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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)

(Stock code: 973)

INTERIM RESULTS ANNOUNCEMENT FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010

FINANCIAL HIGHLIGHTS

- Total number of retail locations 1,642
- Own stores number reached 826
- Net store openings were 62 (43 during the same period last year)
- Net sales grew by 27.8% to €331.2 million. Local currency growth was 16.4%
- Profit for the period attributable to the owners increased by 19.1%

INTERIM RESULTS

The board of directors (the "Board") of L'Occitane International S.A. (the "Company") is pleased to announce the consolidated interim results of the Company and its subsidiaries (the "Group") for the half-year ended 30 September 2010 together with comparative figures for the half-year ended 30 September 2009. The following interim financial information, including the comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS").

CONSOLIDATED STATEMENT OF INCOME

Half-year ended 30 September

In thousands of Euros, except per share data	*Notes*	**2010**	**2009**
Net Sales	2	331,218	259,261
Cost of sales		(62,636)	(51,712)
Gross profit		268,582	207,549
% of net sales		81.1%	80.1%
Distribution expenses		(154,938)	(122,899)
Marketing expenses		(41,273)	(27,295)
General and administrative expenses		(36,309)	(26,822)
Other (losses) / gains-net		2,011	1,835
Operating profit	3	38,073	32,368
Finance costs - net		(705)	(1,510)
Foreign currency gains / (losses)		(2,771)	982
Profit before income tax		34,597	31,840
Income tax expense	4	(4,395)	(5,791)
Profit for the period		30,202	26,049
Attributable to:			
Owners of the Company		29,846	25,066
Minority interest		356	983
Total		30,202	26,049
Earnings per share *(expressed in Euros per share)*			
Basic	5	0.021	0.020
Diluted	5	0.021	0.020

CONSOLIDATED BALANCE SHEET

ASSETS *In thousands of Euros*	*Notes*	**30 September 2010**	**31 March 2010**
Property, plant and equipment, net		82,332	76,680
Goodwill		90,311	86,184
Intangible assets, net		47,133	41,098
Deferred income tax assets		38,778	26,252
Available-for-sale financial assets		39	39
Other non-current receivables		20,406	18,435
Non-current assets		278,999	248,688
Inventories, net	7	86,149	67,479
Trade receivables, net	8	55,932	47,871
Other current assets		38,342	30,633
Derivative financial instruments		545	94
Cash and cash equivalents		273,632	41,825
Current assets		454,600	187,902
TOTAL ASSETS		733,599	436,590

EQUITY AND LIABILITIES *In thousands of Euros*	*Notes*	**30 September 2010**	**31 March 2010**
Share capital		44,309	38,232
Additional paid-in capital		345,900	48,730
Other reserves		7,569	2,554
Retained earnings		97,620	67,774
Capital and reserves attributable to the owners of the Company		495,398	157,290
Non-controlling interests		2,125	3,988
Total equity		497,523	161,278
Borrowings		66,037	49,997
Deferred income tax liabilities		1,094	1,224
Derivative financial instruments		1,171	1,364
Other financial liabilities		5,689	5,504
Other non-current liabilities		10,684	9,591
Non-current liabilities		84,675	67,680
Trade payables	9	71,075	59,940
Salaries, wages, related social items and other tax liabilities		29,881	29,523
Current income tax liabilities		18,942	15,950
Borrowings		19,358	11,872
Other current liabilities		5,667	84,490
Derivative financial instruments		2,997	1,646
Provisions for other liabilities and charges		3,481	4,211
Current liabilities		151,401	207,632
TOTAL EQUITY AND LIABILITIES		733,599	436,590
NET CURRENT ASSETS/(LIABILITIES)		303,199	(19,730)
TOTAL ASSETS LESS CURRENT LIABILITIES		582,198	228,958

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

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

(a) Standards, amendments and interpretations published that are effective for the half-year ended 30 September 2010 and that are relevant for the Group's operations:

		Effective for accounting periods beginning on, or after
IFRS 3	Business combinations	1 July 2009
IAS 27	Consolidated and separate financial statements	1 July 2009

(b) Standards, amendments and interpretations published that are effective for the half-year ended September 30, 2010 and that have no material effect on the Group's financial information:

		Effective for accounting periods beginning on, or after
IFRS 8 (Amendment)	Disclosure of information about segment assets	1 January 2010
IAS 7 (Amendment)	Classification of expenditures on unrecognised assets	1 January 2010
IAS 17 (Amendment)	Classification of leases of land and buildings	1 January 2010
IAS 38 (Amendment)	Additional consequential amendments arising from IFRS 3 (revised)	1 January 2010
IAS 38 (Amendment)	Measuring the fair value of an intangible asset aquired in a business combination	1 January 2010

2. Turnover and Segment information

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;

- 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.

