L'OCCITANE
EN PROVENCE

L'OCCITANE INTERNATIONAL S.A.

(Incorporated under the laws of Luxembourg with limited liability)

Stock code : 973

FY2015
Annual Report

Contents

Corporate Information

Executive Directors

Reinold Geiger
(Chairman and Chief Executive Officer)
André Hoffmann
(Managing Director Asia-Pacific)
Domenico Trizio
(Chief Operating Officer)
Thomas Levilion
(Group Deputy General Manager, Finance and Administration)
Karl Guénard
(Joint Company Secretary)
Nicolas Veto
(Group Human Resources Executive VP)
(appointed on 24 September 2014)

Non-Executive Director

Martial Lopez

Independent Non-Executive Directors

Charles Mark Broadley
Jackson Chik Sum Ng
Valérie Bernis
Pierre Milet

Joint Company Secretaries

Karl Guénard
Mei Yee Yung

Authorised Representatives

André Hoffmann
Jackson Chik Sum Ng

Company Legal Name

L'Occitane International S.A.

Date of Incorporation

22 December 2000

Date of Listing in Hong Kong

7 May 2010

Registered Office

49, Boulevard Prince Henri
L-1724 Luxembourg

Headquarter Offices

49, Boulevard Prince Henri
L-1724 Luxembourg

Chemin du Pré-Fleuri 3
CP 165
1228 Plan-les-Ouates
Geneva
Switzerland

Principal Place of Business in Hong Kong

38/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Stock Code

973

Company Website

www.loccitane.com

Audit Committee

Charles Mark Broadley *(Chairman)*
Martial Lopez
Jackson Chik Sum Ng

Remuneration Committee

Pierre Milet *(Chairman)*
Charles Mark Broadley
Domenico Trizio

Nomination Committee

Jackson Chik Sum Ng *(Chairman)*
Valérie Bernis
André Hoffmann

Principal Bankers

Groupe Crédit Agricole
- Crédit Agricole CIB
- Le Crédit Lyonnais (LCL)
- Caisse Régionale du Crédit Agricole Mutuel Provence Côte d'Azur

HSBC France
BNP Paribas
Groupe Société Générale
- Société Générale
- Crédit du Nord

Barclays
Natixis
CIC Lyonnaise de Banque

Auditor

PricewaterhouseCoopers

Principal Share Registrar and Transfer Office

49, Boulevard Prince Henri L-1724 Luxembourg

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Financial Highlights

KEY FINANCIAL HIGHLIGHTS

For the year ended 31 March	2015	2014
Net sales *(€ million)*	1,177.9	1,054.9
Operating profit *(€ million)*	164.1	132.9
Profit for the year *(€ million)*	125.6	92.5
Gross profit margin	81.8%	81.1%
Operating profit margin	13.9%	12.6%
Net profit margin	10.7%	8.8%
Net operating profit after tax *(€ million)* (NOPAT)[(1)]	129.0	93.6
Capital employed *(€ million)*[(2)(11)]	575.2	564.2
Return on capital employed (ROCE)[(3)(11)]	22.4%	16.6%
Return on equity (ROE)[(4)]	14.3%	11.8%
Current ratio *(times)*[(5)]	3.6	2.9
Gearing ratio[(6)]	9.1%	7.4%
Average inventory turnover days[(7)]	262	262
Turnover days of trade receivables[(8)]	30	30
Turnover days of trade payables[(9)]	157	171
Total number of own stores[(10)]	1,384	1,295
Profit attributable to equity owners *(€ million)*	122.4	89.3
Basic earnings per share *(€)*	0.083	0.061

Notes:

(1) (Operating profit + foreign currency net gains or losses) x (1-effective tax rate).
(2) Non-current assets - (deferred tax liabilities + other non-current liabilities) + working capital.
(3) NOPAT/Capital employed.
(4) Net profit attributable to equity owners of the Company/shareholders' equity excluding minority interest.
(5) Current assets/current liabilities.
(6) Total debt/total assets.
(7) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 365. Average inventory equals the average of net inventory at the beginning and end of a given period.
(8) Turnover days of trade receivable equals average trade receivables divided by net sales and multiplied by 365. Average trade receivables equals the average of net trade receivables at the beginning and end of a given period.
(9) Turnover days of trade payables equals average trade payables divided by cost of sales and multiplied by 365. Average trade payables equals the average of trade payables at the beginning and end of a given period.
(10) L'Occitane and Melvita branded boutiques and department stores corners directly managed and operated by us.
(11) The Capital Employed and ROCE for the year ended 31 March 2014 have been restated.

Disclaimer

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


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Chairman's Statement

Our investments in the business platform and efforts to improve operational efficiency had resulted in strong financial and operating performance for FY2015.

Photo by Ranjan Basu, Planman Media

Message from

REINOLD GEIGER

Chairman and Chief Executive Officer

1 June 2015

In FY2015, we continued to build a stronger company, to deliver sustainable growth for the long term. As we focused our investments in strategic initiatives to address the growing demand for our portfolio of brands, we continue to develop our emerging brands. Our balanced approach to promote revenue growth and selective investments for the emerging brand remains intact and sets our foundation for future growth – maintaining a premium positioning, delivering lasting growth and leading as a key player in the global beauty and personal care space.

This report represents our efforts and success that we have produced during this financial year with highlights that include the following:

- All key markets delivered growth in local currency - China, Hong Kong, Brazil and Russia were the best performers, growing at 20.1%, 13.1%, 10.6% and 10.4% respectively.

- The continued investments in product innovation, merchandising, digital and customer relationship management ("CRM") initiatives, marketing as well as sales distribution channels enabling us to strengthen our business platform. We have adopted a selective multi-channel approach to boost sales, especially in the fast-growing digital and travel retail channels.

- As part of the multi-channel strategy, we expanded with new openings and key retail upgrades projects globally. The focus to integrate our physical and digital platforms to create a unique "customer centric" brand experience across all touch points continues to support our fastest growing, E-commerce, which accounts for more than 8.7% of our retail sales. With the launch of L'Occitane on Tmall, the year saw the partnership with one of China's most efficient platforms and our ambition for digital to become a key channel through both our own and third parties' digital platforms.

- The positive turnaround in Japan market reflected our endeavor in executing a consistent strategy over the last few years and highlights our premium positioning. Being our largest market, Melvita's remarkable performance in Japan presents us with an excellent opportunity to build the brand and unlock its potential for further growth.

- The successful implementation of SAP in our factories and key markets marks our major progress in pursuing operational excellence. Other key developments in FY2015 included efforts to develop the supply chain infrastructure, technology and process investments. We continued to invest in technology to support the Group's digital and growth ambition. At the same time, we continued our global assessment project to optimize and drive infrastructure efficiency, with clear objectives to track the performance of cost-saving projects that have been undertaken.

- For FY2015, the Group posted strong financial results with a balanced development focus on revenue growth and further investments. It continues to hold a net cash position and its cash balance unchanged while funding the investing activities. In view of the business performance and financial position, the Board maintained its 35% dividend payout ratio and recommended a special divided to show the Group's ongoing focus on creating shareholder value.

The Group will continue to pursue its corporate strategy of achieving sustainable growth with greater efficiency. Our evolving culture and innovative capability equips to remain adaptive and attractive in the ever-changing global consumer market.

We will continue our ambition to develop natural brands using high quality natural ingredients with their respective heritages. In particular, we will develop and expand our product portfolio of premium products, such as skincare and fragrance, supported by our vertical integrated business model.

Consistent with our multi-brand strategy, we will strengthen our portfolio of brands, especially for the emerging brands: Melvita, L'Occitane au Brésil and Erborian, with additional marketing campaigns. The Group will continue to transform the Melvita brand and launch the Erborian brand in more markets.

In FY2016, we expect to implement a new marketing program to strengthen the L'Occitane brand's position in key global markets. Whilst we make preparations to implement a range of initiatives that are focused on digital marketing, marketing communication and product sampling, we will seek investment in attractive flagship stores with optimised footfall and sales conversion. More details and progress will be reported on a regular basis.

Looking ahead, we will continue creating our portfolio of beautiful natural beauty and personal care products for our consumers globally. Our persistence to develop great products, to create a lasting "customer centric" brand experience with an upgraded retail network and digital platform, combined with the growth opportunities present in our emerging brands will certainly take us to many places and we look to the future with great pride and confidence.

Management Discussion & Analysis

Summary:

- Net sales were €1,177.9 million, a growth of 11.7%. At constant exchange rates, sales growth was 10.3%
- Overall Same Store Sales Growth increased to 5.7% (compared to 3.7% last year)
- Growth was primarily driven by China, Japan, Hong Kong, and the United States. China, Hong Kong, Brazil and Russia were among the fastest growing countries at constant exchange rates (20.1%, 13.1%, 10.6% and 10.4% respectively)
- Operating margin rose to 13.9% (compared to 12.6% last year)
- Net profit for the year was €125.6 million, an increase of 35.7%
- Positive results from the brands' positioning, pricing, online activities and favourable exchange rates
- Net cash inflow from operations increased by 72.1% to €206.1 million
- Proposed final dividend of €0.0291 per share, maintain payout ratio of 35.0%
- Proposed special dividend of €0.0340 per share

SUMMARY:

For the year ended 31 March	2015 *€' million or %*	2014 *€' million or %*
Net sales	**1,177.9**	1,054.9
Operating profit	**164.1**	132.9
Profit for the year	**125.6**	92.5
Gross profit margin	**81.8%**	81.1%
Operating profit margin	**13.9%**	12.6%
Net profit margin	**10.7%**	8.8%
Net cash inflow from operations	**206.1**	119.6

DEFINITIONS:

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

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

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

Non-comparable Store Sales means net sales from Non-comparable Stores during the financial period under discussion. Non-comparable Store Sales also include sales from a limited number of promotional campaigns usually held at temporary common areas of shopping malls. Unless otherwise indicated, discussion of Non-comparable Store Sales excludes foreign currency translation effects.

Same Store Sales Growth represents a comparison between Comparable Store Sales for two financial periods. Unless otherwise indicated, discussion of Same Store Sales Growth excludes foreign currency translation effects.

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

Management Discussion & Analysis

REVENUE ANALYSIS

The Group's net sales were €1,177.9 million in FY2015, an increase of €123.0 million or 11.7% as compared to FY2014. In FY2015, net sales in Sell-out and Sell-in segments (representing 75.0% and 25.0% of total net sales, respectively) increased by 9.8% and 11.6% respectively, excluding foreign currency translation effects. At constant exchange rates, the net sales growth was 10.3%. The Company increased the total number of retail locations from 2,572 as at 31 March 2014 to 2,797 as at 31 March 2015, an increase of 225 or 8.7%. The Company remained on track with its selective global retail expansion strategy and increased the number of its own retail stores from 1,295 as at 31 March 2014 to 1,384 as at 31 March 2015, representing a net increase of 89 own stores or 6.9%. The net own store openings included 41 in Asia Pacific, 25 in Europe and South Africa and 23 in the Americas.

At constant exchange rates, Comparable Stores, Non-comparable Stores and Sell-in segments contributed 28.0%, 44.3% and 27.7% respectively to Overall Growth in FY2015. The Company's sales in China, Japan, Hong Kong and the United States were the driving factors of net sales growth in FY2015.

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 FY2015:

	Year-on-year growth			
	€'000 Growth	*% Growth*	*% Growth*[(2)]	*% Contribution to Overall Growth*[(2)]
Sell-out	**87,709**	**11.0**	**9.8**	**72.3**
Comparable Stores	37,206	7.0	5.7	28.0
Non-comparable Stores[(1)]	50,502	19.0	18.0	44.3
Sell-in	**35,296**	**13.6**	**11.6**	**27.7**
Overall Growth	**123,005**	**11.7**	**10.3**	**100.0**

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

Sell-out

The Sell-out business segment accounted for 75.0% of the Group's total sales and amounted to €883.4 million, an increase of 11.0% as compared to FY2014 and a 9.8% increase at constant exchange rates. The growth was contributed by both Comparable Stores and Non-comparable Stores.

There was a net addition of 89 own stores during FY2015, including net additions of 25 stores in China, 17 stores in USA, 6 stores in France, 5 stores each in Japan and the UK and 7 stores acquired from a distributor in Norway in August 2014.

Sell-out segment contributed 72.3% to Overall Growth in FY2015, with 28.0% from Comparable Stores and 44.3% from Non-comparable Stores and other Sell-out. The Group's online retail sales remained dynamic with a growth of 31.0% at constant exchange rates and sales from this online channel accounted for more than 8.7% of its overall global retail sales in FY2015.

Sell-in

The Sell-in business segment accounted for 25.0% of the Group's total sales and amounted to €294.5 million, an increase of 13.6% as compared to FY2014 and an 11.6% increase at constant exchange rates. Sell-in segment contributed 27.7% to Overall Growth. The growth was mainly contributed by travel retail in particular in Japan, Asia and the Americas. Web partners, department stores and distributor channels also contributed to the Overall Growth in FY2015.

Geographic Areas

The following table presents the net sales growth for FY2015 and contribution to net overall growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	Net Sales Growth FY2015 Compared to FY2014			
	€'000 Growth	*% Growth*	*% Growth(1)*	*% Contribution to Overall Growth(1)*
Japan	10,576	6.0	8.8	14.4
Hong Kong(2)	23,506	21.2	13.1	13.4
China	23,082	28.9	20.1	14.8
Taiwan	2,647	7.3	2.6	0.9
France	4,137	4.7	4.7	3.8
United Kingdom	8,616	14.7	7.0	3.8
United States	20,314	15.2	7.7	9.5
Brazil	3,273	7.1	10.6	4.5
Russia	(8,634)	(14.6)	10.4	5.7
Other countries(3)	35,487	13.3	11.9	29.2
All countries	**123,005**	**11.7**	**10.3**	**100.0**

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

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

	FY2015 compared to FY2014							
	Own Retail Stores				% contribution to Overall Growth[1] [2]			
	31 Mar 2015	Net openings YTD Mar 2015	31 Mar 2014	Net openings YTD Mar 2014	Non-comparable Stores	Comparable Stores	Total Stores	Same[2] store sales Growth
Japan[3]	111	5	106	6	6.1	6.9	13.0	8.7
Hong Kong[4]	36	4	32	1	3.1	(0.2)	2.9	(1.1)
China	161	25	136	17	3.8	6.1	9.9	12.6
Taiwan	55	1	54	(7)	(0.8)	1.0	0.2	6.1
France[5]	81	6	75	5	2.3	1.1	3.4	3.0
United Kingdom	73	5	68	6	1.5	1.0	2.6	3.7
United States	214	17	197	11	5.4	2.7	8.1	3.1
Brazil	81	3	78	8	2.3	0.4	2.7	1.9
Russia[6]	107	(3)	110	11	3.7	3.6	7.3	11.9
Other countries[7]	465	26	439	39	12.8	5.5	18.3	4.4
All countries	**1,384**	**89**	**1,295**	**97**	**40.2**	**28.0**	**68.3**	**5.7**

(1) Represents percentage of overall net sales growth attributable to Non-comparable Stores, Comparable Stores and total stores for the geographic area and period indicated.
(2) Excludes foreign currency translation effects.
(3) Includes 11 and 13 Melvita stores as at 31 March 2014 and 31 March 2015 respectively.
(4) Includes 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 March 2014 and 31 March 2015.
(5) Includes 4 and 5 Melvita stores as at 31 March 2014 and 31 March 2015 respectively.
(6) Includes 6 Melvita stores as at 31 March 2014.
(7) Includes 6 Melvita stores as at 31 March 2014 and 31 March 2015. The net openings include 6 stores from the acquisition of distributor in South Africa as at 31 March 2014 and 7 stores from the acquisition of distributor in Norway as at 31 March 2015.


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Management Discussion & Analysis

Japan

Japan's net sales for FY2015 were €188.3 million, an increase of 6.0% as compared to FY2014. At constant exchange rates, the growth was 8.8%, contributing 14.4% to Overall Growth. Sell-out sales growth in local currency was 9.2%, contributing 13.9% to Overall Growth. The growth was driven by both Comparable Stores and Non-comparable Stores. Same Store Sales Growth was 8.7% in FY2015, compared to -1.4% in FY2014. Comparable Stores contributed 6.9% to Overall Growth. During FY2015, Japan had a net addition of 5 stores. Non-comparable Store Sales contributed 6.1% to Overall Growth. Sell-in sales increased by 4.0% at constant exchange rate, contributing 0.5% to Overall Growth. Throughout FY2015, Japan showed an improvement as a result of successful product launches, new store openings and renovations, increased media and marketing investments and an overall increase in tourist purchases.

