Action to be taken by shareholder to claim any withholding tax refund pursuant to an exemption from or reduced rate of dividend withholding tax under the tax treaty currently in force
(g) Corporate shareholders with Shares registered in its own name		
Any shareholder who:	The full rate of withholding tax	A shareholder in this category should apply directly on its own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
(i) is a body corporate;	Shareholders resident in Hong Kong for tax purposes who are entitled to any treaty exemption or reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	
(ii) holds Shares registered in its own name		
(h) Shareholders not falling within any of the foregoing categories		
Any shareholder who does not fall within any of the above categories	The full rate of withholding tax	A shareholder in this category should apply directly on his or its own behalf to the Luxembourg tax authority for a refund of any excess tax claimed to be withheld
	Shareholders in this category who are resident in Hong Kong for tax purposes who are entitled to any treaty exemption or reduced rates on dividend payments made by our Company will need to establish their eligibility to the satisfaction of, and obtain a refund from, the Luxembourg tax authority	

The above procedures are designed so as to reduce the administrative burden in relation to the claim of tax treaty benefit for certain categories of Hong Kong shareholders. They do not prevail over any applicable Luxembourg law or tax treaty between Luxembourg and Hong Kong, and shareholders remain subject to tax in Luxembourg on dividends distributed by the Company in accordance with Luxembourg laws and any applicable tax treaty. Shareholders should promptly inform the Company if they have any reason to believe that the above procedures may potentially, in their specific case, lead to application of a reduced withholding tax rate to which they are not entitled.

Shareholders should seek independent professional advice in relation to the procedures, timing and cost involved in obtaining a certificate of residence status from the Hong Kong Inland Revenue Department.

The Tax Residency Documents required to be delivered to us:

- in the case of paragraph (e) above shall be delivered to Computershare Hong Kong Investor Services Limited, our Hong Kong share registrar at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and

- in the case of paragraph (b) above shall be delivered to HKSCC Nominees in at Customer Service Centre, 2/F Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong,

in each case within such period of time before the relevant dividend payment as shall be specified by the Company in its announcement of dividend payment in order for shareholders to enjoy reductions in dividend withholding tax at source.

2. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

3. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our directors to be pending or threatened against any member of our Group.

4. Qualifications of experts

The qualifications of the experts (as defined under the Listing Rules and the Hong Kong Companies Ordinance) who have given their opinions or advice in this prospectus are as follows:

Name	Qualifications
UBS AG, Hong Kong Branch	UBS AG, Hong Kong Branch acting through its business group, UBS Investment Bank, is a registered institution under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities as defined under the SFO
CLSA Equity Capital Markets Limited	CLSA Equity Capital Markets Limited is a licensed corporation under the SFO for type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
The Hongkong and Shanghai Banking Corporation Limited	The Hongkong and Shanghai Banking Corporation Limited is a registered institution under the Securities and Futures Ordinance licensed to conduct type 1 (Dealing in Securities), type 2 (Dealing in Futures Contracts), type 4 (Advising on Securities), type 5 (Advising on Futures Contracts) and type 6 (Advising on Corporate Finance) regulated activities and is also a licensed bank under the Banking Ordinance. (Chapter 155 of the Laws of Hong Kong)
PricewaterhouseCoopers	Certified public accountants

Name	Qualifications
Jones Lang LaSalle Sallmanns Limited	Property valuers
Arendt & Medernach	Luxembourg legal advisers
Zhong Lun Law Firm	PRC legal advisers

5. Consents

Each of the Joint Sponsors, PricewaterhouseCoopers as our reporting accountant, Jones Lang LaSalle Sallmanns Limited as our property valuers, Arendt & Medernach as our legal advisers on Luxembourg law and Zhong Lun Law Firm as our legal advisers on PRC law has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

6. Binding effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

7. Compliance Adviser

We will appoint Kingsway Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any estimate, or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

8. Miscellaneous

Save as otherwise disclosed in this prospectus:

- none of our Directors nor any of the parties listed in the paragraph headed “Consents” in the section headed “Other Information” of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- none of our Directors nor any of the parties listed in the paragraph headed “Consents” in the section headed “Other Information” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- none of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or permission to deal being proposed or sought;
- within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company; and
- no amount or securities or benefit has been paid or allotted or given within the two years preceding the date of this prospectus to any of our promoters nor are any such securities or amount or benefit intended to be paid or allotted or given.

9. Independence of the Joint Sponsors

Each of the Joint Sponsors is independent from the Company pursuant to Rule 3A.07 of the Listing Rules.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Exemption Notice.

E. SELLING SHAREHOLDER

An aggregate of 182,060,000 Shares (assuming the Over-allotment Option is not exercised) are to be sold by LOG pursuant to the International Placing. Particulars of LOG are as follows:

Name:	L'Occitane Groupe SA
Address:	1, rue du Fort Rheinsheim L-2419 Luxembourg
Nature of business:	investment holding company

None of the Directors have any interest in any of the Shares offered for sale by LOG.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE, YELLOW** and **GREEN** Application Forms; (ii) copies of each of the material contracts referred to the section headed "Further Information About Our Business" in "Appendix VI — Statutory and General Information" to this prospectus; (iii) the written consents referred to in paragraph (k) of this Appendix; and (iv) particulars of the Selling Shareholder.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Freshfields Bruckhaus Deringer at 11th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association of our Company;
- (b) the Accountant's Report prepared by PricewaterhouseCoopers, the text of which is set out in Appendix I;
- (c) the consolidated audited financial statements as have been prepared for our Group for the three years ended 31 March 2009 and the nine months ended 31 December 2009;
- (d) the report in relation to unaudited pro forma financial information, the text of which is set out in Appendix II;
- (e) the letters from PricewaterhouseCoopers and the Joint Sponsors in relation to profit estimate, the texts of which are set out in Appendix III;
- (f) the letter, summary of values and valuation certificates relating to our property interests prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix IV;
- (g) the PRC legal opinions issued by Zhong Lun Law Firm, our legal advisers on PRC law, dated 26 April 2010 in respect of our general matters and property interests and taxation matters of our Group;
- (h) the letter prepared by Arendt & Medernach, our legal counsel on Luxembourg law, summarising certain aspects of the Luxembourg Companies Law referred to in Appendix V;
- (i) the Luxembourg Companies Law;
- (j) the material contracts referred to in paragraph B of Appendix VI;
- (k) the written consents referred to in paragraph D of Appendix VI; and
- (l) statement of particulars of the Selling Shareholder.



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