2.1. Operating segments

30 September — **2010**

In thousands of Euros	**Sell-Out**	**Sell-In**	**B to B**	**Other reconciling items**	**Total**
Sales	236,383	82,291	12,544	—	331,218
In %	*71.4%*	*24.8%*	*3.8%*	—	*100.0%*
Gross profit	207,311	56,200	5,071	—	268,582
% of sales	*87.7%*	*68.3%*	*40.4%*	—	*81.1%*
Distribution expenses	(121,707)	(13,610)	(1,076)	(18,545)	(154,938)
Marketing expenses	(18,807)	(2,462)	(12)	(19,992)	(41,273)
General and administrative expenses	(998)	—	—	(35,312)	(36,310)
Other (losses) / gains-net	1,761	(2)	—	252	2,011
Operating profit	67,560	40,126	3,983	(73,597)	38,072
% of sales	*28.6%*	*48.8%*	*31.8%*		*11.5%*

30 September — **2009**

In thousands of Euros	**Sell-Out**	**Sell-In**	**B to B**	**Other reconciling items**	**Total**
Sales	185,798	63,751	9,712	—	259,261
In %	*71.7%*	*24.6%*	*3.7%*	—	*100.0%*
Gross profit	162,525	42,217	2,807	—	207,549
% of sales	*87.5%*	*66.2%*	*28.9%*	—	*80.1%*
Distribution expenses	(97,129)	(10,312)	(968)	(14,490)	(122,899)
Marketing expenses	(13,908)	(2,338)	(29)	(11,020)	(27,295)
General and administrative expenses	(861)	—	—	(25,961)	(26,822)
Other (losses) / gains-net	1,645	(1)	—	191	1,835
Operating profit	52,272	29,566	1,810	(51,280)	32,368
% of sales	*28.1%*	*46.4%*	*18.6%*		*12.5%*

2.2. **Geographic areas**

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

30 September	**2010**		**2009**	
In thousands of Euros	**Total**	**In %**	**Total**	**In %**
Japan	83,830	25.3%	64,376	24.8%
United States	40,476	12.2%	37,404	14.4%
France	36,122	10.9%	36,375	14.0%
Hong-Kong	30,085	9.1%	21,630	8.3%
United Kingdom	17,383	5.2%	12,381	4.8%
Luxembourg — Swiss branch	20,133	6.1%	13,257	5.1%
Brazil	14,474	4.4%	10,038	3.9%
Taiwan	11,525	3.5%	9,862	3.8%
Other countries	77,190	23.3%	53,938	20.8%
Sales	331,218	100%	259,261	100%

3. **Operating profit**

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

30 September *In thousands of Euros*	**2010**	**2009**
Employee benefit expenses	95,208	72,705
Rent and occupancy	60,101	47,295
Advertising costs	35,555	23,463
Raw materials and consumables used	56,108	37,647
Professional fees	17,988	13,371
Depreciation, amortization and impairment	14,385	12,281
Transportation expenses	12,858	7,013
Change in inventories of finished goods and work in progress	(19,932)	(950)
Other expenses	22,473	15,903
IPO Costs	412	—
Total cost of sales, distribution expenses, marketing expenses, general and administrative expenses and direct costs related to the IPO-net	295,156	228,728

4. **Taxation**

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

30 September *In thousands of Euros*	**2010**	**2009**
Profit before income tax	34,597	31,840
Income tax calculated at corporate tax rate (Luxembourg tax rate of 28.59% as at March 31, 2010 and September 30, 2010)	(9,891)	(8,730)
Effect of different tax rates in foreign countries	8,150	4,316
Effect of unrecognized tax assets	(401)	(344)
Expenses not deductible for taxation purposes	(900)	(774)
Effect of unremitted tax earnings	(808)	(258)
Effect of new tax regulation	(545)	—
Income tax expense	(4,395)	(5,791)

5. **Earnings per share**

The calculation of basic and diluted earnings per share is based on the profit attributable to shareholders of €29,846,000 for the half-year ended 30 September 2010 (as compared to €25,066,000 in the half-year ended 30 September 2009) and the weighted average number of shares in issue of 1,434,761,916 in the half-year ended 30 September 2010 and of 1,274,396,391 in the half-year ended 30 September 2009.

6. **Dividends**

In order to maintain a strong balance sheet for future growth, at the Board of Directors' meeting held on 29 November 2010, the Board has recommended that no distribution would be made from the profits of the period ended 30 September 2010.

7. **Inventories, net**

Inventories, net consist of the following items:

In thousands of Euros	**30 Sep 2010**	**31 Mar 2010**	**30 Sep 2009**
Raw materials and supplies	22,981	15,942	15,282
Finished goods and work in progress	73,156	59,361	70,305
Inventories, gross	96,137	75,303	85,587
Less, allowance	(9,988)	(7,824)	(7,448)
Inventories, net	86,149	67,479	78,139

8. **Trade receivables, net**

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

In thousands of Euros	**30 Sep 2010**	**31 Mar 2010**	**30 Sep 2009**
Current and past due within 3 months	54,738	46,829	47,149
3 to 6 months	652	692	387
6 to 12 months	292	165	400
Over 12 months	250	185	119
Trade receivables, net	55,932	47,871	48,055