Hong Kong

Hong Kong's net sales for FY2015 were €134.2 million, an increase of 21.2% as compared to FY2014. At constant exchange rates, the growth was 13.1%, contributing 13.4% to Overall Growth. Sell-out segment contributed 3.2% to Overall Growth. Same Store Sales Growth was -1.1%. The growth in Sell-out segment was mainly contributed by the 3 renovated stores and the 4 net openings in FY2015. The softer retail sales performance was mainly due to challenging retail sentiments, especially less traffic from mainland Chinese tourists during the last quarter of the financial year. Sell-in sales increased by 18.8% at constant exchange rates, contributing 10.1% to Overall Growth. The strong performance form the Sell-in segment was mainly driven by a more dynamic travel retail business, particularly wholesale sales to Japan and North Asia.

China

China's net sales for FY2015 were €103.0 million, an increase of 28.9% as compared to FY2014. At constant exchange rates, the growth was 20.1%, contributing 14.8% to Overall Growth. Sell-out sales growth was 17.4%, at constant exchange rates, mainly contributed by Comparable Stores with Same Store Sales Growth at 12.6%. The Group's own retail network in China reached 161 stores at the end of FY2015, with a net increase of 25 stores opened during the year. The encouraging result can be attributable to a combination of factors including an increase in product offerings with more SKUs made available for sale, enhanced marketing activities at retail stores, the launch of a flagship boutique on the Tmall platform, new store openings and relocations. Sell-in sales also performed well with an increase of 41.5% in local currency contributing 3.5% to Overall Growth.

Taiwan

Taiwan's net sales for FY2015 were €39.0 million, an increase of 7.3% as compared to FY2014. At constant exchange rates, the growth was 2.6%, contributing 0.9% to Overall Growth. The growth rates in local currency for Sell-out and Sell-in were 1.8% and 10.3% respectively. The growth of Sell-out sales was mainly driven by Comparable Stores, with Same Store Sales Growth at 6.1%. The healthy Same Store Sales Growth was attributable to successful new product launches, and an improvement in the retail store network. Non-comparable Stores, however, recorded a drop of 6.2% mainly due to the disposal of the Melvita business to a local distributor in FY2014. Sell-in sales grew by 10.3% in local currency. The growth was mainly supported by development in distributor and B-to-B channels.

France

France's net sales for FY2015 were €91.3 million, an increase of 4.7% as compared to FY2014, contributing 3.8% to Overall Growth. Even in a tough economic environment, Sell-out sales growth was 7.5%, with Same Store Sales Growth of 3.0%. Non-comparable Stores also contributed 2.3% to Overall Growth. Non-comparable store sales growth was mainly driven by the 6 and 5 net own stores opened in FY2015 and FY2014, respectively. Growth in E-commerce sales was strong mainly due to continued efforts to develop the digital channel. Sell-in sales increased by 1.6% and contributed 0.6% to Overall Growth. The growth was driven by the extension of distribution and wholesale networks for both L'Occitane and Melvita.

United Kingdom

United Kingdom's net sales for FY2015 were €67.2 million, an increase of 14.7% as compared to FY2014. At constant exchange rates, the local currency growth was 7.0%, contributing 3.8% to Overall Growth. The Sell-out segment contributed 2.6% to Overall Growth, driven by both Comparable Stores and Non-comparable Stores. Same Store Sales Growth was 3.7% in local currency, contributing 1.0% to Overall Growth. Non-comparable Stores contributed 1.5% to Overall Growth mainly from the 5 and 6 net openings in FY2015 and FY2014 respectively and the good performance of the renovated stores. Sell-in sales increased by 10.6% at constant exchange rates, contributing 1.2% to Overall Growth, as a result of good collaboration with certain existing and new department stores clients.

United States

United States' net sales for FY2015 were €153.6 million, an increase of 15.2% as compared to FY2014. At constant exchange rates, the local currency growth was 7.7%, contributing 9.5% to Overall Growth. The strong performance was driven by both Sell-out and Sell-in segments. Comparable Stores Sales Growth was 3.1%, contributing 2.7% to Overall Growth. The E-commerce channel posted a strong growth during the year, mainly supported by corporate initiatives to improve digital marketing and enhance customer relationship management. Non-comparable Store Sales contributed 5.4% to Overall Growth mainly contributed by the 17 and 11 net stores opened in FY2015 and FY2014, respectively. Sell-in segment grew in local currency by 11.3%, contributing 1.7% to Overall Growth, which was mainly driven by web partner channel.

Brazil

Brazil's net sales for FY2015 were €49.3 million, an increase of 7.1% as compared to FY2014. At constant exchange rates, the growth was 10.6%, contributing 4.5% to Overall Growth. The results were affected by both the challenging economic environment and weak Brazilian Real. However, growth in local currency was recorded in both Comparable Stores and Non-comparable Stores. Same Store Sales Growth was 1.9% to last year's high growth rate of 14%. Non-comparable Stores achieved a growth of 14.9% in local currency, mainly contributed by the 3 and 8 net new stores opened in FY2015 and FY2014, respectively. Sell-in Sales experienced strong growth of 29.5% in local currency, contributing 1.7% to Overall Growth. With new products launches and network expansion, L'Occitane au Brésil drove growth in both Sell-in and Sell-out channels.

Russia

Russia's net sales for FY2015 were €50.4 million, a decrease of 14.6% as compared to FY2014. At constant exchange rates, the growth was 10.4%, contributing 5.7% to Overall Growth. The business was impacted by economic slowdown, sanctions and sharp depreciation of the ruble against major world currencies, in particular, in the last quarter of FY2015. In order to drive growth under such a tough environment, the Company increased retail prices, accelerated marketing activities and improved the E-commerce platform. The growth in the Sell-out segment was 17.2% with Same Store Sales Growth at 11.9%. The Non-comparable Store Sales contributed 3.7% to Overall Growth, mainly contributed by the 11 net new stores opened in FY2014. At constant exchange rates, the Sell-in segment decreased by 16%, mainly due to last year's strong increase of 54.1%.


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Other countries

Other countries' net sales for FY2015 were €301.7 million, an increase of 13.3% as compared to FY2014. At constant exchange rates, the growth was 11.9%, contributing 29.2% to Overall Growth. The Sell-out segment contributed 19.5% to Overall Growth, with 5.5% contributed by Comparable stores and 14.0% by Non-comparable Store and Other Retail. Same Store Sales Growth was 4.4%. During FY2015, the net openings in Other countries were 26 (6 in Asia, 3 in Americas and 17 in Europe & Africa), including an acquisition from a distributor in Norway for 7 stores. Net sales in Canada, Australia and Germany grew by 25.6%, 14.8% and 10.1% respectively, in local currency. At constant exchange rates, Sell-in sales increased by 12.2% and contributed 9.8% to Overall Growth. This was mainly due to an increase in sales to wholesalers and travel retail customers in Europe and Americas.

PROFITABILITY ANALYSIS

COST OF SALES AND GROSS PROFIT

Cost of sales increased by 7.7%, or €15.4 million, to €214.7 million in FY2015. The gross profit margin rose by 0.7 points to 81.8%, as a result of the following factors:

- favourable price mix effect for 0.3 points;
- saving from freights & duties from tighter inventory management for 0.3 points; and
- favourable foreign currency translation effect for 0.2 points and other effects for 0.1 point.

The rise in gross profit margin was partly offset by higher investment in MPPs & boxes for 0.2 points.

DISTRIBUTION EXPENSES

Distribution expenses increased by 10.4%, or €51.3 million, to €544.3 million in FY2015. As a percentage of net sales, distribution expenses decreased by 0.5 points to 46.2%. The improvement is attributable to a combination of:

- leverage on higher sales and efficiency gains from restructuring efforts in stores and warehouses for 0.4 points;
- favourable channel mix effects for 0.3 points; and
- favourable currency conversion and other effects for a total 0.4 points.

This improvement was partly offset by investments in Sell-out, in particular large format stores rents and depreciation, digital, wholesale and travel retail management and sales forces, for 0.3 points. In addition, one-off costs notably related to the rationalization of the store network impacted for another 0.3 points.

MARKETING EXPENSES

Marketing expenses increased by 14.5%, or €16.5 million, to €130.3 million in FY2015. As a percentage of net sales, marketing expenses increased by 0.3 points to 11.1% of net sales. This increase was attributable to:

- a brand mix effect mainly from the development of the new brands for 0.1 point;
- investment in advertising and digital media for 0.3 points notably in Japan, the USA, France and the UK; and
- investment in CRM, public relations and other tools, particularly in France, the USA and the UK, for 0.2 points.

This was mitigated by lower investment in other traditional media for 0.2 points and favourable exchange rates conversion for 0.1 point.

RESEARCH & DEVELOPMENT EXPENSES

Research and development ("R&D") expenses increased by 19.2%, or €2.1 million, to €13.0 million in FY2015, mainly due to increased investments dedicated to new brands and strategic product developments.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by 6.4%, or €6.7 million, to €111.1 million in FY2015. As a percentage to net sales, general and administrative expenses decreased by 0.5 points of net sales. The improvement was mainly due to savings and leverage effects in FY2015 and one-off spending last year.

OTHER GAINS AND LOSSES

Other losses were €0.3 million in FY2015 (FY2014: €0.4 million). The losses mainly related to the write-off of a warehouse in Lagorce for €1.2 million and losses on other tangible assets for €0.5 million. The losses were largely offset by net gains principally relating to the R&D tax credit of €1.4 million granted by the French government.

OPERATING PROFIT

Operating profit increased by 23.5%, or €31.2 million, to €164.1 million in FY2015, and the operating profit margin increased by 1.3 points of net sales to 13.9%. The improvement in the operating profit margin is explained by:

- favourable channel mix for 0.3 points;
- favourable exchange rates effects and others for 0.4 points;
- favourable price and product mix for 0.3 points; and
- leverage and other improvements for 1.4 points.

and partly offset by

- investments for future sales growth and increased efforts in R&D, digital media and marketing tools for a total 0.9 points; and
- unfavourable brand mix for 0.2 points.

FINANCE INCOME AND COSTS, NET

Net finance costs were €4.6 million in FY2015, as compared to €1.4 million in FY2014. The net of interest income on cash balances and interest expenses on borrowings resulted in an income of €0.1 million, as compared to an income of €0.5 million in FY2014. There was also an increase in non-cash bookings of €0.6 million at the year end of FY2015, principally due to the recognition of increased liabilities in relation to a put option granted to minority shareholders in Erborian. In addition, during FY2015 a provision of €4.1 million was recorded relating to a bank deposit placed with a Russian bank whose business license was revoked by the Russian Central Bank.

FOREIGN CURRENCY GAINS/LOSSES

Net foreign currency gains amounted to €8.9 million in FY2015 and were explained by €5.7 million realized gains and €3.2 million unrealized gains on:

- the US Dollar and currencies linked to the US Dollar for €10.9 million; and
- the Japanese Yen, British Pound and other currencies for €3.0 million.

Such gains were partly offset by losses on the financing of our operations in Brazil and Russia, for €2.0 million and €3.0 million, respectively, primarily due to the depreciation of the Brazilian Real and Russian Ruble against Euro as at 31 March 2015.

INCOME TAX EXPENSE

The effective income tax rate was 25.5% for FY2015, as compared to 22.5% for FY2014. This increase in effective income tax rate of 3.0 points is explained by:

- a provision for €8.0 million recorded for the tax litigation with the French tax authorities, impacting for 5.0 points. Considering the new position from the French tax authorities, the Company and its tax advisor consider the risk as "probable". Therefore the outflow has been estimated through several scenarios. The maximum exposure is also disclosed in the contingencies section; and
- favourable exchange rates, country mix and other effects for 2.0 points.

PROFIT FOR THE PERIOD

For the aforementioned reasons, profit for the year increased by 35.7% or €33.1 million to €125.6 million in FY2015, as compared to FY2014. Basic and diluted earnings per share in FY2015 increased by 37.0% and 36.9% respectively to €0.083 (FY2014: €0.061). The numbers of basic and diluted shares used in the calculations of earnings per share in FY2015 were 1,470,309,391 and 1,471,886,682 respectively, (FY2014: basic 1,470,309,391 and diluted 1,470,943,111).

BALANCE SHEET AND CASH-FLOW REVIEW

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2015, the Group had cash and cash equivalents of €395.1 million, as compared to €319.3 million as at 31 March 2014.

As at 31 March 2015, the aggregate amount of undrawn borrowing facilities was €311.7 million.

As at 31 March 2015, total borrowings, including finance lease liabilities, current accounts with non-controlling interests and related parties and bank overdrafts, amounted to €110.2 million, as compared to €79.4 million as at 31 March 2014. The increase was mainly due to needs of operating funds in local currencies of certain subsidiaries.


Reines
JARDIN SECRET
L'OCCITANE
EN PROVENCE

SUMMARIZED CASH-FLOW STATEMENT

For the year ended 31 March	2015 €'000	2014 €'000
Profit before tax, adjusted for non-cash items	247,606	174,486
Changes in working capital	587	(16,478)
Income tax paid	(42,085)	(38,400)
Net cash inflow from operating activities	206,108	119,608
Net cash (outflow) from investing activities	(69,027)	(79,081)
Net cash (outflow) from financing activities	(45,291)	(49,479)
Effect of exchange rate changes	(15,915)	8,397
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	75,875	(555)

Net increase in cash or cash equivalents was €75.9 million in FY2015, as compared to FY2014. The improvement was largely contributed by higher top-line and operating profit during FY2015 together with lower investing and financing activities.

INVESTING ACTIVITIES

Net cash used in investing activities was €69.0 million in FY2015, as compared to €79.1 million in FY2014, representing a decrease of €10.1 million. This reflected capital expenditures primarily related to:

- the additions of leasehold improvements, other tangible assets, key moneys and changes in deposits related to stores for €39.8 million;
- the additions in information technology software and equipment for €8.8 million, including €1.1 million for the implementation of SAP as the Group's enterprise resources planning system;
- the addition of machinery, equipment, construction, fittings and others to the Group's factories, R&D and warehousing facilities for €11.8 million; and
- the acquisition of the Norway distributor for €5.6 million.

FINANCING ACTIVITIES

Net cash used in financing activities in FY2015 was €45.3 million (FY2014: €49.5 million). Net cash used during the year mainly reflected the following:

- dividend payments to non-controlling interests in subsidiaries, for €3.3 million;
- payment of dividend during the year for €31.3 million;
- transaction with non-controlling interests of the Russia subsidiary for €41.3 million; and
- increase in net borrowing for €30.4 million due to natural hedging on cash needs at subsidiary level.

INVENTORIES

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

	FY2015	FY2014
Average Inventory turnover days(1)	262	262

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

Inventory value increased by €11.2 million to €159.9 million as at 31 March 2015, or 7.5% over FY2014. Inventory turnover remained the same as a result of:

- reduced turnover days of raw material, components and finished goods at the factories for 8 days, in relation to improvement in inventory management and the anticipation of deliveries; and
- reduced turnover days of finished goods for 3 days in countries or regions such as Hong Kong, the UK and Taiwan.

This was offset by higher inventory of MPPs and boxes for 6 days, higher inventory in Brazil mainly due to development of the L'Occitane au Brésil products for 3 days and unfavourable exchange rates impact for 2 days.

TRADE RECEIVABLES

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

	FY2015	FY2014
Turnover days of trade receivables(1)	30	30

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

Turnover days of trade receivables remained at 30 days for FY2015. A drop in days of receivables can be noted in both Sell-in and Sell-out channels. The improvement was around 2 days which was offset by foreign exchange effect and a drop in the doubtful debt provision.

TRADE PAYABLES

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

	FY2015	FY2014
Turnover days of trade payables(1)	157	171

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

The decrease in turnover days of trade payables was mainly due to a decrease in trade payables at the factory level.

BALANCE SHEET RATIOS

Return on capital employed increased in FY2015 mainly because of the increase in net operating profit after tax with only a slight increase of 1.9% in working capital and net non-current assets. The capital and reserves attributable to the equity owners increased by €96.3 million from 31 March 2014 to 31 March 2015 primarily due to a combination of the Group's profit during this period partly offset by the dividend payment during the year. As a result the return on equity ratio rose to 14.3%. The Group remained in high net cash position with favourable liquidity and capital adequacy ratio. The gearing ratio increased slightly to 9.1%, mainly due to increase in net borrowing for the hedging needs at subsidiary level.