9. **Trade payables**

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

In thousands of Euros	**30 Sep 2010**	**31 Mar 2010**	**30 Sep 2009**
Current and past due within 3 months	70,093	59,489	47,971
Past due from 3 to 6 months	587	233	241
Past due from 6 to 12 months	212	118	220
Past due over 12 months	183	100	35
Trade payables	71,075	59,940	48,467

MANAGEMENT DISCUSSION & ANALYSIS

Summary:

- Overall sales reached €331.2 million (period ended 30 September 2009: €259.3 million)
- Overall sales increased by 27.8%, or 16.4% excluding foreign currencies translation effects
- Operating profit was €38.1 million, or 11.5% of total sales (period ended 30 September 2009: €32.4 million, or 12.5% of total sales)
- Profit before tax was €34.6 million (period ended 30 September 2009: €31.8 million)
- Effective tax rate was 12.7% (period ended 30 September 2009: 18.2%)

- Profit for the period attributable to owners of the Company was €29.8 million, or 9.0% of total sales (period ended 30 September 2009: €25.1 million, or 9.7% of total sales)

For the 6 months ended 30 September	**2010**	**2009**
Net Sales	*€331.2m*	*€259.3m*
Operating profit	€38.1m	€32.4m
Net profit attributable to the owners of the Company	€29.8m	€25.1m
Gross Profit margin	81.1%	80.1%
Operating profit margin	11.5%	12.5%
Net profit margin (based on net profit attributable to the owners of the Company)	9.0%	9.7%

Definitions:

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 excluding foreign currencies translation effects.

Seasonality of operations

We are subject to seasonal variances in sales, which are significantly higher in our financial third quarter (between October 1 and December 31) in anticipation of and during the Christmas holiday season. For the half-year ended 30 September 2009, the level of sales represented 42.3% of the annual level of sales in the year ended 31 March 2010 and the level of operating profit represented 29.4% of the annual operating profit in the year ended 31 March 2010. This ratio is not representative of 2011 annual result.

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

REVENUE ANALYSIS

Net sales were €331.2 million in the period ended 30 September 2010, a 27.8%, or €72.0 million increase compared to the period ended 30 September 2009, reflecting net sales growth in most of our business segments and geographic areas. In the period ended 30 September 2010, net sales in our Sell-out and Sell-in business segments (representing 71.4% and 24.8%, respectively, of our total net sales) increased by 27.2% and 29.1%, respectively. Excluding foreign currency translation effects, net sales increased by 16.4%.

We increased the total number of retail locations where our products are sold from 1,507 as at 30 September 2009 to 1,642 as at 30 September 2010. Likewise, we increased the number of our own Retail Stores from 730 at 30 September 2009 to 826 at 30 September 2010, representing a combination of the discontinuation of 9 Oliviers & Co. stores in the USA and a net increase of 105 L'Occitane and Melvita stores, including 42 additional stores in Asia, 49 in Europe and 14 in the Americas. Excluding foreign currency translation effects, Comparable Store Sales represented 12.8% of our overall growth in the period ended 30 September 2010 while Non-comparable Store Sales during the period represented 45.5% of our overall growth, and our Sell-in segment contributed 35.2% to our overall growth

Our Sell-in segment and sell-out sales in Japan, Hong Kong, the United Kingdom, France, Brazil and Other Countries, including China and Russia, were the driving factors of our net sales growth in the period ended 30 September 2010.

Business Segments

The following table provides a breakdown of the net sales year-on-year growth (including and excluding foreign currency translation effects as indicated) by business segment for the 6 month period ended 30 September 2010:

	(€'000)	% Growth	% Growth[(2)]	% Contribution to Overall Growth[(2)]
Sell-out	**50,585**	**27.2**	**13.9**	**60.5**
Comparable Stores	23,136	15.3	3.6	12.8
Non-comparable Stores	24,877	110.9	86.5	45.5
Other[(1)]	2,572	20.6	7.6	2.2
Sell-in	**18,541**	**29.1**	**23.5**	**35.2**
B-to-B	**2,831**	**29.1**	**18.9**	**4.3**
Overall Growth	**71,957**	**27.8**	**16.4**	**100.0**

(1) Includes Mail-order, Internet and other sales.

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

Sell-out

Sell-out net sales increased by 27.2%, or €50.6 million, to €236.4 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. Excluding foreign currency translation effects, this was primarily related to our net addition of 96 stores between 30 September 2009 and 30 September 2010, including net additions of 6 stores in Japan, 5 stores in Hong Kong, 6 stores in the United Kingdom and 67 stores in the Other Countries, as well as the discontinuation of 9 Oliviers & Co. stores in the USA. In Other Countries, we added notably 17 stores in China, 8 stores each in Russia and Germany, and 7 stores each in Korea and Spain. In addition, we added 6 stores following the acquisition of our distributor in the Netherlands in September 2010. Net sales of our own Retail Stores represented 58.3% of our overall growth in the period ended 30 September 2010, as compared to the period ended 30 September 2009, with Non-comparable Stores providing 45.5% of the growth and Comparable Stores providing 12.8% of the growth, respectively. We experienced a substantial improvement of the Same Store Sales Growth to 3.6%. For the financial year ended 31 March 2010, this ratio was 1.0%. This increase was primarily driven by a higher average value of the sales transactions offsetting a slight decrease of the number of transactions. The other sell-out activities benefited primarily from the development of our internet sales, which increased by 23.6%.

Excluding foreign currency translation effects, our Sell-out net sales increased by 13.9 %, with such an increase representing 60.5% of our overall net sales growth in the period ended 30 September 2010, compared to the period ended 30 September 2009.

Sell-in

Sell-in net sales increased by 29.1%, or €18.5 million, to €82.3 million in the period ended 30 September 2010 compared to the period ended 30 September 2009 primarily due to:

- an increase in sales to travel retail customers, where, in a context of gradual recovery of the airport traffic, sales increased by 39.5%, or €6.7 million, to €23.8 million. In the period ended 30 September 2010, 57 new travel retail outlets which sell our products were opened by our customers;

- an increase in sales to wholesale customers and department stores, excluding Melvita, by 24.7%, or €4.8 million, partly due to our acquisition of our wholesale operations in Italy during the financial year 2009 from a distributor but also to positive developments in several countries like Russia, China, Germany and UK, and with the Le Couvent des Minimes Brand; and

- a strong development of our net sales to our distributors in Asia, Europe and the Middle East, which grew by €4.3 million or 30.8% to €17.6 million. This is attributable to the improvement of the business conditions as seen by most of our distributors, which resulted in higher sales to their consumers and higher anticipations for the coming holiday season.

- significantly higher sales to QVC, the TV sales operator, with an increase of 56.7%, or €2.5 million, essentially generated in the UK.

Excluding foreign currency translation effects, the Sell-in Segment grew by 23.5%, which represented 35.2% of our overall net sales growth in the period ended 30 September 2010.

B-to-B

B-to-B net sales increased by 29.1%, or €2.8 million, to €12.5 million in the period ended 30 September 2010 compared to the period ended 30 September 2009 in a context of improved hotel occupancy and airline traffic. Our B-to-B sales increased in most countries, particularly in Asia. Excluding foreign currency translation effects, net sales in the B-to-B Segment increased by 18.9%, which contributed 4.3% to our overall net sales growth in the period ended 30 September 2010.

Geographic Areas

The following table presents our net sales growth for the period ended 30 September 2010 and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth period ended 30 September 2010 compared to period ended 30 September 2009			
	(€'000)	% Growth	% Growth[1]	% Contribution to Overall Growth[1]
Japan	19,454	30.2	11.1	16.8
United States	3,072	8.2	(0.7)	(0.6)
France	(253)	(0.7)	(0.7)	(0.6)
Hong Kong [2]	8,455	39.1	28.2	14.3
United Kingdom	5,002	40.4	35.0	10.2
Brazil	4,437	44.2	19.5	4.6
Taiwan	1,663	16.9	4.2	1.0
Other Countries[3]	30,128	44.8	34.5	54.3
All countries	**71,957**	**27.8**	**16.4**	**100.0**

(1) Excludes the impact of foreign currency translation effects and reflects growth from all business segments, including growth from our own Retail Store sales.

(2) Includes sales in Macau.

(3) Calculated using a weighted average of constituent countries.

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

	period ended 30 September 2010 compared to period ended 30 September 2009						
	Retail Stores			% of Overall Growth(1) (2)			
	2010 Sep	2009 Sep	change	Non-comparable Stores	Comparable stores	Total Stores	Same Store Sales Growth(2)
Japan	74	68	6	13.9	1.2	15.1	1.2
United States(3)	170	175	(5)	(2.2)	0.9	(1.3)	1.4
France(4)	66	64	2	1.8	1.8	3.6	5.3
Hong Kong(5)	21	16	5	2.9	2.0	4.9	12.4
United Kingdom	44	38	6	2.3	2.0	4.4	12.0
Brazil	35	32	3	3.0	1.1	4.1	5.9
Taiwan	51	48	3	1.0	(0.1)	0.9	(0.6)
Other Countries(6) (7)	365	289	76	22.8	3.9	26.7	4.5
All countries	**826**	**730**	**96**	**45.5**	**12.8**	**58.3**	**3.6**

(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 9 Oliviers & Co. stores as at 30 September 2009 and none as at 30 September 2010. Includes 3 Melvita stores as at 30 September 2010

(4) Includes 4 and 5 Melvita Stores as at 30 September 2009 and 2010, respectively.

(5) Includes 1 L'Occitane store in Macau and 3 Melvita stores in Hong Kong as at 30 September 2010.

(6) Includes 4 Melvita Stores as at 30 September 2010.

(7) Calculated using a weighted average of constituent countries.

Japan

Net sales in Japan increased by 30.2%, or €19.5 million, to €83.8 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. Local currency growth was 11.1% primarily due to the development of our Sell-out segment. With a net of 6 stores added during the period under review, Non-comparable Stores Sales contributed 13.9% to our overall growth. Comparable Store Sales grew by 1.2% despite the context of weak consumer spending in Japan.