		FY2015	FY2014
Profitability			
Net operating profit after tax (NOPAT) (1)	*€'000*	128,991	93,589
Capital employed (2)	*€'000*	575,238	564,198
Return on capital employed (ROCE) (3)		22.4%	16.6%
Return on equity (ROE) (4)		14.3%	11.8%
Liquidity			
Current ratio (times) (5)		3.55	2.92
Quick ratio (times) (6)		2.76	2.21
Capital adequacy			
Gearing ratio (7)		9.1%	7.4%
Debt to equity ratio (8)		Net cash position	Net cash position

(1) (Operating profit + foreign currency net gains or losses) x (1 - effective tax rate)
(2) Non-current assets - (deferred tax liabilities + other non-current liabilities) + working capital
(3) NOPAT/Capital employed
(4) Net profit attributable to equity owners of the Company/shareholders' equity at period end excluding minority interest
(5) Current assets/current liabilities
(6) (Current assets - inventories)/current liabilities
(7) Total debt/total assets
(8) Net debt/(total assets - total liabilities)
** please note that in previous communications, the calculation of working capital included current financial liabilities such as dividends and acquisition payments. These are now excluded to show only working capital relating to operations. Thus the capital employed and ROCE for 31 March 2014 have been restated.*

FOREIGN EXCHANGE RISK MANAGEMENT

The Company enters into forward exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in its presentation currency, the Euro, for periods consistent with its identified exposures. As at 31 March 2015, the Company had foreign exchange derivatives net liabilities of €1.2 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 31 March 2015 were primarily Japanese Yen for an equivalent of €12.8 million, US Dollar for €7.1 million, Chinese Yuan for €4.4 million, British Pound for €3.7 million and Australian Dollar for €2.3 million.

CONTINGENCIES

1. Legal proceedings

The Group is subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Group's management does not expect that the ultimate costs to resolve these other matters will have a material adverse effect on the Group's consolidated financial position, statement of income or cash flows.

2. Tax risks

In July 2012, the French tax authorities started an audit of the tax returns filed by Laboratoires M&L (previously named L'Occitane SA) for the years ended in March 2009, 2010 and 2011. In December 2012 and in December 2013, the company received tax reassessments proposals for a total amount of €33,700,000 plus the late payment of interest and penalties relating to the years ended in March 2009, 2010 and 2011. The French tax authorities questioned the level of intercompany transactions and mainly the trademark royalties between subsidiaries. For the fiscal year ended 31 March 2014, the Group considered that the French tax authorities' position was unfounded and challenged those reassessments. Therefore, no provision was recorded as at 31 March 2014.

In March 2015, the tax authorities responded to the Company: some items of the tax reassessment were abandoned. For the fiscal years ended in March 2009, 2010 and 2011, the revised tax proposed reassessments eventually amounted to €20,300,000 plus the late payment of interest and penalties. The Group continues to challenge the French tax authorities' position. Nevertheless, after consulting its tax advisors, the Group considers that the risk is "probable". Consequently, after having estimated several scenarios, an amount of €8,000,000 (including late interest) was provided as at 31 March 2015. The provision was recorded in the income tax expense in the statement of income.

For the fiscal years ended 31 March 2012 to 2015, no tax audit has been started. Furthermore, considering the uncertainty as to the possible legal grounds for future tax audits, the Group cannot assess any reliable estimate for such a risk. The risk is considered as "not probable" as at 31 March 2015 and no provision was accordingly made.

Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such tax audits or related litigation could vary significantly from the Group's provisions.

DIVIDENDS

At the Board meeting held on 10 June 2014, the Board recommended a gross dividend distribution of €0.0213 per share for a total amount of €31.3 million or 35.0% of the net profit attributable to the equity owners of the Company. The amount of the proposed dividend was based on 1,470,309,391 shares in issue as at 10 June 2014 excluding 6,655,500 treasury shares. The shareholders approved this dividend at a meeting held on 24 September 2014. The dividend was paid on 22 October 2014.

Considering the performance delivered during FY2015, the Board is pleased to recommend a gross final dividend of €0.0291 per share. The total amount of the dividend is €42.8 million, representing 35.0% of the net profit attributable to the equity owners of the Company. The same ratio was also 35.0% in FY2014.

The Board further recommends a special dividend of €0.034 per share, with a total of €50.0 million, representing 40.9% of the net profit attributable to the equity owners of the Company.

Both proposed final dividend and special dividend are based on 1,470,309,391 shares in issue as at 1 June 2015 excluding 6,655,500 treasury shares.

USE OF PROCEEDS FROM THE COMPANY'S LISTING

The Company was listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 7 May 2010. The gross proceeds from the Company's issue of 202,568,500 new shares (including 20,508,500 new shares issued upon exercise of an over-allotment option) amounted to HKD3,055 million. The net proceeds after deducting underwriting commission and related expenses amounted to €298.9 million (the "Net Proceeds"). As at 31 March 2015, the Company had utilised the total Net Proceeds as follows:

- new store openings and store renovations for €171.2 million;
- extension and improvement of manufacturing plants and R&D equipment for €77.8 million;
- increase in R&D operating expenses for €9.1 million;
- development of internet and E-commerce channel for €11.3 million; and
- general corporate purposes for €29.5 million dedicated to the implementation of SAP as enterprise resources planning system.

Such utilisation of the Net Proceeds was in accordance with the proposed allocations set out in the section headed "Use of Proceeds" in the Company's prospectus dated 26 April 2010 (the "Prospectus").

STRATEGIC REVIEW

In FY2015, the management team continued to build a company which aims to deliver sustainable growth for the long term. The Group posted strong financial performance for the year which was built upon its vision to strengthen the business platform through investments and efforts to improve operational and production efficiency.

The continued investments in product innovation, merchandising, digital and CRM initiatives, marketing as well as sales distribution channels enabled the Group to cater the growing demand for our high quality products. The management has adopted a selective multi-channel approach to boost sales and expects investments in the digital and travel retail channels as key drivers of future growth.

The continuous upgrading and expanding of our retail network, selectively and carefully, through store renovations and relocations has started to bear fruits. All key markets delivered growth in local currency - China, Hong Kong, Brazil and Russia were the best performing markets growing at 20.1%, 13.1%, 10.6% and 10.4% respectively.

As part of the selective multi-channel strategy, the Group increased the total number of own retail stores to 1,384 (FY2014: 1,295) in FY2015. During the same period, the Group renovated and relocated 108 stores (compared to 121 during FY2014). The focus to further integrate the physical and digital platforms to create the "customer centric" brand experience across all touch points will encourage customer engagement and sales conversion, both in-store and online. Sell-in segment also performed well, supported by outperformed travel retail.

Through investing in digital marketing and CRM, the Group not only enhances brand awareness but also facilitates pleasant online shopping experience. The refined retail CRM program allowed us to utilise analytics and insights in pursuit of customer experience excellence. The program also favoured our fastest growing channel, E-commerce, which accounts for more than 8.7% of our retail sales. The goal to tap into China's growing digital space has been attained with the successful launch of the L'Occitane brand's digital flagship boutique on the Tmall marketplace, one of the most efficient E-commerce platforms in China.

The turnaround in Japan market reflected management's endeavor in executing a consistent strategy in the past few years and to enhance the brand's premium positioning in Japan which is the biggest market of the Group. The strong growth of Melvita in Japan also presents a great opportunity to further build this emerging brand and unlock its full potential.

The major progress the Group achieved in pursuing operational excellence is the successful implementation of SAP in our factories and key markets. Other key developments in FY2015 included efforts to develop the supply chain infrastructure, technology and process investments. For instances, the factory in Manosque has increased production capacity and adopted further initiatives to deliver greater operational efficiencies. The supply chain infrastructure was developed to support the emerging brands, with resources across sourcing, logistics and distribution to optimize inventory management.

Cocktail of Roses
The Perfect Duo with
Melvita Expertise in Water and Oil
Pulpe de Rose Duo
Melvita
PULPE DE ROSE
Plumping radiance duo
Rose floral water and oil
BIO
Melvita
french organic beauty care since 1983
ORGANIC COSMETIQUE BIO CHARTE COSMEBIO COSMETIC
ECO CERT
ORGANIC COSMETIC

The management continued to invest in technology to enable the front and back-end applications required to support the Group's digital strategy and growth ambition. The focus on process improvements and the implementation of "Operations Roadmap" drove further efficiencies and cost savings in logistics and productions.

For FY2015, the Group had posted strong financial results with a balanced development focus on revenue growth and further investments. It continues to hold a net cash position and its cash balance unchanged while funding the investing activities. In view of the business performance and financial position, the Board maintained its 35% dividend payout ratio and recommended a special divided to show the Group's ongoing focus on creating shareholder value. During FY2015, management continued its global assessment project to optimize and drive infrastructure efficiency, with clear objectives to track the performance of cost-saving projects that have been undertaken.

OUTLOOK

In the year ending 2016 ("FY2016") and beyond, the Group will continue to pursue its corporate strategy of achieving sustainable growth with greater efficiency. L'Occitane's evolving culture and innovative capability allows it to remain adaptive and attractive in the ever-changing global consumer markets.

- **Expand product portfolio in natural space**

  The Group will continue to develop cosmetic brands based on high quality ingredients and unique heritage. Leveraging on its strong research and development, marketing and merchandising capability, the Group plans to deliver decent growth in the natural beauty and personal care space.

  In particular, the Group will develop and expand the offering of higher margin products, such as perfume and face care, supported by its vertically integrated business model.


400 Argan kernels
to nourish and enhance face, body and hair
"400 Argan kernels in one small bottle of Argan oil."
Melvita
Huile d'
Argan
Argan oil
BIO
1.7 fl.oz
50 ml
Melvita

- **Strengthen worldwide brand positioning**

  With its ongoing commitment to multi-brand strategy, the Group will further strengthen brand recognition, especially for emerging brands like Melvita, L'Occitane au Brésil and Erborian, through effective marketing campaigns. The Group will continue to revamp its Melvita brand and to introduce its Erborian brand to more markets, in turn further grow its brand portfolio.

  In FY2016, the Group plans to implement a new marketing program to enhance the L'Occitane brand awareness in global markets. It will adopt measures focusing on digital marketing, marketing communication, product sampling as well as the opening of appealing flagships with optimised footfall and sales conversion. More details and progress will be reported on a regular basis.

- **Adopt multi-channel approach with a focus of E-commerce and travel retail**

  The Group will continue to preserve and enhance the identity of its star brand L'Occitane en Provence as well as other emerging brands through multiple channels. Besides its directly owned, renovated retail shops, the Group is focusing on retailing its natural ingredient based well-being products through travel retail, on-line marketplace, as well as efficient wholesale channels.

  The booming trend of travel retail around the world and ever-growing E-commerce market in China allows us opportunity for market outreach. The Group will adopt effective marketing approaches, online and offline, in order to further lift up its brand profile and to cater the growing demand in these platforms.

- **Pursue sustainable growth with greater efficiency**

  The Group is devoted to cultivate the innovative culture with committed human capital, and focus on: entrepreneurship coaching, team building, competitive remuneration policy, organizational initiatives and cultural diversity. At the same time, it aim to improve operational efficiency through necessary initiatives. Following the initial success in its efficiency program launched since FY2014, the Group expects more benefits will come from logistics and supply chain efficiency in FY2016.

  Recognized as the exemplary company by United Nations and as a member of the United Nations Global Compact since FY2011, the Group continuously supports the ten principles governed by the platform. This is in line with its mission to develop and market products that are increasingly respectful of man and the environment. The Group aims to achieve long term business success through caring and sustainable approaches.

Looking ahead, the global macro-economic outlook may remain challenging, particularly with currency volatility. Nevertheless, the management and the Board believe that the future is dependent upon the dedication and hard work of the management and global team. The Group believes that a focused and disciplined approach to build the company for the future, together with its policy to reward management on a basis which is aligned to sustainable long term performance, will drive growth and deliver lasting value in the interest of the shareholders.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

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

On 17 June 2013 the Board adopted its own corporate governance manual which is based on the principles, provisions and practices set out in the Code; this is available on the Company's website www.loccitane.com. Please select "Leadership" under Investor Relations.

DEVIATIONS FROM THE CODE

Throughout FY2015 (the "Review Period") the Company was in compliance with the mandatory provisions of the Code, with the exception of the deviations as set out below.

The role of the Chief Executive Officer (the "CEO") of the Group has been assumed by Mr. Reinold Geiger ("Mr. Geiger"), the Chairman of the Board. This deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a CEO and it provides the Group with strong and consistent leadership. The Board of directors of the Company (the "Directors") believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are four independent non-executive Directors 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 and Remuneration Committee) and each committee is composed of a majority of independent non-executive Directors. Nevertheless, the Board will regularly review the management structure to ensure that it meets the business development requirements of the Group.

Furthermore, Mr. Geiger is supported by Mr. André Hoffmann, the Managing Director Asia-Pacific. Mr Geiger 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 Managing Director has full executive responsibilities in the business directions and operational efficiency of the business units under his responsibilities and is accountable to Mr. Geiger.

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

Mr. Karl Guénard ("Mr Guénard"), joint company secretary of the Company, is based in Luxembourg and reports to Mr. Thomas Levilion ("Mr. Levilion"), an executive Director and the Group's Deputy General Manager whose primary responsibility is to oversee the Group's finance functions worldwide. The Company believes this is appropriate because both Mr. Guénard and Mr. Levilion work closely together on a day to day basis including dealing with matters relating to corporate governance and other Board-related matters. Ms. Mei Yee Yung ("Ms. Yung"), joint company secretary of the Company, is based in Hong Kong. Ms. Yung works in coordination with Mr. Guénard in the discharge of the company secretarial duties.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct for dealing in the Securities of the Company by the Directors of the Company. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code during the Review Period.

BOARD OF DIRECTORS

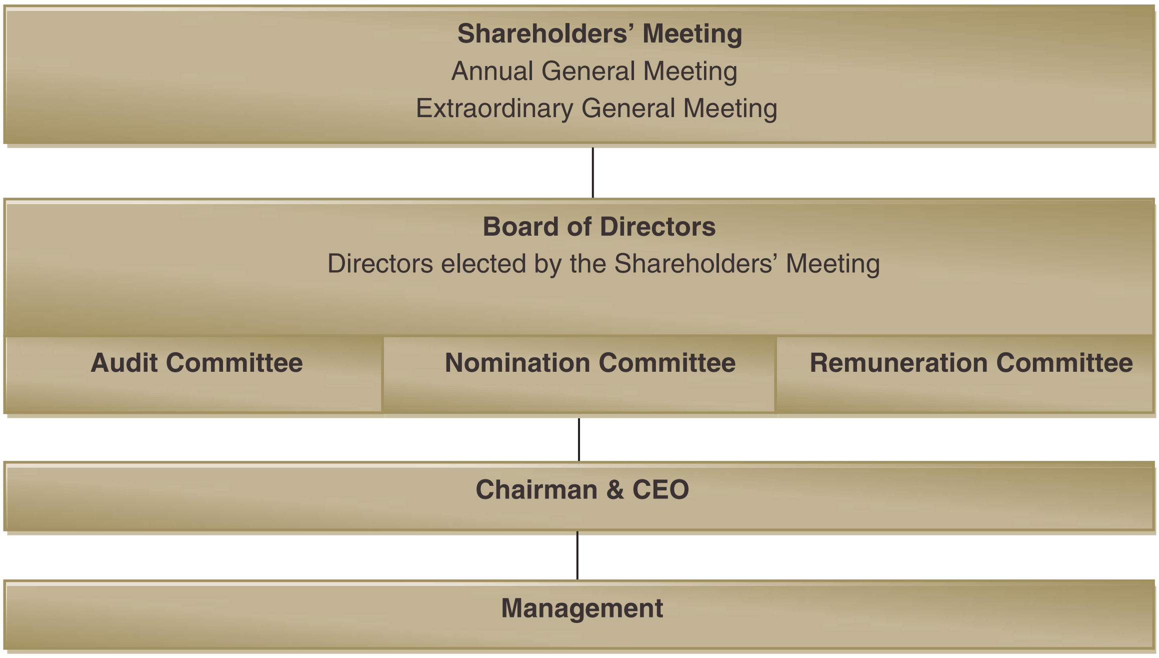
The Board is responsible for long term development and strategy as well as controlling and evaluating the Company's daily operations. In addition, the Board has appointed a Chairman who is responsible for ensuring that the Board receives regular reports regarding the Group's business development, its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

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

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

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

Corporate Governance Structure



Composition of the Board

The Board consists of eleven Directors, comprising six executive Directors ("ED"), one non-executive Director ("NED") and four independent non-executive Directors ("INED"). All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are shown on pages 30 to 39 of the Annual Report.

Board Diversity Policy

The Board adopted the Board Diversity Policy which aims to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognises and embraces the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to skills, regional and industry experience, background, race, gender and other qualities.

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective. The Board will review this policy on a regular basis to ensure its continued effectiveness.

Directors' Attendance at Board, Board Committee and General Meetings

The following is the attendance record of Directors at the Board, committee and general meetings held during FY2015:

		Attendance:				
Name	Category	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	General Meeting
Reinold Geiger	ED	5/9				1/1
Emmanuel Osti (resigned on 7 January 2015)	ED	7/8				1/1
André Hoffmann	ED	7/9		1/1		1/1
Domenico Trizio	ED	8/9			3/3	1/1
Thomas Levilion	ED	9/9				1/1
Karl Guénard	ED	9/9				1/1
Nicolas Véto (appointed on 24 September 2014)	ED	5/5				1/1
Martial Lopez	NED	8/9	4/4			1/1
Mark Broadley	INED	8/9	4/4		3/3	1/1
Jackson Ng	INED	9/9	4/4	1/1		1/1
Valérie Bernis	INED	8/9		1/1		1/1
Pierre Milet	INED	8/9			3/3	0/1

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

Responsibilities of the Board

The Board is responsible for:

— Reviewing and approving the strategic direction of the Group established by the ED in conjunction with the management;

— Reviewing and approving objectives, strategies and business development plans;

— Monitoring the performance of the CEO and the senior management;

— Assuming responsibility for corporate governance; and

— Reviewing the effectiveness of the internal control system of the Group.

Responsibilities of the Senior Management

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

— Formulating strategies and business development plans, submitting to the Board for approval, and implementing such strategies and business development plans thereafter;

— Submitting annual budgets to the Board on regular basis;

— Reviewing salary increment proposals and remuneration policy and submitting to the Board for approval; and

— Assisting the Board in conducting the review of the effectiveness of the internal control systems of the Group.

Joint Company Secretaries

Ms. Mei Yee Yung, senior manager of TMF-Group/KCS Hong Kong Limited, was appointed joint company secretary on 25 April 2013. She is located in Hong Kong.

Mr. Karl Guénard was appointed joint company secretary on 1 September 2013. He is located in Luxembourg.

Mr. Karl Guénard and Ms. Mei Yee Yung have complied with the company secretary training requirements in Rule 3.29 of the Listing Rules. Ms. Mei Yee Yung's primary corporate contact person at the Company is Mr. Karl Guénard.

NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company's NED has his term of appointment coming to an end three years after his appointment to the Board, subject to re-election at the end of his three year term.

The four INEDs are each person of high experience, with academic and professional qualifications in the field of accounting, finance or marketing. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each INED gives an annual confirmation of his/her independence to the Company and the Company considers them each to be independent. They all fulfill the criteria of independence under Rule 3.13 of the Listing Rules.

INDUCTION AND ONGOING DEVELOPMENT

Newly appointed Directors receive an induction course to ensure their understanding of the Company's business and their awareness of a Director's responsibilities and obligations. Each member of the Board attended training on corporate governance, regulatory developments and other relevant topics during FY2015 and is frequently updated on developments in the statutory and regulatory regime and the business environment to assist in the discharge of their responsibilities.

COMMITTEES

As an integral part of good corporate governance, the Board has established audit, nomination and remuneration committees, each of which has adopted Terms of Reference. During FY2015 each committee met and carried out its duties in accordance with its Terms of Reference. The authorities, functions, composition and duties of each committee are set out below:

Audit Committee

The Audit Committee has three members, Mr. Mark Broadley (Chairman), Mr. Jackson Ng and Mr. Martial Lopez. Mr. Martial Lopez is a NED, and the two other members are INED.

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

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

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

The following is a summary of the work performed by the Audit Committee during FY2015:

i. Review of the report from the auditors on the audit of the final results of the Group for FY2014;

ii. Review of the draft financial statements of the Group for FY2014;

iii. Review of the draft results announcement and annual report of the Group for FY2014;

iv. Review of the audit fees payable to the external auditors for FY2014;

v. Review of the external auditors' independence and transmission of a recommendation to the Board for the re-appointment of the external auditors at the forthcoming annual general meeting ("AGM");

vi. Review of the draft results announcement and interim report of the Group for the period ended 30 September 2014;

vii. Review of the financial statements for the period ended 31 December 2014;

viii. Review of the internal control system including the internal audit results analysis and the internal audit plan for 2015-2016, and report to the Board;

ix. Review of the Listing Rules modification affecting the Group in order to monitor appropriate corporate governance and oversaw the implementation of the Company's corporate governance manual. Under its terms of reference, the Audit Committee oversees the Company's corporate governance.

There have been four meetings of the Audit Committee during the Review Period: two prior to the publication of the financial reports (annual report and interim report) and two other meetings specific to the internal control and Company's corporate governance.

Nomination Committee

The terms of reference of the Nomination Committee were amended on 29 March 2012 to comply with the provisions set out in the Code. The Nomination Committee has three members, who are Mr. Jackson Ng (Chairman), Mr. André Hoffmann and Mrs. Valérie Bernis. Mr. André Hoffmann is an ED, and the two others are INED.

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

Regarding the nomination proposal of Mr. Nicolas Veto as an additional member of the Board and the proposal of re-election of Mr. Domenico Trizio, Mr. Thomas Levilion Mr. Mark Broadley and Mr. Jackson Ng to the FY1014 AGM, one Nomination Committee meeting was held during the FY 2015.

Remuneration Committee

The terms of reference of the Remuneration Committee were amended on 29 March 2012 to comply with the provisions set out in the Code. The Remuneration Committee has three members, who are Mr. Pierre Milet (Chairman), Mr. Mark Broadley, and Mr. Domenico Trizio. Mr. Domenico Trizio is an ED, and the two others are INED.

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

The following is a summary of the work performed by the Remuneration Committee during FY2015:

i. Review of the repartition and cost of the New Long Term Incentive Plan 2013 (stock options and free share plans).

ii. Consideration of a share (stock options and free shares) and bonus plan with recommendation to the Board for general guidelines.

iii. Review of the Directors' and senior management's compensation, with recommendation to the Board for approval.

There have been three meetings of the Remuneration Committee during the Review Period.

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

i. The remuneration of the Directors is determined by the Board which receives recommendations from the Remuneration Committee. Under our current compensation arrangements, the ED receive compensation in the form of salaries, bonus subject to performance and share-based payments. Some of our ED received Directors' fees and one of the ED received service fees. All the INED received Directors' fees.

ii. The remuneration the Directors have received (including fees, salaries, discretionary bonus, share based payments, housing and other allowances, service fees and other benefits in kind) for FY2015 was approximately €3,452,000. The aggregate amount of fees, salaries, discretionary bonus, share-based payments, housing and other allowances, and other benefits in kind paid to the five highest paid individuals of the Group, including certain Directors, for FY2015 was approximately €3,595,000.

We have not paid any remuneration to the Directors or the five highest paid individuals as inducement to join or upon joining us as a compensation for loss of office in respect of FY2015. Further, none of the Directors has waived any remuneration during the same period.

AUDITORS' REMUNERATION

The fees in relation to the audit and related services for FY2015 provided by PricewaterhouseCoopers, the external auditors of the Company, amounted to approximately €950,000 and €292,000 respectively.

	€'000
Annual audit and interim review services	950
Audit related services	292
TOTAL	1,242

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges that it holds responsibility for:

- Overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group; and

- Selecting suitable accounting policies and applying the selected accounting policies consistently with the support of reasonable and prudent judgment and estimates.

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

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

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

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 64 to 65 of this Annual Report.

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

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

INTERNAL CONTROL

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

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

The system of internal control is designed to provide reasonable assurance against human errors, material misstatements, losses, damages, or fraud, and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. During FY2015, the internal control deviations were addressed effectively and action plans implemented to reduce the risks. The Audit Committee was satisfied that appropriate actions were undertaken and the overall internal control system has functioned effectively as intended.

The Board has conducted a review of the effectiveness of the Group's internal control system and considers that it is effective and adequate as a whole. The Board further considers that there were no issues relating to the material controls and risk management functions of the Group.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

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

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

No significant changes have been made to the Company's constitutional documents during the year under review.

SHAREHOLDERS' RIGHTS

Procedure for shareholders to convene a General Meeting

Any one or more shareholder(s) who together hold not less than 5 per cent. of the paid-up capital that carries the right to vote at general meetings may convene a general meeting by depositing a written request signed by such shareholders and addressed to the attention of the Company's Joint Company Secretary at the registered office of the Company in Luxembourg or at the office of the Company in Hong Kong, the addresses of which are set below.

Such request must specify the objects of the meeting. If the Board does not within two calendar days from the date of deposit of the request proceed duly to convene the meeting to be held within a further 28 calendar days, the shareholders signing the request (or any of them representing more than one-half of the total voting rights of all shareholders signing the request) may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board. No general meeting convened by request of the shareholders may be held later than three months after the date of deposit of the request.

Procedure for Shareholders to make enquiries to the Board

Shareholders may make enquiries to the Board in writing by sending such enquiries to the attention of the Company's Joint Company Secretary at the registered office of the Company in Luxembourg or at the office of the Company in Hong Kong, the addresses of which are set out below. The Joint Company Secretary will forward enquiries to the Chairman for consideration.

In addition, shareholders in attendance at any general meeting of the Company's shareholders may make enquiries at such meeting to the Chairman of the Board, the chairman of the various Board committees, or to other directors in attendance at such meeting.

Procedure for Shareholders to put forward proposals at General Meetings

Upon a written request by (i) one or more shareholder(s) representing not less than 2.5 per cent. of the total voting rights of all shareholders who at the date of such request have a right to vote at the meeting to which the request relates, or (ii) not less than 50 shareholders holding shares in the Company on which there has been paid up an average sum, per shareholder, of not less than HKD 2,000, the Company shall, at the expense of the shareholders making the request, (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may be properly moved and is intended to be moved at that meeting, and (b) circulate to shareholders entitled to receive notice of any general meeting a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with in the meeting.

Such request must be signed by all the shareholders making the request (or two or more copies between them containing the signatures of all the shareholders making the request) and deposited at the registered office of the Company in Luxembourg or at the office of the Company in Hong Kong, the addresses of which are set below.

Such request must be deposited (i) not less than six weeks before the meeting in question in the case of a request proposing that a resolution be adopted at the meeting, and (ii) not less than one week before the meeting in the case of any request that does not propose that a resolution be adopted at the meeting.

In addition, one or more shareholder(s) who together hold at least 10 per cent. of the Company's issued and outstanding shares may request that one or more additional items be put on the agenda of any general meeting. Such request must be sent to the registered office of the Company in Luxembourg by registered mail not less than five days before the meeting.

Except pursuant to the procedures described above, a shareholder may not make a motion at a general meeting.

Procedure for Election to the Office of Director upon Shareholder Proposal

A shareholder who intends to propose a candidate for election to the office of Director of the Company shall provide the Company's Joint Company Secretary at the registered office of the Company in Luxembourg or at the office of the Company in Hong Kong, the addresses of which are set below, with a written notice reflecting its intention to propose a person for election to the office of Director of the Company.

The notice shall be delivered by the shareholder at the registered office of the Company in Luxembourg or at the office of the Company in Hong Kong, the addresses of which are set out below, during a period commencing no earlier than the day after the dispatch of the convening notice of the meeting scheduled for such election and ending not later than seven days prior to the date of such meeting. Such notice must be delivered by a shareholder (not being the person proposed) who is entitled to attend and vote at the meeting. In addition, the candidate proposed for election shall deliver to the Company's Joint Company Secretary at the registered office of the Company in Luxembourg or at the office of the Company in Hong Kong, the addresses of which are set below, a signed written notice reflecting his willingness to be elected as director of the Company.

In accordance with Article 10.1 of the Articles of Association of the Company, the appointment of the Director will be made by way of a general shareholders' meeting of the Company and by ordinary resolution adopted at a simple majority of the votes cast.

Corporate Social Responsibility (CSR) Report

To answer to its ambition, the Group has developed a sustainable policy and since FY2011, the Group has been establishing an annual CSR report. This report with philanthropy and sustainable sourcing reports are accessible on the website of the company on the following address: www.loccitane.com, section commitments/reports. This report will follow the recommendation of the Hong Kong Stock Exchange and especially the Appendix 27 of the Listing Rules. Consequently KPIs have been identified and progress indicators will be put in place in the coming financial years.

Registered Office
49, Boulevard Prince Henri
L-1724 Luxembourg

Principal Place of Business in Hong Kong
38/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong


VERVEINE
L'OCCITANE
EN PROVENCE

Directors and Senior Management

DIRECTORS

The Board is responsible for and has general powers over the management and conduct of the Company's business. The table below shows certain information in respect of the Board:

Name	Age	Position
Reinold Geiger	67	Executive Director, Chairman and Chief Executive Officer
André Hoffmann	59	Executive Director and Managing Director, Asia Pacific
Domenico Trizio	53	Executive Director and Chief Operating Officer
Thomas Levilion	55	Executive Director and Group Deputy General Manager, Finance and Administration
Karl Guénard	48	Executive Director and Company Secretary
Nicolas Veto	47	Executive Director and Vice-President of Human Resources
Martial Lopez	55	Non-Executive Director
Pierre Milet	73	Independent Non-Executive Director
Charles Mark Broadley	51	Independent Non-Executive Director
Jackson Chik Sum Ng	54	Independent Non-Executive Director
Valérie Bernis	56	Independent Non-Executive Director

Directors and Senior Management

Reinold Geiger
Executive Director, Chairman and Chief Executive Officer

Mr. Reinold Geiger was appointed as an executive Director with effect from 22 December 2000 and is the Company's Chairman and Chief Executive Officer. Mr. Geiger is primarily responsible for the Group's overall strategic planning and the management of the Group's business. Mr. Geiger joined the Group in 1996 as Chairman and controlling shareholder. Mr. Geiger is a director and managing director ("administrateur délégué") of the Company and LOG, a director of L'Occitane (Suisse) S.A., L'Occitane Inc., L'Occitane Australia Pty Ltd., L'Occitane Japon KK, L'Occitane Russia and L'Occitane Mexico S.A. de C.V., a member of the board of managers of L'Occitane LLC and Oliviers & Co. LLC, chairman 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 the Group from a largely domestic operation based in France to an international business. He has spent time travelling to the Group's worldwide locations in order to implement this growth strategy, where he has established the Group's 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 the 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.

André Hoffmann
Executive Director and Managing Director, Asia Pacific

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

Domenico Trizio
Executive Director and Chief Operating Officer

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

Directors and Senior Management

Thomas Levilion
Executive Director and Group Deputy General Manager, Finance and Administration

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 the Group's finance functions worldwide. Mr. Levilion joined the Group in March 2008 and is managing director ("administrateur délégué") of the Company. Furthermore, he is manager (a "gérant") 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.

Karl Guénard
Executive Director and Joint Company Secretary

Mr. Karl Guénard was non-executive Director of the Group from 30 June 2003. Mr. Guénard joined the Group in September 2013. Since 1 September 2013, he is executive Director and Joint Company Secretary of the Group. Between 2000 and 2013, Mr. Guénard worked at Edmond de Rothschild Group, where he was senior vice president of the Banque Privée Edmond de Rothschild Europe and responsible of the financial and engineering department. Between 1998 and 2000, he was a manager of the financial engineering department at Banque de Gestion Privée Luxembourg (a subsidiary of Crédit Agricole Indosuez Luxembourg). Prior to this, between 1993 and 1998, Mr. Guénard was a funds and corporate auditor. Mr. Guénard is a chartered accountant. He holds a master's degree in economics and management sciences from the University of Strasbourg, France.

Nicolas Veto
Executive Director and Vice-President of Human Resources

Mr. Nicolas Veto was appointed as an executive Director with effect from 24 September 2014 and is Vice-President of Human Resources. He is responsible for the Group's human resources, internal communications and corporate social responsibility. Mr. Veto has over 16 years of experience as a corporate lawyer in an international environment and more than 4 years as managing director of an affiliate of the Group. He has a law degree from the University of Rennes, France and a master degree in International Business Law from the University of Exeter, United-Kingdom.