Hong Kong

Net sales in Hong Kong increased by 39.1%, or €8.5 million, to €30.1 million. Local currency growth was 28.2% with a strong contribution of both Sell-out and Sell-In segments. Our Sell-out segment contributed 5.1% to our overall growth, notably due to 2.9% from the Non-comparable Stores and 2.0% from the Comparable Stores. Our Comparable Store Sales grew by 12.4% driven by a combination of a higher number of transactions and increased average sales per transaction. The increase of our Sell-in sales was essentially related to a strong growth in sales to travel retail customers, partly driven by the addition of 15 travel retail outlets during the period under review.

Taiwan

Net sales in Taiwan increased by 16.9%, or €1.7 million, to €11.5 million. Local currency growth was 4.2% with the Non-Comparable Store Sales contributing 1.0% to our overall growth sales more than offsetting a 0.6% decrease in the Comparable Store Sales which negatively impacted our overall growth by 0.1% . The addition of a successful Taiwanese e-commerce site compensated for this decrease and contributed 0.1% to our overall growth.

France

Net sales in France decreased by 0.7%, or €0.3 million, to €36.1 million. This decrease is primarily attributable to the transfer of the invoicing of international B-to-B customers to other entities of the Group. As a result, the B-to-B sales invoiced from France decreased by €1.2 million, but the global B-to-B sales increased by €2.8 million. The sales of Melvita branded products in France decreased by 1.9% as we are in the process of reorganizing our sales force in order to benefit from a better control on our wholesale distribution and gain access to other and broader distribution networks such as pharmacies. On a worldwide basis however, the sales of Melvita branded products increased by 6.8%, contributing 0.7% to our overall growth.

Private label sales decreased by €0.3 million, as a result of our focusing our production capacity on the L'Occitane and Melvita branded products.

Excluding international B-to-B sales, sales of L'Occitane branded products in France increased by 7.4% with significant contributions from the Sell-out, Sell-in and B-to-B to French customers, which contributed 2.8%, 0.6% and 0.8% respectively to our overall growth. Our Sell-Out sales under the L'Occitane brand benefited notably from the recovery of Same Stores sales, which grew by 5.4%. The Non-comparable Stores sales contributed 1.6% to our overall growth.

United Kingdom

Net sales in the United Kingdom increased by 40.4%, or €5.0 million, to €17.4 million. Local currency growth was 35.0% with a strong development of our Sell-in sales notably due to successful operations with the TV sales operator QVC which occurred earlier than last year. As a result, the Sell-in segment contributed 5.1% to our overall growth. The Sell-out segment also contributed strongly to our overall growth with 4.7% coming both from Comparable Stores, where sales grew by 12.0%, and Non-comparable stores which contributed 2.3% to the overall growth with the addition of 6 stores during the period under review.

United States

The sales growth in the USA was 13.3%, or €4.8 million, whilst the local currency growth in the USA was 3.9%, excluding Oliviers & Co. which was discontinued at the end of the last financial year. The discontinuation of Oliviers & Co. negatively impacted our overall growth by €1.7 million, or 3.9%.

Excluding Oliviers & Co., sales in the United States benefited primarily from increases in the Sell-out segment, with Comparable Stores Sales growing by 1.4% despite the lack of dynamism of the economy in general, whilst the Non-Comparable Stores sales contributed 1.3% to our overall growth. Sales of our Sell-in segment benefited notably from a 16.7% local currency increase in wholesale and department stores sales and contributed 0.4% to our overall growth. B-to-B sales benefited from a stronger demand from the hotels and grew by 11.2%, contributing 0.6% to the overall growth.

Brazil

Net sales in Brazil increased by 44.2%, or €4.4 million, to €14.5 million. Local currency growth was 19.5%, essentially explained by the growth in our Sell-out segment, which contributed 3.7% to the overall growth with the Same Stores sales growing by 5.9% and the Non-comparable Stores sales contributing 3.0% to our overall growth. The Non-comparable Stores sales benefited from the net addition of 3 stores during the period under review.

Other Countries

Net sales in Other Countries increased by 44.8%, or €30.1 million, to €97.3 million. Local currency growth was a strong 34.5%, primarily driven by our Sell-out segment which contributed 28.6% to our overall growth. Comparable Store Sales accounted for 3.9% of our overall growth with a Same Store Sales Growth of 4.5% (calculated by using a weighted average by country). The Non-comparable Stores sales contributed 22.8% to the overall growth as a result of our expansion strategy. During the period under review, we increased our Retail Stores in China by 17, Russia and Germany by 8 each, Korea and Spain by 7 each, and we added 6 stores in the Netherlands as a consequence of our acquisition of our distributor in this country. Local currency sales in Russia, China, Mexico, Korea and Germany grew by 44.1%, 43.5%, 18.3%, 32.6% and 44.4% respectively.

Local currency Sell-in sales increased by 41.2%, or €8.7 million, and contributed 20.4% to our overall growth due to the increase in sales to travel retail customers, a strong development of our net sales to our distributors in Europe and the Middle East. The Sell-in segment also benefited from increased sales to wholesale customers and department stores partly due to our acquisition of our wholesale operations in Italy during the financial year 2009 from a distributor but also to positive developments in several countries like Russia and Germany, and with the Le Couvent des Minimes brand, whose sales increased by 61.3%.