Martial Lopez
Non-Executive Director

Mr. Martial Lopez was appointed as a non-executive Director with effect from 30 September 2009 and is a consultant of the 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 the 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 the Group. He spent three years at Ankaoua & Grabli in Paris, France and 12 years at Befec-Price Waterhouse in Marseille, France as a senior manager. Between 1996 and 1998, he was the senior manager in charge of Price Waterhouse, Marseille until the merger between Price Waterhouse and Coopers & Lybrand. Mr. Lopez graduated from the Montpellier Business School ("Ecole Supérieure de Commerce") in France in 1983 and holds a diploma in accounting and finance ("Diplôme d'Etudes Supérieures Comptables et Financières").

Pierre Milet
Independent Non-Executive Director

Mr. Pierre Milet has been appointed as an independent non-executive Director with effect from 29 January 2013. Mr. Milet was a member of the executive board and managing director of Clarins from 1988 until 10 March 2010. 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. He also served as company secretary of Clarins from 1983 to 1988 when he was appointed corporate chief financial officer of Clarins. In these capacities, Mr. Milet oversaw all accounting and financial aspects of the Clarins Group's business, as well as negotiated acquisitions and joint ventures. Mr. Milet also has substantial experience in the cosmetics industry gained partly from experience at Max Factor, serving successively as chief financial officer and president of their French subsidiary from 1975 to 1982. Mr. Milet has a masters degree in business administration from Ecole des Hautes Etudes Commerciales (France) where he majored in finance.

Mr. Milet was a non-executive director of the Company from 25 January 2010 until 27 November 2012, when he resigned to create a casual vacancy which enabled the Board to appoint Mrs. Bernis as an independent non-executive director. Mr. Pierre Milet was initially appointed as a non-executive of the Company because of his extensive experience in the cosmetic sector. At the time of his initial appointment to the Board, he was designated a non-executive and not an independent non-executive director due to his connections with Clarins and their substantial shareholding in the Company. From August 2011, Clarins ceased to be a shareholder of the Company and also ceased all commercial relationships with the Company. Mr. Milet has also ceased acting in the majority of his roles in connection with the Clarins Group. For this reason he has been appointed as an independent non-executive director of the Company and both the Board and the nomination committee have confirmed that they believe he is independent of the Company. Other than in relation to his past role on the Board, Mr. Milet fulfils all of the indicative criteria of independence set out in Rule 3.13 of the Listing Rules.

Directors and Senior Management

Charles Mark Broadley
Independent Non-Executive Director

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

Jackson Chik Sum Ng
Independent Non-Executive Director

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

Valérie Bernis
Independent Non-Executive Director

Mrs. Valérie Bernis was appointed as an independent non-executive Director with effect from 28 November 2012. She was responsible for Public Relations and Press for French Prime Minister Edouard Balladur (1993-95) (after being a member of his team when he was Minister of the Economy, Finance and Privatization (1986-88)). In 1988, she became Executive Vice President — Communications of Cerus, part of the De Benedetti Group. In 1996 she joined Compagnie de SUEZ as Executive Vice President — Communications, then in 1999, she became Executive Vice President Financial and Corporate Communications and Sustainable Development. During the same period, she served for 5 years as Chairman and CEO of Paris Première, an iconic French TV channel. Mrs. Bernis is now Executive Vice-President of GDF SUEZ, in charge of Marketing and Communications. She is a Member of the boards of Euro Disney (since 2006), Suez Environnement Company (since 2008), Bull (since 2010), and CEGID (since 2012). She is Officier de l'Ordre National de la Légion d'Honneur (2011), and Officier de l'Ordre National du Mérite (2008). Mrs. Bernis graduated from Paris Institut Supérieur de Gestion (ISG) in 1982.

SENIOR MANAGEMENT

David Boynton

Mr. David Boynton, aged 52, is Managing Director of the Group's North Atlantic and Australia region, supervising US, UK, Canada, Ireland, Australia and South Africa. He is also CEO of the Group's US affiliate. Mr. Boynton joined the Group in August 2006 as marketing and retail operations director for the 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 H ong Kong and Macau between 2003 and 2005. Mr. Boynton graduated from the University of Leeds with a bachelor of science degree in 1985.

Bénédicte Le Bris

Ms. Bénédicte Le Bris, aged 49 is the head of Research & Development and Quality. Ms. Le Bris joined the Group in November 2012. She has more than 24 years of experience in leading and strengthening international Research and Development organizations in the Consumer Good sector. From 1989 to 1993, Ms. Le Bris worked in Product Development at Procter & Gamble Technical Center in Germany; from 1994 to 2001 at Johnson & Johnson, she was in charge of creating the R&D Skincare Center in Europe, and till 2010 at L'Oreal she was leading the R&D organization dedicated to Skincare innovations and then created the Natural & Organic R&D department. Ms. Le Bris graduated from Ecole Nationale Supérieure de Chimie de Paris in 1989.

Nicolas Siriez

Mr. Nicolas Siriez, aged 41, is International Managing Director for the L'Occitane en Provence brand, Continental Europe and Latin America. Mr. Siriez joined the Group in May 2012 as General Manager for Continental Europe. From January 2013, he became International Managing Director for the L'Occitane en Provence brand in charge of global marketing and communication, and from November 2013, he also took over the management of the Latin America zone. Prior to joining the Group, Mr. Siriez spent 14 years with L'Oreal where he held various roles in marketing and general management. Between 2008 and 2012, he was General Manager of the brands Garnier and Maybelline for China, based in Shanghai. Mr. Siriez graduated from the IAE of Grenoble, France with a master's degree in marketing and business administration in 1998.

Directors and Senior Management

Jean-François Gonidec

Mr. Jean-François Gonidec, aged 58, is the Group's Deputy General Manager principally in charge of supply chain management. From January 2014, he is a "General Manager" ("Directeur Général") of Laboratoires M&L. Mr. Gonidec joined the Group in March 2009 and has extensive experience in project management and in managing a production plant and its supply chain. In addition, he has also assumed responsibilities as financial controller in the course of his career. After having worked in different functions and for different legal entities of the Danone Group during a time period of 18 years, he gained further experience at other organisations including the Group Madrange between March 2007 and February 2009 and at Pierre Fabre Dermo Cosmétique between March 2001 and February 2007. Mr. Gonidec graduated from INSA LYON with a degree in engineering in 1981.

Marcin Jasiak

Mr. Marcin Jasiak, aged 48, is the Group Managing Director for STREAM Region comprising of Russia, Poland, Scandinavia and Central Europe subsidiaries as well as Export & worldwide Duty Free divisions for Asia, Europe, Middle East, Africa and Americas. Mr. Jasiak manages also the Group's B-to-B division. Mr. Jasiak joined the Group in March 2003 as director for export in Geneva and subsequently became managing director in Geneva in 2005. Prior to joining the Group, Mr. Jasiak was a junior consultant at KPMG specializing in due diligence and audit. He joined Procter & Gamble, Inc. in 1993 for ten years, based in Poland, Germany and Switzerland serving different management positions. Mr. Jasiak graduated from the University of Warsaw, Poland with two master's degrees, in English Philology and management and marketing, and from the University of Illinois at Urbana-Champaign, USA with a master's degree in business administration.

Shiho Takano

Mrs. Shiho Takano, aged 49, is head of the Group's operations in Japan and is primarily responsible for the Group's strategic planning and the management of the Group's business in Japan. Mrs. Takano joined the Group in January 2001 as general manager for L'Occitane Japon K.K. before being promoted to president representative director. From 1 April 2015 Mrs. Shiho is the Chairman of L'Occitane Japan. Prior to joining the Group, Mrs. Takano held various managerial roles in the cosmetics industry. Between 1990 and 1996, Mrs. Takano worked at Yves Saint Laurent Japan, where her last position was as marketing manager. She then joined Coca-Cola Japan in 1996 as activation manager where she was responsible for drinks aimed at the female market with a focus on natural products and beauty. From 1998 to 2001, she was buying and marketing manager for the beauty division of Boots MC in Japan.

THE DIRECTORS SUBMIT THEIR REPORT TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2015.

PRINCIPAL ACTIVITIES

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

An analysis of the Group's performance for FY2015 by operating segments is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for FY2015 are set out in the Consolidated Statements of Income on page 66.

The Board recommends a final dividend of €0.0291 per share. The Board further recommended a distribution of special dividend of €0.034 per share The payment shall be made in Euros, except that payment to shareholders whose names appear on the register of members in Hong Kong shall be paid in Hong Kong dollars. The relevant exchange rate will be the opening buying T/T rate of Hong Kong dollars to Euros as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the dividend.

The final dividend and the special dividend will be subject to approval by the shareholders at the forthcoming AGM of the Company to be held on 30 September 2015. The record date to determine which shareholders will be eligible to attend and vote at the forthcoming AGM will be 30 September 2015 (the "AGM Record Date"). The register of members of the Company will be closed from Thursday, 24 September 2015 to Wednesday, 30 September 2015, both days inclusive, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited ("Computershare"), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 23 September 2015.

Subject to the shareholders approving the recommended final dividend and special dividend at the forthcoming AGM, such dividend will be payable on Thursday, 22 October 2015 to shareholders whose names appear on the register of members on Monday, 12 October 2015 (the "Dividend Record Date"). To determine eligibility for the final and special dividends, the register of members will be closed from Wednesday, 7 October 2015 to Monday, 12 October 2015, both days inclusive, during which period no shares can be registered. In order to be entitled to receive the final dividend and special dividend, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare, not later than 4:30 p.m. on Tuesday, 6 October 2015.

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


L'OCCITANE
EN PROVENCE
ESSENCE VELOURS
JEUNESSE DU CORPS
YOUTHFUL BODY
VELVET SERUM
AUX CELLULES NATIVES D'AMANDIER
WITH ALMOND TREE NATIVE CELLS
L'OCCITANE
EN PROVENCE

FIVE YEARS FINANCIAL SUMMARY

The five years financial summary of the Group is set out on page 164 of this report.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Shareholders' Equity page 70 and note 16 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the Company's reserves available for distribution to shareholders in accordance with the Company's articles of association (the "Articles of Association") as adopted on 15 April 2010 and last amended on 30 September 2014 amounted to approximately €438,383,831.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during FY2015 are set out in note 7 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during FY2015 amounted to €2,013,900.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Review Period.

During FY2012, the Company purchased a total of 6,655,000 shares of the Company on the Hong Kong Stock Exchange, representing 0.45% of the Company's shares in issue. On 4 October 2013, the Hong Kong Stock Exchange granted a conditional waiver (the "Waiver") to the Company in respect of Rule 10.06(5) of the Listing Rules to allow it, following any repurchase of shares, to elect to hold its own shares in treasury instead of automatically cancelling such shares. As a consequence of such Waiver, the Hong Kong Stock Exchange has agreed certain consequential modifications to other Listing Rules applicable to the Company.

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

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

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2015 are set out in note 32 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during FY2015 and up to the date of this report were:

Executive Directors

Mr. Reinold Geiger
(Chairman and Chief Executive Officer)
(appointed on 22 December 2000)
Mr. Emmanuel Osti
(appointed on 22 December 2000 and resigned on 7 January 2015)
Mr. André Hoffmann
(appointed on 2 May 2001)
Mr. Thomas Levilion
(appointed on 30 September 2008)
Mr. Domenico Trizio
(appointed on 30 September 2011)
Mr. Karl Guénard
(appointed on 30 June 2003 as Non-Executive Director and designated as Executive Director on 1 September 2013)
Mr. Nicolas Veto
(appointed on 24 September 2014)

Non-Executive Director

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

Independent Non-executive Directors

Mr. Charles Mark Broadley
(appointed on 30 September 2008)
Mr. Jackson Chik Sum Ng
(appointed on 25 January 2010)
Mrs. Valérie Bernis
(appointed on 28 November 2012)
Mr. Pierre Milet
(appointed on 29 January 2013)

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

BIOGRAPHICAL INFORMATION OF DIRECTORS

Brief biographical information of the Directors of the Company are set out in the "Directors and Senior Management" section on pages 40 to 48 of this report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

As at 31 March 2015, the following Directors or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or (iii) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code contained in the Listing Rules:

(a) Interests in the shares of the Company

Name of Director	Capacity and Nature of Interest	Number of shares/ underlying shares held or controlled	Approximate % of Shareholding (Note 2)
Reinold Geiger (Note 1)	Interest in controlled corporation, beneficial Interest and deemed Interest	1,029,821,852 (long position)	69.73%
André Hoffmann	Beneficial Interest	2,766,961 (long position)	0.19%
Domenico Trizio	Beneficial Interest	2,146,900 (long position)	0.15%
Thomas Levilion	Beneficial Interest	770,500 (long position)	0.05%
Nicolas Veto	Beneficial Interest	268,400 (long position)	0.02%
Charles Mark Broadley	Beneficiary of a trust and beneficial Interest	152,000 (long position)	0.01%
Karl Guénard	Beneficial Interest	90,500 (long position)	0.01%
Jackson Chik Sum Ng	Beneficial Interest	80,000 (long position)	0.01%
Martial Lopez	Beneficial Interest	60,000 (long position)	0.00%
Pierre Milet	Beneficial Interest	50,000 (long position)	0.00%

Notes:

(1) Mr. Reinold Geiger is the beneficial owner of 811,250 Shares of the Company and of the entire issued share capital of Société d'Investissemens Cime S.A. ("CIME"), which in turn has beneficial interest and deemed interest in approximately 67.98% of the entire issued share capital of the L'Occitane Groupe S.A. ("LOG") (being beneficial owner of 11,117,207 shares and having deemed interest in 4,035,556 treasury shares being held by LOG, in 253 shares and in 34,460 shares being held by Mr. Geiger's wife). Mr. Reinold Geiger is therefore deemed under the SFO to be interested in all the shares registered in the name of LOG, which holds 1,021,827,891 shares in the Company and controls 6,655,500 treasury shares held by the Company. Mr. Geiger also has a beneficial interest in shares of the Company (527,211 underlying shares). See details in Share Option Plan section.

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

(b) Interests in the shares of the associated corporations

Long Position in the shares of LOG

Name of Director	Capacity and Nature of Interest	Number of shares/ underlying shares held or controlled	Approximate % of Shareholding (Note 2)
Reinold Geiger	Beneficial interest and deemed Interest	15,187,476 (Note 1)	67.98%
André Hoffmann	Beneficial interest and deemed interest	3,068,676	13.74%
Nicolas Veto	Beneficial interest	19,983	0.09%
Martial Lopez	Beneficial interest	18,000	0.08%
Thomas Levilion	Beneficial interest	10,098	0.05%

Notes:

(1) Comprised of 253 shares held by Mr. Reinold Geiger, 11,117,207 shares held by CIME, 34,460 shares held by Ms. Dominique Maze-Sencier, each as beneficial and registered owner and 4,035,556 treasury shares held by LOG. Mr. Geiger is the beneficial owner of the entire issued share capital of CIME; Mr. Geiger is therefore deemed under the SFO to be interested in all the shares in LOG held by CIME. Mr. Geiger is also deemed under the SFO to be interested in the shares in LOG held by Mr. Geiger's wife, Ms. Dominique Maze-Sencier. As a controlling shareholder of LOG, Mr. Geiger is also deemed to be interested in the treasury shares being held by LOG.

(2) The approximate percentage shareholdings in the share capital of LOG are calculated on the basis of the total number of 22,341,954 shares issued, inclusive of 4,035,556 treasury shares held by LOG.

Save as disclosed herein, as at 31 March 2015, none of the Directors and chief executive of the Company, or any of their spouses, or children under eighteen years of age, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, the register of substantial shareholders maintained under section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests or short positions, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company:

Name of shareholders	Capacity and Nature of Interest	Number of shares/ underlying shares held or controlled	Approximate % of Shareholding (Note 3)
Société d'Investissements Cime S.A.	Interest in controlled corporation and deemed interest	1,028,483,391 (long position) (Note 1)	69.63%
LOG	Interest in controlled corporation and deemed interest	1,028,483,391 (long position) (Note 1)	69.63%
The Capital Group Companies, Inc.	Interest in controlled corporation	86,457,000 (long position) (Note 2)	5.85%

Notes:

(1) CIME has an interest in approximately 67.98% of the total issued share capital of LOG (being beneficial owner of 11,117,207 shares and having deemed interest in 4,035,556 treasury shares being held by LOG). CIME is the controlling corporation of LOG and is therefore deemed under the SFO to be interested in all the 1,021,827,891 shares held in the Company by LOG. As suggested by SFC, being the controlling corporations of the Company, both CIME and LOG have deemed interest in the 6,655,500 treasury shares being held by the Company.

(2) The Capital Group Companies, Inc. directly holds 100% equity interest in Capital Research and Management Company and is therefore deemed to be interested in the 86,457,000 shares held by Capital Research and Management Company.

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

Save as disclosed herein, as at 31 March 2015, the Company had not been notified of any substantial shareholder (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

SHARE CAPITAL

Details of the movements in the share capital of the Company during FY2015 are set out in the Consolidated Statement of Changes in Shareholders' Equity page 70 and note 16 to the consolidated financial statements.

SHARE OPTION PLAN

On 30 September 2010, a meeting of the shareholders of the Company authorised the adoption of a share option plan (the "Share Option Plan 2010"), which expired and was terminated on 29 September 2013 to be replaced by another share option plan (the "Share Option Plan 2013") which was adopted on 25 September 2013. The purpose of the Share Option Plan 2013 is to provide employees of the Group, all its Directors (including non-executive Directors) and Shareholders (together, the "Eligible Persons") with an opportunity to have a proprietary interest in the Company through being granted share options under the Share Option Plan 2013 rules (the "Options"), which will motivate the Eligible Persons to optimise their performance, effectiveness and efficiency for the benefit of the Group and attract and retain or otherwise maintain ongoing business relationships with those Eligible Persons whose contributions are or will be beneficial to the long-term growth of the Group. The maximum number of Shares in respect of which Options may be granted under the Share Option Plan 2013 shall not exceed 22,054,641 Shares, being 1.5% of the Company's issued share capital (excluding shares held in treasury) as at 30 September 2014.

Particulars and movements of share options granted under the Share Option Plans 2010 and 2013 (the 2010 and 2013 Options) during the twelve months ended 31 March 2015 were as follows. 998,600 share options were granted under the Share Option Plan 2013 during this period.

Name/Category of Participant	As of 01/04/2014	Number of share options Granted during the period	Cancelled during the period	As of 31/03/2015	Date of grant	Exercise Period (Note 1)	Exercise Price per Share (HK$)	Price immediately preceding the date of grant (Note 2) (HK$)
Directors								
Reinold Geiger	250,000	–	–	250,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	277,211	–	–	277,211	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
André Hoffmann	250,000	–	–	250,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	277,211	–	–	277,211	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
Thomas Levilion	250,000	–	–	250,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	118,000	–	–	118,000	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
	311,500	–	–	311,500	4-Dec-13	04/12/2017-03/12/2021	17.62	17.62
		91,000	–	91,000	24-Feb-15	24/02/2019-23/02/2023	19.22	19.22
Domenico Trizio	1,200,000	–	–	1,200,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19,84
	169,000	–	–	169,000	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
	655,500	–	–	655,500	4-Dec-13	04/12/2017-03/12/2021	17.62	17.62
		122,400	–	122,400	24-Feb-15	24/02/2019-23/02/2023	19.22	19.22
Karl Guénard	90,500	–	–	90,500	4-Dec-13	04/12/2017-03/12/2021	17.62	17.62
Nicolas Veto (note 3)	50,000	–	–	50,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	34,000	–	–	34,000	28-Nov-12	28/11/2016-28/11/2020	24.47	24.35
	78,250	–	–	78,250	4-Dec-13	04/12/2017-03/12/2021	17.62	17.62
		85,400	–	85,400	24-Feb-15	24/02/2019-23/02/2023	19.22	19.22
Jackson Ng	50,000	–	–	50,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
Mark Broadley	50,000	–	–	50,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
Sub-total (note 4) (note 5)	4,111,172	298,800	–	4,409,972				
Others								
Employees	6,063,000	–	(563,000)	5,500,000	4-Apr-11	04/04/2015-03/04/2019	19.84	19.84
	3,530,427	–	(169,500)	3,360,927	26-Oct-12	26/10/2016-26/10/2020	23.60	23.60
	10,333,000	–	(526,250)	9,806,750	4-Dec-13	04/12/2017-03/12/2021	17.62	17.62
		699,800		699,800	24-Feb-15	24/02/2019-23/02/2023	19.22	19.22
Sub-total (note 4) (note 5)	19,926,427	699,800	(1,258,750)	19,367,477			–	–
Total	24,037,599	998,600	(1,258,750)	23,777,449			–	–

Notes:

(1) As a general rule, the vesting period of the 2010 and 2013 Options is set at four years and the exercise period is set at four years after the date of vesting. The Share Option Plan 2010 was terminated on 29 September 2013. The Board was however entitled to grant Options to Eligible Persons under the Share Option Plan 2013 subject to such conditions as the Board may think fit, including in respect to the vesting and exercise of such 2013 Options.

(2) Being the closing price of the Shares quoted on the Hong Kong Stock Exchange on the trading day immediately prior to the date of grant of the 2010 or 2013 Options.

(3) Mr. Nicolas Veto is also beneficial owner of 12,500 free shares (with vesting date on 26 October 2016) and 8,250 free shares (with vesting date on 4 December 2017)

(4) Mr. Nicolas Veto was grouped under Employees scheme in FY2014. As he was appointed as a director of the Company on 24 September 2014, his share options are disclosed separately.

(5) Mr Emmanuel Osti resigned as Director on 7 January 2015, Mr. Osti and his wife, Cecile DeVerdelhan are employees and their share options are now grouped under Employees scheme in FY2015.

(6) *The weighted average fair value of Options granted under the 2010 Share Option Scheme on 4 April 2011, 26 October 2012, 28 November 2012 and under the 2013 Options on 4 December 2013, 24 February 2015 were approximately €0.44, €0.45, €0.47,€0.31 and respectively. The following significant assumptions were used to derive the fair value, using the Black- Scholes option pricing model:*

Date of grant	*Expected volatility (%)*	*Expected life*	*Risk-free interest rate (%)*	*Expected dividend yield (%)*
4 April 2011	*25%*	*5 years*	*1.92%*	*20% of budgeted profit attributable to the equity holders*
26 October 2012	*25%*	*5 years*	*0.50%*	*30% of budgeted profit attributable to the equity holders*
28 November 2012	*25%*	*5 years*	*0.50%*	*30% of budgeted profit attributable to the equity holders*
4 December 2013	*25%*	*5 years*	*1.00%*	*35% of budgeted profit attributable to the equity holders*
24 February 2015	*25%*	*5 years*	*1.00%*	*35% of budgeted profit attributable to the equity holders*

In total, share-based compensation expense of €2,875,000 was included in the consolidated statement of comprehensive income for the twelve months ended 31 March 2015 (twelve months ended 31 March 2014: €1,787,000). These expenses included the amortisation of the fair value of the share-based awards in the form of Options granted to the Directors and employees under our 2010 and 2013 Share Option Plans.

FREE SHARE PLAN

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

On 4 December 2013, the Company granted 867,500 free shares in the Company pursuant to the Company's Free Share Plan 2013 to certain eligible Employees (as defined in the rules of the Free Share Plan 2013). The Free Shares will vest on 4 December 2017.

On 24 February 2015, the Company granted 840,900 Free Shares in the Company pursuant to the Company's Free Share Plan 2013 to certain eligible Employees (as defined in the rules of the Free Share Plan 2013). The Free Shares will vest on 24 February 2019.

TREASURY SHARES

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

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

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

The Company confirmed that during the Review Period, the Company was in compliance with the conditions of the Waiver.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

At the end of the year or at any time during FY2015, there was no contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, and in which a Director had, whether directly or indirectly, a material interest.

CONNECTED TRANSACTIONS

During FY2015, the Company did not enter into any connected transactions or continuing connected transactions that were required to comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BANK LOANS AND OTHER BORROWINGS

Details of the Group's bank loans and other borrowings as at 31 March 2015 are set out in note 17 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

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

RETIREMENT BENEFIT SCHEMES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct for dealing in the Securities of the Company by the Directors of the Company. Having made specific enquiry to all Directors, they have confirmed that they have complied with the required standard of the Model Code throughout the Review Period.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is set out on pages 30 to 39.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out under the heading "Contingencies" on page 24.

POST BALANCE SHEET EVENTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

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


EAU DE
CEDRAT
EAU DE TOILETTE
L'OCCITANE
EN PROVENCE
100 ml
Made in France - 04100 Manosque
3.3 fl.oz.

HUMAN RESOURCES

As at 31 March 2015, the Group had 8,050 employees (31 March 2014: 7,694 employees).

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

CHANGES IN DIRECTORS' INFORMATION

Prior to 31 March 2015 the following changes have occurred in Directors' information:-

Mr. Nicolas Veto was appointed as an executive Director with effect from 24 September 2014.

Mr. Emmanuel Osti, the executive Director and Managing Director of the Company, has resigned as executive Director, chairman of the board of directors and general manager of Laboratoires M&L S.A. with effect from 7 January 2015.

By order of the Board

Reinold Geiger
Chairman
1 June 2015

CONSOLIDATED FINANCIAL STATEMENTS


L'OCCITANE
EN PROVENCE
REINE BLANCHE
sérum immaculé
whitening
serum
L'OCCITANE
EN PROVENCE
REINE BLANCHE
crème immaculée
whitening cream

Independent Auditors' Report

pwc

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

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of L'Occitane International S.A. and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2015, and the consolidated statement of income, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

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

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

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

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

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of L'Occitane International S.A. and its subsidiaries as at 31 March 2015, and of their performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers, Société coopérative — Luxembourg, 1 June 2015

Represented by

Philippe Duren

Consolidated Statements of Income

Year ended 31 March *In thousands of Euros, except per share data*	**Notes**	**2015**	**2014**
Net Sales	(5.2)	**1,177,877**	**1,054,872**
Cost of sales		(214,661)	(199,279)
Gross profit		**963,216**	**855,593**
% of net sales		*81.8%*	*81.1%*
Distribution expenses		(544,316)	(493,032)
Marketing expenses		(130,344)	(113,867)
Research & development expenses		(13,038)	(10,936)
General and administrative expenses		(111,077)	(104,389)
Share of profit/(loss) from joint ventures accounted for using the equity method	(6.2)	(14)	(10)
Other (losses)/gains-net	(22)	(284)	(438)
Operating profit		**164,143**	**132,921**
Finance income	(23)	2,336	3,075
Finance costs	(23)	(6,914)	(4,451)
Foreign currency gains/(losses)	(24)	8,896	(12,197)
Profit before income tax		**168,460**	**119,347**
Income tax expense	(25)	(42,882)	(26,825)
Profit for the year		**125,578**	**92,522**
Attributable to:			
Equity owners of the Company		122,383	89,349
Non-controlling interests		3,196	3,173
Total		**125,578**	**92,522**
Earnings per share for profit attributable to the equity owners of the Company during the year *(expressed in Euros per share)*			
Basic	(26)	0.083	0.061
Diluted	(26)	0.083	0.061
Number of shares used in earnings per share calculation			
Basic	(26)	1,470,309,391	1,470,309,391
Diluted	(26)	1,471,886,682	1,470,943,111

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

Year ended 31 March *In thousands of Euros, except per share data*	**Notes**	**2015**	**2014**
Profit for the year		125,578	92,522
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on defined benefit obligation	(25.5)	(1,395)	13
		(1,395)	**13**
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges fair value gains net of tax	(25.5)	—	—
Currency translation differences	(25.5)	4,826	(19,895)
		4,826	**(19,895)**
Other comprehensive income for the year, net of tax		**3,432**	**(19,882)**
Total comprehensive income for the year		**129,009**	**72,640**
Attributable to:			
Equity owners of the Company		124,857	69,769
Non-controlling interests		4,152	2,871
Total		**129,009**	**72,640**

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

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

ASSETS *In thousands of Euros*	**Notes**	**31 March 2015**	**31 March 2014**
Property, plant and equipment	(7)	184,722	177,424
Goodwill	(8)	138,228	134,789
Intangible assets	(9)	67,656	69,748
Deferred income tax assets	(25.2)	68,702	57,169
Investments in joint ventures		(4)	10
Other non-current assets	(10)	31,634	25,594
Non-current assets		**490,938**	**464,733**
Inventories	(11)	159,947	148,723
Trade receivables	(12)	106,978	85,315
Other current assets	(13)	56,361	56,613
Derivative financial instruments	(14)	1	313
Cash and cash equivalents	(15)	395,128	319,253
Current assets		**718,415**	**610,218**
TOTAL ASSETS		**1,209,353**	**1,074,951**

EQUITY AND LIABILITIES *In thousands of Euros*	**Notes**	**31 March 2015**	**31 March 2014**
Share capital	(16)	44,309	44,309
Additional paid-in capital	(16)	342,851	342,851
Other reserves		(25,432)	(31,060)
Retained earnings		492,092	401,296
Capital and reserves attributable to the equity owners		**853,819**	**757,396**
Non-controlling interests		6,372	5,388
Total equity		**860,191**	**762,784**
Borrowings	(17)	107,373	73,552
Other financial liabilities	(6.3)	7,452	6,900
Other non-current liabilities	(18)	27,089	19,530
Deferred income tax liabilities	(25.2)	4,730	3,127
Non-current liabilities		**146,644**	**103,109**
Trade payables	(19)	93,426	91,253
Social and tax liabilities		64,703	47,862
Current income tax liabilities		13,347	7,533
Borrowings	(17)	2,803	5,811
Derivative financial instruments	(14)	1,215	121
Provisions	(20)	15,266	4,908
Other current liabilities	(18)	11,758	51,570
Current liabilities		**202,518**	**209,058**
TOTAL EQUITY AND LIABILITIES		**1,209,353**	**1,074,951**
NET CURRENT ASSETS/(LIABILITIES)		**515,897**	**401,160**
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,006,835**	**865,893**

The accompanying notes are an integral part of these consolidated financial statements.

Company-Alone Balance Sheets

ASSETS *In thousands of Euros*	**Notes**	**31 March 2015**	**31 March 2014**
Property, plant and equipment		1,623	1,283
Intangible assets		20,718	21,202
Investments in subsidiaries	(32)	254,772	226,945
Other non-current receivables due from subsidiaries		4,854	5,485
Other non-current receivable		374	44
Non-current assets		**282,341**	**254,959**
Inventories		35	2,985
Trade receivables due from subsidiaries		71,246	78,260
Trade receivables	(12.2)	14,178	11,779
Other current assets due from subsidiaries		301,886	325,965
Other current assets		4,449	2,867
Derivative financial instruments		1	313
Cash and cash equivalents	(15.2)	316,878	253,279
Current assets		**708,673**	**675,448**
TOTAL ASSETS		**991,014**	**930,407**

EQUITY AND LIABILITIES *In thousands of Euros*	**Notes**	**31 March 2015**	**31 March 2014**
Share capital	(16)	44,309	44,309
Additional paid-in capital	(16)	342,851	342,851
Retained earnings		437,518	366,757
Total equity		**824,678**	**753,917**
Borrowings	(17)	88,306	51,983
Deferred income tax liabilities		523	574
Other financial liabilities	(6.3)	7,452	6,900
Other non current liabilities		71	95
Non-current liabilities		**96,352**	**59,552**
Trade payables due to subsidiaries		43,726	63,411
Trade payables		8,720	8,170
Social and tax liabilities		5,741	2,334
Borrowings	(17)	111	112
Other current liabilities due to subsidiaries		676	1,103
Other current liabilities		1,457	41,687
Derivative financial instruments		1,215	121
Provisions		8,338	—
Current liabilities		**69,984**	**116,938**
TOTAL EQUITY AND LIABILITIES		**991,014**	**930,407**
NET CURRENT ASSETS		**638,689**	**558,510**
TOTAL ASSETS LESS CURRENT LIABILITIES		**921,030**	**813,469**

The profits attributable to equity owners of the Company for the years ended 31 March 2015 and 2014 are dealt with in the consolidated financial statements of the Group to the extent of € 103,070,000 and € 95,137,000 respectively.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