PROFITABILITY ANALYSIS

Cost of sales and gross profit

Cost of sales increased by 21.1%, or €10.9 million, to €62.6 million in the period ended 30 September 2010 compared to the period ended 30 September 2009. Our gross profit margin increased by 1.0 point to 81.1% in the period ended 30 September 2010. The increase in gross profit margin mainly reflected:

- a favourable effect of the foreign currencies of 1.8 points of net sales due to the weaker Euro in the period ended 30 September 2010;

- an improved brand mix effect for 0.4 points as our sales of L'Occitane brand products increased in the period ended 30 September 2010 relative to sales of our other brands whose gross profit margins are generally lower than that of L'Occitane brand products;

- an unfavourable channel-mix effect for 0.2 points due to the stronger development of our Sell-in and B-to-B segments;

- higher freight and duties for 0.6 points linked to an increase of the inventories in the subsidiaries; and

- slightly higher discounts on retail prices for 0.3 points.

Distribution expenses

Distribution expenses increased by 26.0%, or €32.0 million, to €154.9 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. As a percentage of net sales, our distribution expenses decreased by 0.6 point to 46.8% of net sales in the period ended 30 September 2010, as compared to the period ended 30 September 2009. This decrease is attributable to a combination of:

- a favourable channel-mix effect for 0.3 points due to the stronger development of our Sell-in and B-to-B segments;

- lower employee benefits for 0.7 points due to a better leverage in retail and a favourable country mix with the stronger development of Asia and Russia whose employee benefits are lower in percentage of sales than in the other countries. In addition, some management costs were reclassified as marketing and general and administration expenses; and

- lower rent, occupancy costs and depreciation for 0.6 points primarily due to lower average rent depreciation in Asia and better leverage, and to a lower impact of business tax on the operating expenses in France;

The above was partly offset by:

- last year's reversal of unused accruals unfavourably impacting this year for 0.4 points;

- higher pre-opening costs for the new L'Occitane and Melvita stores for 0.2 points; and

- higher costs as a percentage of net sales of the Melvita stores and set-up of the own Melvita sales force for 0.3 points.

Marketing expenses

Marketing expenses increased by 51.2%, or €14.0 million, to €41.3 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. Our marketing expenses, as a percentage of net sales, increased by 1.9 points to 12.5% of net sales in the period ended 30 September 2010, as compared to the period ended 30 September 2009, mainly attributable to:

- a higher cost of the communication tools for 1.2 points, primarily explained by an increase in our inventory of promotional goods, including samples and testers;
- an increase in the employee benefits for 0.3 points, mainly related to the strengthening of the international and local teams dedicated to the Melvita brand;
- increased advertising spending for 0.1 points essentially in France, Brazil and for the launch of the Melvita brand;
- intensified direct marketing expenses for 0.1 points primarily in Japan; and
- higher public relations spending for 0.1 points linked to the launch of Melvita in several countries and the set-up of a Melvita Foundation.

General and administrative expenses

General and administrative expenses increased by 35.4%, or €9.5 million, to €36.3 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009 and increased by 0.6 points of net sales. This increase as a percentage of net sales was primarily attributable to:

- non-recurring costs due to accruals for operating tax risks in Brazil and the marketing costs of our IPO for 0.4 points;
- stronger management structures notably in the USA and at Melvita, added to increased rents for new offices in relation to our expansion, accounting together for 0.3 points;
- consulting fees in process improvement projects in distribution, finance and human resources for 0.2 points;
- SAP maintenance fees for 0.1 points; and
- the above being partly offset by favourable exchange rates effects amounting to 0.4 points.

Operating profit

Operating profit increased by 17.6%, or €5.7 million, to €38.1 million in the period ended 30 September 2010 as compared to the period ended 30 September 2009, and our operating profit margin decreased by 1.0 points of net sales to 11.5%. The decrease in our operating profit margin was due to improved gross profit margin by 1.0 points, offset by increased operating expenses for 1.9 points. Our operating profit also benefited from capital gains due primarily to the disposal of stores in France and the USA, and to an additional indemnification related to the discontinuation of Oliviers & Co. in the USA.

Finance costs, net

Net finance costs decreased by €0.8 million, to €0.7 million in the period ended 30 September 2010 compared to the period ended 30 September 2009. This decrease was mainly related to finance income obtained on our positive cash balances which were very significantly increased as a result of our IPO.

Foreign currency gains/losses

Our net foreign currency losses amounted to €2.8 million in the period ended 30 September 2010, essentially related to inter-company and external trading and attributable to:

- realized net losses for €0.1 million, with losses on the Japanese Yen amounting to €1.9 million being offset by gains on other currencies, notably the US dollar;
- unrealized net losses incurred on the US dollar, and other currencies, negatively impacting for €2.7 million.