In thousands of Euros (except "Number of Shares")	Notes	Number of shares	Share capital	Additional paid-in capital	Share based payments	Hedging reserve	Cumul. Currency Transl. Diff.	Other reserves: Excess of consideration paid in transaction with non-controlling interests	Actuarial gains/ (losses)	Other reserves	Profit for the period	Non-controlling interests	TOTAL EQUITY
					Attributable to equity owners of the Company								
Balance at 31 March 2013		1,476,964,891	44,309	342,851	10,475	–	1,520	(14,445)	(1,008)*	(9,247)*	354,880	4,974	734,309
Comprehensive income													
Profit for the period		–	–	–	–	–	–	–	–	–	89,349	3,173	92,522
Other comprehensive income									–				
Currency translation differences		–	–	–	–	–	(19,593)	–	–	–	–	(302)	(19,895)
Actuarial losses on defined benefit obligation	(25.5)	–	–	–	–	–	–	–	13	–	–	–	13
Total comprehensive income for the year		–	–	–	–	–	*(19,593)*	–	*13*	–	*89,349*	*2,871*	*72,640*
Transactions with owners													
Allocation of prior year earnings		–	–	–	–	–	–	–	–	–	–	–	–
Dividends declared		–	–	–	–	–	–	–	–	–	(42,933)	(2,946)	(45,879)
Contribution from the parent	(16.3)	–	–	–	(112)	–	–	–	–	–	–	–	(112)
Employee share option: value of employee services	(16.3)	–	–	–	1,787	–	–	–	–	–	–	–	1,787
Non-controlling interests in capital increase		–	–	–	–	–	–	–	–	–	–	369	369
Total contributions by and distributions to owners of the Company		–	–	–	*1,675*	–	–	–	–	–	*(42,933)*	*(2,577)*	*(43,835)*
Non-controlling interests arising on business combination		–	–	–	–	–	–	–	–	–	–	–	–
Transactions with non-controlling interests	(6.1)	–	–	–	–	–	–	(450)	–	–	–	120	(330)
Total transactions with owners		–	–	–	–	–	–	*(450)*	–	–	–	*120*	*(330)*
Balance at 31 March 2014		1,476,964,891	44,309	342,851	12,150	–	(18,073)	(14,895)	(995)	(9,247)	401,296	5,388	762,784
Comprehensive income													
Profit for the period		–	–	–	–	–	–	–	–	–	122,382	3,196	125,578
Other comprehensive income									–				
Currency translation differences		–	–	–	–	–	3,871	–	–	–	–	956	4,826
Actuarial losses on defined benefit obligation	(25.5)	–	–	–	–	–	–	–	(1,395)	–	–	–	(1,395)
Total comprehensive income for the year		–	–	–	–	–	*3,871*	–	*(1,395)*	–	*122,382*	*4,151*	*129,009*
Transactions with owners													
Allocation of prior year earnings		–	–	–	–	–	–	–	–	–	–	–	–
Dividends declared		–	–	–	–	–	–	–	–	–	(31,318)	(3,263)	(34,581)
Contribution from the parent	(16.3)	–	–	–	–	–	–	–	–	–	–	–	–
Employee share option: value of employee services	(16.3)	–	–	–	2,875	–	–	–	–	–	–	–	2,875
Non-controlling interests in capital increase		–	–	–	–	–	–	–	–	–	–	60	60
Total contributions by and distributions to owners of the Company		–	–	–	*2,875*	–	–	–	–	–	*(31,318)*	*(3,203)*	*(31,646)*
Non-controlling interests arising on business combination		–	–	–	–	–	–	–	–	–	–	–	–
Non-controlling interests recorded as a liabilities		–	–	–	–	–	–	–	–	–	(268)	268	–
Transactions with non-controlling interests	(6.1)	–	–	–	–	–	–	277	–	–	–	(233)	44
Total transactions with owners		–	–	–	–	–	–	*277*	–	–	*(268)*	*35*	*44*
Balance at 31 March 2015		1,476,964,891	44,309	342,851	15,025	–	(14,202)	(14,618)	(2,390)	(9,247)	492,092	6,372	860,191

* *restated*

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Year ended 31 March *In thousands of Euros*	**Notes**	**2015**	**2014**
Cash flows from operating activities			
Profit for the year from continuing operations		125,578	92,522
Adjustments to reconcile profit for the year to net cash from operating activities			
Depreciation, amortization and impairment	(27.3)	62,211	50,306
Deferred income taxes	(25.1)	(5,505)	(8,133)
Unwinding of discount on other financial liabilities	(23)	552	1,921
Share based payment	(21)	2,875	1,675
Change in the fair value of derivatives	(14), (24)	1,406	(344)
Other losses/(gains) - net	(27.2)	1,641	1,179
Net movements in provisions	(27.4)	10,488	391
Share of (profit)/loss of joint ventures	(6.1)	14	10
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation)			
Inventories		(2,174)	(17,051)
Trade receivables		(10,628)	(6,196)
Trade payables		(3,772)	3,300
Social and tax liabilities		14,625	101
Current income tax assets and liabilities		6,362	(3,442)
Other assets and liabilities, net		2,435	3,368
Net cash inflow from operating activities		**206,108**	**119,607**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	(6.1), (6.2)	(5,611)	—
Purchases of property, plant and equipment	(7)	(50,409)	(60,859)
Purchases of intangible assets	(9)	(9,836)	(18,549)
Proceeds from sale of fixed assets	(27.2)	1,466	996
Change in deposits and key moneys paid to the landlords		(2,603)	(1,504)
Change in non-current receivables and liabilities		(2,034)	835
Net cash outflow from investing activities		**(69,027)**	**(79,081)**

Consolidated Statements of Cash Flows

Year ended 31 March *In thousands of Euros*	**Notes**	**2015**	**2014**
Cash flows from financing activities			
Proceeds from non-controlling interests		145	349
Transactions with non-controlling interests	(6.2), (6.3)	(41,304)	(330)
Dividends paid to equity owners of the Company	(16.5)	(31,318)	(42,933)
Dividends paid to non-controlling interests		(3,263)	(2,946)
Proceeds from borrowings	(17), (27.8)	88,559	37,096
Repayments of borrowings	(17), (27.8)	(58,110)	(40,715)
Net cash outflow from financing activities		**(45,291)**	**(49,479)**
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	(27.7)	(15,915)	8,397
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**75,875**	**(556)**
Cash, cash equivalents and bank overdrafts at beginning of the year		**319,253**	**319,809**
Cash and cash equivalents		*319,253*	*319,809*
Cash, cash equivalents and bank overdrafts at end of the year		**395,128**	**319,253**
Cash and cash equivalents		*395,128*	*319,253*

Notes to the Consolidated Financial Statements

1. THE GROUP

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

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

L'Occitane International S.A. is a Luxembourg Société Anonyme registered in the Luxembourg Trade and Commercial Register, Grand Duchy of Luxembourg under the R.C.S. Number: B-80 359. The address of the Company is as follows: 49, Boulevard Prince Henri, L-1724 Luxembourg.

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

These consolidated financial statements have been approved by the Board of Directors for issue on 1 June 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1. Basis of preparation and changes in accounting principles

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

http://ec.europa.eu/internal_market/accounting/ias_en.htm

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

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

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

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

(a) New amended standards and interpretation adopted or early adopted (if mentioned) by the Group

The Group has applied the following amended standards and standards that are effective for the first time for the Group for the financial period beginning 1 April 2014:

Standard	Topic	Key requirements
IAS 19 (early adopted)	Employees benefits on defined benefit plans employment benefits	Contributions linked solely to employee service in the period in which they are paid may be applied to reduce the cost of benefit earned in that period.
IAS 32 (amendment)	Financial instruments: presentation	• Clarify 'currently has a legally enforceable right of set-off'. • Some gross settlement systems (clearing houses) may be considered equivalent to net settlement. • Disclosures added to IFRS 7 reconciling net and gross positions.
IAS 39	Novation of derivatives and continuation of hedge accounting	Provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty is a consequence of laws or regulations.
IFRS 2 (amendment – early adopted)	Share based payment	Clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.
IFRIC 21	Levies	The interpretation sets out the accounting for an obligation to pay a levy that is not income tax. Requires that a liability is recognized when the obligating event occurs and payment cannot be avoid. The impact of this interpretation is an increase in operating taxes by €800,000 in the fiscal year ended 31 March 2015.

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

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

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

(b) New standards and interpretations not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for the fiscal years beginning after 31 March 2015 and have not been applied in preparing these consolidated financial statements, including:

Standard	Topic	Key requirements
IFRS 9	Financial instruments	IFRS 9, 'Financial instruments' replaces IAS 39, 'Financial instruments: Recognition and measurement.
IFRS 15	Revenue from contracts with customers	IFRS 15 amends the existing accounting standards for revenue recognition and is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products or services are transferred to customers. IFRS 15 applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2017. Early adoption is permitted and the standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption.

The Company is currently evaluating the impact of adopting these new standards on its consolidated financial statements.

2.2. Principles of consolidation

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

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liability incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of income.

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

2.2. Principles of consolidation *(continued)*

(a) Subsidiaries (continued)

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

(b) Transactions with non-controlling interests

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

Put options arrangements

Put options on non-controlling interests issued before 2010

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

- The present value of the cash payments related to the potential exercise of put options issued by the Group over non-controlling interests are accounted for as 'other financial liabilities';
- The initial amount was recognised at fair value within 'other financial liabilities' with a corresponding impact on 'goodwill'. The change in estimates in the fair value of the financial liability is recorded with a corresponding adjustment to 'goodwill';
- In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to 'goodwill'.

Put options on non-controlling interests issued after 2010

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

- The present value of the cash payments related to the potential exercise of put options issued by the Group over non-controlling interests are accounted for as 'other financial liabilities';
- The initial amount was recognised at fair value within 'other financial liabilities' with a corresponding charge directly to 'equity'. The change in estimates in the fair value of the financial liability is recorded with a corresponding adjustment to 'equity';
- In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to 'equity'.

When the put option is written as part of a business combination and when the control over the subsidiary is acquired, no non-controlling interests is recognized in respect of the shares subject to the put option.

Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first become exercisable. The charge arising is recorded as a financing cost.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

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

2.2. Principles of consolidation *(continued)*

(d) Associates

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

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

Any dilution gain or loss arising in investments in associates is recognized in the statement of income.

2.3. Foreign currency translation

(a) Functional and presentation currency

Items included in the Consolidated Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Consolidated Financial Statements are presented in Euros.

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within 'finance income' or 'finance costs'.

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

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

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

2.3. Foreign currency translation *(continued)*

(c) Group companies

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

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

i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii. Income and expenses for each statement of income are translated at an estimated monthly average exchange rate (unless this rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii. All resulting exchange differences are recognized in other comprehensive income.

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

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

(b) Key moneys

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

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

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

2.5. Intangible assets *(continued)*

(c) Contractual customer relationship

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

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

(e) Computer software

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

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

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

(f) Commercial websites

Development costs that are directly attributable to the design and testing of commercial websites are recognised as intangible fixed assets and are amortized over their estimated useful lives, which does not exceed 3 years.

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

2.5. Intangible assets *(continued)*

(g) ***Research and development costs***

Research costs are expensed when incurred.

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

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

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

2.6. Property, Plant and Equipment

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

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

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

Tangible assets	Estimated useful lives
Buildings	20 years
Equipment and machinery	Between 5 and 10 years
Information system equipments and cash registers	3 years
Leasehold improvements	Between 5 and 10 years
Leasehold improvements related to the stores	5 years
Furniture and office equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

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

2.7. Impairment of non-financial assets

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

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

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

- For testing the asset's carrying amount of the stores (mainly: key moneys, architect/decorator costs, leasehold improvements, furniture), the cash-generating unit is the store;
- For the corporate assets (assets other than those related to the stores) where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

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

(b) ***Goodwill and trademarks***

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

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

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.

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

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

2.10. Inventories

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

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

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

2.11. Trade receivables

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

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The amount of the loss on a trade receivable is recognized in the income statement within 'Distribution expenses'.

2.12. Financial assets

Classification of financial assets

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

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

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

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

2.12. Financial assets *(continued)*

Classification of financial assets (continued)

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

Recognition and measurement

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

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

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

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

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

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

2.12. Financial assets *(continued)*

Impairment of financial assets

(a) Assets carried at amortised cost

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

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

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

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

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

(b) Assets classified as available-for-sale

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

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

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 on-going basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

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

(a) Fair value hedge

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

(b) Cash flow hedge

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

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

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

(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 income', 'finance costs' or 'foreign currency gains/(losses)'.

2.14. Cash and cash equivalents

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

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

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

2.15. Share capital

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

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

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

2.16. Dividend distribution

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

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

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 of 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

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

– The Group has a present legal or constructive obligation as a result of past events;

– It is probable that an outflow of resources will be required to settle the obligation;

– And the amount has been reliably estimated.

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provision for costs of dismantling and restoring

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

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

Provision for onerous contracts

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

Provision for returned goods

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

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

2.19. Employee benefits

(a) Pension obligations

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

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

Defined benefit plans

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

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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

Past-service costs are recognized immediately in the statement of income.

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.

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

2.19. Employee benefits *(continued)*

(c) Share-based compensation

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

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

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

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

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

Equity settled share-based compensations

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

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

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

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

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

2.19. Employee benefits *(continued)*

(c) Share-based compensation (continued)

Cash settled share-based compensations

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

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

Social security contributions

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

(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 at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits; and b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(e) Profit-sharing and bonus plans

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

(f) Employee leave entitlements

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

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

2.20. Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the 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.

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 offered. In this case, the Group retains only an insignificant risk of ownership and the revenue is recognised at the time of sale net of a liability to cover the risk of return based on past experience. The liability is recognised as a decrease in net sales.

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

2.21. Revenue recognition *(continued)*

(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.

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

2.21. Revenue recognition *(continued)*

(d) Loyalty program (continued)

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

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

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

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

(e) Consideration paid to distributors

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

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

2.22. Distribution expenses

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

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

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

2.24. Research and Development costs

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

2.25. Accounting of rent expenses

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

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

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

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

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

2.27. Government grants

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

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

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

2.28. Foreign currency gains/(losses)

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

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

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

2.29. Income taxes

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

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

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

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

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

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

2.30. Earnings per share

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

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

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

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

(a) ***Market risk***

Foreign exchange risk

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

As at 31 March 2015, the exposure to foreign exchange risk on the statement of financial position is as follows:

In thousands of Euros	EUR	JPY	HKD	USD	GBP	CNY	BRL	TWD	CHF	CAD	Other	Total
Trade receivables	13,894	17,402	13,858	3,581	1,889	19,422	7,184	3,788	420	487	25,053	106,978
Other current receivables	24,674	1,562	1,956	1,328	6,306	524	14,231	620	469	56	4,635	56,361
Cash and cash equivalents	316,043	6,500	14,615	15,223	2,282	16,456	2,952	3,441	3,465	692	13,459	395,128
Monetary assets	354,611	25,464	30,429	20,132	10,477	36,402	24,367	7,849	4,354	1,235	43,147	558,467
Borrowings	21,843	–	–	59,299	8,334	–	–	–	8,506	3,494	8,700	110,176
Trade payables	50,228	8,876	4,779	4,473	6,312	5,642	4,539	987	527	391	6,672	93,426
Social and tax liabilities	37,221	5,371	2,471	4,600	736	2,751	3,315	767	(53)	465	7,058	64,703
Monetary liabilities	109,292	14,247	7,250	68,372	15,382	8,393	7,854	1,754	8,980	4,350	22,430	268,305
Gross exposure in the statement of financial position before hedging	245,318	11,217	23,179	(48,240)	(4,904)	28,009	16,513	6,094	(4,626)	(3,115)	20,717	290,163

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

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

Foreign exchange risk *(continued)*

As at 31 March 2014, the exposure to foreign exchange risk on the statement of financial position is as follows:

In thousands of Euros	EUR	JPY	HKD	USD	GBP	CNY	BRL	TWD	CHF	CAD	Other	Total
Trade receivables	11,538	15,014	11,426	3,124	880	12,425	4,534	2,530	312	449	23,083	85,315
Other current receivables	27,571	1,955	522	1,699	5,211	3,405	11,378	194	336	133	4,209	56,613
Cash and cash equivalents	190,481	35,590	13,514	31,790	2,747	8,391	6,241	3,256	1,311	1,873	24,059	319,253
Monetary assets	229,590	52,559	25,462	36,613	8,838	24,221	22,153	5,980	1,959	2,455	51,351	461,181
Borrowings	24,370	5,617	–	31,187	4,226	–	–	–	5,741	3,415	4,807	79,363
Trade payables	55,583	7,879	2,714	4,213	5,836	3,264	4,310	590	447	720	5,697	91,253
Social and tax liabilities	30,227	3,377	934	2,760	717	1,145	1,931	512	18	312	5,929	47,862
Monetary liabilities	110,180	16,873	3,648	38,160	10,779	4,409	6,241	1,102	6,206	4,447	16,433	218,478
Gross exposure in the statement of financial position before hedging	119,410	35,686	21,814	(1,547)	(1,941)	19,812	15,912	4,878	(4,247)	(1,992)	34,918	242,703

The Group treasury's risk management policy is to hedge a portion of its subsidiaries' known or forecasted commercial transactions not denominated in the presentation currency. The currency exposure must be hedged gradually from a minimum hedging of 17% of the anticipated trade flow in foreign currency seven months before the anticipated due date to a maximum total hedging (100%) two months before the anticipated due date. The main currencies hedged are the Japanese Yen, the US Dollar, The Chinese Renminbi, the Sterling Pound, the Swiss Franc 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.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

(a) *Market risk (continued)*

Foreign exchange risk *(continued)*

During the fiscal years 2015 and 2014 and on 31 March 2015 and 2014, if the Euro had weakened/strengthened by 10% in comparison to the currencies listed below with all other variables held constant, equity, net sales and post-tax profit for the year would have been higher/lower as illustrated below:

In thousands of Euros	Currency translation differences (other comprehensive income)		Net sales		Profit for the year	
31 March	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
USD	13,543	5,420	16,063	13,790	19,081	5,121
JPY	12,632	9,592	18,833	17,775	7,106	5,262
HKD	9,898	6,989	11,224	9,476	6,072	4,287
GBP	4,710	3,059	6,906	5,993	4,290	2,723

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

Cash flow and fair value interest rate risk

The cash is currently invested in treasury deposits at short term and take profit of any increase in euro interest rates.