Income tax expenses

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings. The effective rate for income taxes was 12.7% in the period ended 30 September 2010 as compared with 18.2% for the period ended 30 September 2009. The decrease in the effective tax rate was mainly a consequence of the increase of our inventories in the distribution subsidiaries during the period ended 30 September 2010. To achieve this objective we have produced more and generated more profit at our production and central distribution entities whose profits are taxed at a lower rate than the profits generated by some of our major distribution subsidiaries, which leads to a decrease in the effective tax rate.

Profit for the period

For the aforementioned reasons, profit for the period increased by 15.9% or €4.2 million to €30.2 million in the period ended 30 September 2010, as compared to the period ended 30 September 2009. The profit for the period attributable to the minority interests decreased by €0.6 million, due to perimeter changes like the acquisition of the minority interests in Brazil last year and the creation of a joint-venture in India, and to decreased profits in our joint-ventures in Korea and Mexico. As a result, the profit for the period attributable to equity holders of the Company increased by 19.1%, or €4.8 million. Basic and diluted earnings per Share improved by 5.8% from €0.020 to €0.021 with the number of Shares used in both calculations increased as at 30 September 2010, compared with 30 September 2009, by 12.6% at 1,434,761,916 as a result of the issuance of 160,365,525 new shares at the occasion of our IPO.

BALANCE SHEET REVIEW

Liquidity and capital resources

As at 30 September 2010, following our IPO in May 2010, we had cash and cash equivalents of €273.6 million compared with €41.8 million at 31 March 2010.

As at 30 September 2010, the aggregate amount of undrawn borrowing facilities was €311.7 million. Since our IPO, we have paid down or terminated all facilities existing at 31 March 2010 and replaced them by a new €350.0 million syndicated facility. As at 30 September 2010, we have drawn €63.7 million, compared to €36.5 million as at 31 March 2010, principally to finance the repayment of our previous credit lines and financing by LOG, our parent company. Our total borrowings, including finance lease liabilities, current accounts with minority shareholders and related parties and bank overdrafts, amounted to €85.4 million, compared to €61.9 million as at 30 September 2009.

Investing activities

Net cash used in investing activities was €23.9 million in the period ended 30 September 2010 compared to €16.3 million in the period ended 30 September 2009. This reflected capital expenditures related to:

- the acquisition of our distributor in the Netherlands for €2.5 million;
- the additions of leasehold improvements, other tangible assets, key moneys and changes in deposits related to the stores for €14.5 million;

- additions in IT software for €3.2 million, primarily related to the implentation of SAP;

- tangible assets in progress related to the expansion of the Manosque premises and our new offices in Geneva for €2.1 million

- other additions, net of disposals, for €1.6 million.

The €14.5 million capital expenditures related to the stores incurred in the period ended 30 September 2010 compares to a total €8.1 million for the period ended 30 September 2009. Such an increase is explained by our net openings of 62 stores during the period from 1 April 2010 to 30 September 2010, compared to 43 during the same period last year and by significant spending in the renovation of 24 stores in the USA for a total of €2.2 million.

Financing activities

Net cash generated in financing activities was €239.4 million in the period ended 30 September 2010 compared to cash generated from financing activities of €5.8 million in the period ended 30 September 2009 and essentially reflected the following:

- the net proceeds and related tax effects from our IPO for €299.0 million;

- dividends for a total of €80.8 million including €80.0 million exceptional dividend paid to LOG in May 2010;

- a net increase in bank borrowings and other finance leases of €21.1 million as discussed above.

Inventories

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

For the 6 month period ended 30 September	**2010**	**2009**
Average Inventory turnover days(1)	224	275

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

Inventory turnover days decreased sharply as compared to 30 September 2009, as a result of the inventory reduction undertaken throughout the financial year 2010. We have however started to rebuild higher inventories during the first half of financial year 2011 in view of our expected increased sales in the second half and beyond. As a result our net inventory grew from €67.5 million as at 31 March 2010 to €86.1 million as at 30 September 2010, or 10.3% above the net inventory as at 30 September 2009.

Trade receivables

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

For the 6 month period ended 30 September	2010	2009
Turnover days of trade receivables(1)	29	32

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

Turnover of trade receivables decreased by 3 days from the period ended 30 September 2009 to the period ended 30 September 2010 primarily due to improved collection of trade receivables in each of our segments despite an unfavourable channel-mix effect as a consequence of the stronger development of our Sell-in Segment.

Trade payables

The following table sets out a summary of our average trade payables, total purchases and turnover of trade payables for for the periods indicated:

For the 6 month period ended 30 September (€'000)	2010	2009
Average Trade Payables(1)	65,508	55,321
Total Purchases	189,664	142,185
Turnover days of trade payables(2)	63	71

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

(2) Calculated using the average of the beginning and ending trade payables balance for the period, divided by total purchases for the period, multiplied by 182.5. In calculating turnover days of trade payables, we use total purchases rather than cost of sales as our cost of sales do not take into account certain distribution, general and administrative expenses that are included in our trade payables, whereas our total purchases include all payments to suppliers.

From the period ended 30 September 2009 to the period ended 30 September 2010, our trade payables increased by €10.2 million. This increase was mainly related to increased payables at L'Occitane SA towards the end of the period under review in anticipation for higher production in the following months.

Balance sheet ratios

The evolution of our balance sheet ratios was essentially driven by the consequences of our IPO, which resulted in significantly higher current assets and equity as at 30 September 2010, compared to 30 September 2009. The profitability ratios as at 30 September 2010, compared with 31 March 2010, are also affected by the seasonality and are generally lower during the first half-year.

For the period ended	30 September 2010	31 March 2010
Profitability		
Return on total assets (ROA)(1)	4.1%	19.4%
Return on equity (ROE)(2)	6.0%	51.9%
Liquidity		
Current ratio (times)(3)	3.00	0.90
Quick ratio (times)(4)	2.43	0.58
Capital adequacy		
Gearing ratio(5)	11.6%	14.2%
Debt to equity ratio(6)	net cash position	12.4%

(1) Net profit / total assets

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

(3) Current assets / current liabilities

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

(5) Total debt / total assets

(6) Net debt / (total assets - total liabilities) * 100%

Foreign exchange risk management

We enter into forward exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in our presentation currency, the Euro, for periods consistent with our identified exposures. As at 30 September 2010, we had foreign exchange derivatives net liabilities of €2.3 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 30 September 2010 were primarily Japanese Yen for an equivalent of €41.6 million, US dollars for €4.8 million, British Pound for €3.8 million and Australian dollars for €1.4 million.

Interest rate risk management

We enter into interest rate derivative contracts to manage the exposure to fluctuations of interest rates on our long-term borrowings. As at 30 September 2010, we had interest rate derivative liabilities of €1.4 million. The notional principal amount of outstanding interest rate derivatives as at 30 September 2010 was €3.7 million.

Dividends

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 then 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 was funded from our internal financial resources. The Shareholders approved this dividend at a meeting held on 31 March 2010. The dividend was paid on 4 May 2010.

STRATEGIC REVIEW AND PROSPECTS

During the first half of the financial year, our Group continued to implement its strategic plan:

- **Sales growth** through:

  — a significant increase of the Comparable Stores Sales demonstrating that our products and our innovations are able to impose themselves even in difficult consumer environment;

  — the strong development of Travel Retail where we continue to see a major potential for profitable growth, and of B-to-B. Both segments are key targets to further strengthen our consumer base.

- **Investments in future sales growth**: with 62 net new stores, compared with 43 during the same period last year, we accelerated the pace of our stores openings particularly in emerging countries, whilst investing significantly in stores renovations in more mature countries, notably in the USA where we renovated 24 stores during the period. We also reinforced our marketing resources, focusing particularly on promotional tools to improve traffic and conversion in the stores, but also to enhance our brand awareness through intensified advertising. In particular, we are investing in the human and marketing resources that are needed to trigger the future acceleration of our Melvita brand sales. During the period under review, we launched Melvita and opened new stores in several key countries like the USA, Russia and Hong Kong, absorbing the investments related to this start-up phase.

- **Investment in our infrastructure to prepare for future developments**:

  — Increased resources in our marketing and R&D teams, and stronger and increasingly international management at our head office and our affiliates

  — Execution, in line with expectations, of our SAP project as well as the reorganisation of our factories and the central warehouse project

Furthermore, during the second part of the period under review we have been able to partly rebuild our inventories to enable us to achieve the sales growth expected during the holiday period and thereafter.

We will continue to execute our strategy as planned. In the coming months, we intend to focus particularly on a high number of stores openings in emerging countries, the further development and rationalisation of our brands and the optimisation of our supply chain.

AUDIT COMMITTEE

As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has an Audit Committee comprising of three Non-executive Directors of the Company, two of whom are Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the consolidated results of the Group for the period ended 30 September 2010.

CORPORATE GOVERNANCE

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

As set out in Appendix 14 of the Listing Rules, "The Code of Corporate Governance Practices"(the "Code"), there are two levels of corporate governance practices, namely : mandatory code provisions that a listed company must comply with or explain its non-compliance, and recommended best practices that a listed company is encouraged to comply with but need not disclose in the case of non-compliance.

As the Company was not yet listed on the Stock Exchange for the financial period ended 30 September 2009, the Code was not applicable to the Company for the said period. Since the listing date on 7 May 2010, the Company is in compliance with the mandatory code provisions of the Code, save as disclosed below:

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for securities transactions by the Directors set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code since the listing date on 7 May 2010.

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

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

GENERAL INFORMATION

The consolidated financial statements of the Group for the period ended 30 September 2010 have been reviewed by the Audit Committee of the Company.

PUBLICATION OF INTERIM REPORT

The interim report will be dispatched to the shareholders and will be available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.loccitane.com) on or about 29 December 2010.

BOARD OF DIRECTORS

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

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

Non-executive Directors
Karl Guenard
Martial Thierry Lopez
Pierre Maurice Georges Milet

Independant Non-executive Directors
Charles Mark Broadley
Susan Saltzbart Kilsby
Jackson Chik Sum Ng

By Order of the Board
Kenny Yee Hing Choy — *Joint Company Secretary*
Sylvie Duvieusart-Marquant — *Joint Company Secretary*

Hong Kong, 29 November 2010