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

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the differences between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

In accordance with debt covenants described in note 17.2, the interest rate of certain bank borrowings can be re-priced.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

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

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

Based on the simulations performed, on 31 March 2015 and 2014, if interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings (note 23).

	31 March	
In thousands of Euros	2015	2014
Sensitivity of finance costs	449	402
Sensitivity of finance income	254	267
Sensitivity of the post-tax profit	18	51

The above sensitivity takes into consideration the impact of the interest rate derivatives existing at 31 March 2015 and 2014 on the interest expense but does not take into consideration the effect of a higher/lower interest rate on the fair market value of the derivatives designed to manage the cash flow interest risk floating-to-fixed interest rate swaps. The fair value of these derivatives at period end is not material.

Price risk

The Group is not significantly exposed to commodity price risk.

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

On 31 March 2015, the Group has no investment in equity securities.

(b) ***Credit risk***

Credit risk is managed on group basis, except for credit risk relating to account receivables balances. Each local entity is responsible for monitoring and analysing the credit risk of their clients. Standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with bank and financial institutions, as well as credit exposures to wholesale and retail customers.

The Group has no significant concentrations of credit risk for customers:

- For customers in the Sell-in and B-to-B segments, sales are made with credit terms generally from 60 and 90 days and the Group maintains adequate allowances for potential credit losses and follows regularly the solvency of its counterpart. As of 31 March 2015 and 2014, the Group did not have any significant concentration of business conducted with a particular customer that could, if suddenly eliminated, severely impact the operations of the Group;
- For customers in the Sell-out segment, the Group's sales to end customers are made in cash or via major credit cards and no credit terms are generally granted to the end customers. When the Sell-out sales are generated in department stores, a credit term is granted to the department store until the cash is transferred to the Group. This credit term is generally from 60 to 90 days;
- Cash and cash equivalents and derivatives financial instruments are concentrated on few independently rated parties with a minimum rating of 'A'.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1. Financial risk factors *(continued)*

(c) Liquidity risk

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

On 18 July 2014, the Company signed a multi-currency revolving facility agreement for an amount of € 400 million with a 5 years maturity to replace the previous revolving facility agreement for an amount of € 350 million signed in July 2010 (note 17.2).

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. The liquidity reserves as at 31 March 2015 are as follows:

31 March *In thousands of Euros*	2015	2014
Cash and cash equivalents and bank overdrafts	395,128	319,253
Undrawn borrowing facilities (note 17.6)	311,694	298,379
Liquidity reserves	**706,822**	**617,632**

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

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

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

In thousands of Euros	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings (note 17)	2,803	90,681	6,298	10,393	110,176
Trade payables (note 19)	93,426	—	—	—	93,426
Interests payments on borrowings	920	437	467	201	2,025
Total on 31 March 2015	**97,149**	**91,118**	**6,765**	**10,594**	**205,627**
Borrowings (note 17)	5,811	54,642	6,605	12,305	79,363
Trade payables (note 19)	91,253	—	—	—	91,253
Interests payments on borrowings	834	541	684	306	2,365
Total on 31 March 2014	**97,898**	**55,183**	**7,289**	**12,611**	**172,981**

The interests payments on borrowings are based on the existing interest rates as at 31 March 2015.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.2. Capital risk management

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

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

3.3. Fair value estimation

Fair value of financial instruments

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

In thousands of Euros	31 March 2015 Net book value	31 March 2015 Fair value	31 March 2014 Net book value	31 March 2014 Fair value
Assets				
Available-for-sale financial assets (a)	50	50	52	52
Other non-current receivables	31,584	31,584	25,542	25,542
Derivative financial instruments (b)	1	1	313	313
Total assets	**31,635**	**31,635**	**25,907**	**25,907**
Liabilities				
Floating rate	110,176	110,176	79,363	79,363
Total borrowings	**110,176**	**110,176**	**79,363**	**79,363**
Derivative financial instruments (b)	1,215	1,215	121	121
Total liabilities	**1,215**	**1,215**	**121**	**121**

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

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

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3. Fair value estimation *(continued)*

Fair value measurement hierarchy

IFRS 13 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:

	31 March 2015			31 March 2014		
In thousands of Euros	Level 1 (a)	Level 2 (b)	Level 3 (c)	Level 1 (a)	Level 2 (b)	Level 3 (c)
Assets						
Derivatives at fair value through profit and loss	—	1	—	—	313	—
Cash equivalents	2,563	—	—	2,503	—	—
Total assets	**2,563**	**1**	**—**	**2,503**	**313**	**—**
Liabilities						
Derivatives at fair value through profit and loss	—	(1,215)	—	—	(121)	—
Total liabilities	**—**	**(1,215)**	**—**	**—**	**(121)**	**—**

(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, overt-the-counter derivatives) is determined by external counterparties using methods and assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Consolidated Financial Statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used for, but not limited to, depreciation, amortization and impairment of non-current assets (notes 2.5, 2.6 and 2.7), allocation of the excess of the cost of an acquisition over the carrying value of the net assets acquired to key moneys (note 2.5) and to contractual customer relationship (note 2.5), valuation of inventories (note 2.10), allowance of inventories (note 2.10), measurement of provisions (note 2.18), allowance of trade receivables (note 2.11), revenue recognition (note 2.21), current and deferred income taxes (note 2.28), fair value of the derivative instruments (note 2.13), valuation of share-based compensation (note 16.3) and contingencies (note 28).

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

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

4.1. 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% (1% in the fiscal year ended 31 March 2014);
- The pre-tax discount rate of 10.18% (10.16% in the fiscal year ended 31 March 2014). The same pre-tax discount rate has been used for all the segments as:
    - All the products are produced in France;
    - Most of the financing is done centrally, and;
    - The specific local market risks are embedded in the cash flows projections.

The cash flow projections used to test the goodwill related to the Melvita acquisition are based on forecasted sales supported by actual or targeted openings or decision to open Melvita stores in several countries and on a 8 years plan prepared by management. The key assumptions of these cash flow projections relate to the increase in the number of stores and in the net sales.

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

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 including the renewal option) 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 20 and 28).

4.5. Income taxes

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

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

5. SEGMENT INFORMATION

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

The Chairman & CEO and the Managing Director consider the business from both a channel and a geographic perspective by country. Financial information is available for both, however the channels are the operating segments.

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

- Sell-out comprises the sales of the products directly to the final customers. These sales are mainly done in the Group's stores and/or through the Group's website;
- Sell-in comprises the sales of the products to an intermediate. These intermediates are mainly distributors, wholesalers, TV show channels and travel retailers. This segment also comprises sales of products to corporate customers which will give them out as presents, for example to their customers or employees;
- Business to business (B to B) comprises the sales of the Group's products to an intermediate who will provide them as free amenities to its final customers. These intermediates are mainly airlines companies and hotels.

In accordance with the aggregation criteria of IFRS 8.12, the operating segments Sell-in and B-to-B have been aggregated into a single reportable segment.

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

5. SEGMENT INFORMATION *(continued)*

5.1. Operating segments

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

The segments information as at 31 March 2015 and 2014 is as follows:

	31 March 2015			
In thousands of Euros	Sell-out	Sell-in and B-to-B	Other reconciling items	Total
Net sales	883,381	294,496	—	1,177,877
In % of total	*75.0%*	*25.0%*	—	*100.0%*
Gross profit	759,739	203,476	—	963,216
% of net sales	*86.0%*	*69.1%*	—	*81.8%*
Distribution expenses	(447,881)	(50,179)	(46,255)	(544,316)
Marketing expenses	(48,883)	(8,263)	(73,198)	(130,344)
Research & development expenses	—	—	(13,038)	(13,038)
General and administrative expenses	—	—	(111,077)	(111,077)
Share of profit/(losses) from joint operations	—	—	(14)	(14)
Other (losses)/gains-net	(94)	(84)	(106)	(284)
Operating profit	**262,881**	**144,950**	**(243,688)**	**164,143**
% of net sales	*29.8%*	*49.2%*	*N/A*	*13.9%*

	31 March 2014			
In thousands of Euros	Sell-out	Sell-in and B-to-B	Other reconciling items	Total
Net sales	795,672	259,200	—	1,054,872
In % of total	*75.4%*	*24.6%*	—	*100.0%*
Gross profit	680,177	175,416	—	855,593
% of net sales	*85.5%*	*67.7%*	—	*81.1%*
Distribution expenses	(404,140)	(44,039)	(44,852)	(493,032)
Marketing expenses	(44,911)	(7,643)	(61,313)	(113,867)
Research & development expenses	—	—	(10,936)	(10,936)
General and administrative expenses	—	—	(104,389)	(104,389)
Share of profit/(losses) from joint operations	—	—	(10)	(10)
Other (losses)/gains-net	(711)	(41)	314	(438)
Operating profit	**230,415**	**123,692**	**(221,186)**	**132,921**
% of net sales	*29.0%*	*47.7%*	*N/A*	*12.6%*

There are no significant inter-segment transfers or transactions.

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

5. SEGMENT INFORMATION *(continued)*

5.2. Geographic areas

(a) *Net sales*

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

31 March	2015		2014	
In thousands of Euros	Total	*In % of total*	Total	*In % of total*
Japan	188,325	*16.0%*	177,749	*16.9%*
United States	153,578	*13.0%*	133,264	*12.6%*
Hong-Kong	134,180	*11.4%*	110,674	*10.5%*
China	102,975	*8.7%*	79,893	*7.6%*
France	91,279	*7.7%*	87,142	*8.3%*
United Kingdom	67,198	*5.7%*	58,582	*5.6%*
Luxembourg	58,566	*5.0%*	52,591	*5.0%*
Russia	50,400	*4.3%*	59,034	*5.6%*
Brazil	49,265	*4.2%*	45,992	*4.4%*
Taiwan	38,985	*3.3%*	36,338	*3.4%*
Other countries	243,125	*20.6%*	213,612	*20.3%*
Net sales	**1,177,877**	***100%***	**1,054,872**	***100%***

(b) *Assets*

The following table shows the breakdown of certain non-current assets by geographical areas, allocated based on the country of the subsidiary owning the asset.

31 March	2015			2014		
In thousands of Euros	Property, Plant and Equipment	Goodwill	Intangible assets	Property, Plant and Equipment	Goodwill	Intangible assets
Japan	11,857	20,128	246	9,442	18,223	489
United States	28,172	6,287	193	19,362	4,906	291
Hong-Kong	4,446	2,746	—	3,678	2,141	—
China	2,242	1,737	174	2,007	1,355	48
France	96,468	38,440	32,611	104,148	38,440	31,863
Russia	2,990	33,933	422	4,151	42,684	581
United Kingdom	6,098	1,689	69	4,632	1,483	62
Luxembourg	1,623	—	20,718	1,283	—	21,202
Brazil	5,682	2,830	5,080	6,760	3,163	5,921
Taiwan	1,532	1,997	22	1,354	1,606	59
Other countries	23,612	28,441	8,122	20,607	20,787	9,231
Total	**184,722**	**138,228**	**67,656**	**177,424**	**134,789**	**69,748**

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE

6.1. For the year ended 31 March 2015

Acquisition of a distributor in Norway

On 30 July 2014 the Group acquired 100% of the issued share capital and voting rights of L'Occitane Norway AB for a total consideration of € 6,639,000. L'Occitane Norway AB is located in Oslo, Norway and is specialized in the distribution of L'Occitane products in that country.

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

In thousands of Euros	Fair value
Cash	5,986
Deferred payment	653
Equity instruments	—
Contingent consideration	—
Total consideration transferred	**6,639**
Indemnification asset	—
Fair value of equity interest held before the business combination	—
Total consideration transferred	**6,639**
Recognised amounts of identifiable assets acquired and (liabilities assumed)	
Property, plant and equipment (note 7)	218
Intangible assets (note 9)	17
Deferre tax assets (note 25.3)	105
Inventories	629
Trade receivables	803
Other current assets	60
Cash and cash equivalents	375
Borrowings	—
Trade payables	(840)
Salaries, wages, related social items and other tax liabilities	(354)
Contingent liability	—
Other current liabilities	(462)
Total identifiable net assets	**551**
Non-controlling interests	—
Goodwill (note 8)	6,088
Total	**6,639**

The above fair value of the acquired identifiable net assets is provisional pending receipt of the final valuation of those assets.

The outflow of cash to acquired business, net of cash acquired amounted to € 5,611,000.

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

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

6.1. For the year ended 31 March 2015 *(continued)*

***Acquisition of a distributor in Norway** (continued)*

The goodwill of € 6,088,000 rose from number of factors. Most significant amongst these was the premium attributable to the increased profitability linked to the margins previously earned by the agent and also to the fact that the access of the Group to this geographical market will be facilitated (there was no contractual customer relationship as the acquired business is mainly related to the Sell-out operating segment). None of the goodwill recognised is expected to be deductible for income tax purposes.

For the period ended 31 March 2015, the acquired business contributed net sales of € 5,369,000 and net profit for the period of € 460,000.

Transaction with non-controlling interests

On 7 July 2014, the Company sold 25% of the shareholding in L'Occitane South Africa for a total consideration of € 44,000.

The effect of changes in the ownership interest of L'Occitane South Africa on the equity attributable to owners of the Company during the period ended 31 March 2015 are summarised as follows:

In thousands of Euros	**L'Occitane South Africa**
Carrying amount of non-controlling interests sold	233
Consideration received from non-controlling interests	(44)
Gain recognised in the transaction with non-controlling interests within 'other reserves' in equity	**(277)**

6.2. For the year ended 31 March 2014

(a) ***Joint arrangement***

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

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

6.2. For the year ended 31 March 2014 *(continued)*

(a) ***Joint arrangement** (continued)*

The summarized financial information for SNP is the following:

In thousands of Euros	**31 March 2014**
Current assets	56
Non-current assets	20
Total assets	**76**
Current liabilities	(25)
Non-current liabilities	—
Total liabilities	**(25)**
Net assets	**51**
Net sales	—
Operating result	(50)
Net result	**(50)**

(b) ***Creation of subsidiaries***

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

On 21 February 2014, a new subsidiary, L'Occitane International GmbH was created to allow more flexibility for the management of our cash balances

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

(c) ***Transaction with non-controlling interests***

On 17 May 2013, the Company acquired the remaining 5.45% in the subsidiary L'Occitane Central Europe s.r.o. for a total consideration of € 330,000. L'Occitane Central Europe is located in Czech Republic and is specialized in the distribution of L'Occitane products in Central Europe countries. After this transaction, L'Occitane Central Europe is now 100% held by the Group.

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

6.2. For the year ended 31 March 2014 *(continued)*

(c) ***Transaction with non-controlling interests*** *(continued)*

The effect of changes in the ownership interest of L'Occitane Central Europe on the equity attributable to owners of the Company during the year ended 31 March 2014 is summarised as follows:

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

6.3. Other financial liabilities

For the year ended 31 March 2015

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

In thousands of Euros	31 March 2014	Dividend paid to the non-controlling nterests	Change in estimates in the valuation of the exercice price	Unwinding of discount (note 23)	31 March 2015
Katalin Berenyi and Hojung Lee (Symbiose)	6,900	–	–	552	7,452
Total put options	**6,900**	**–**	**–**	**552**	**7,452**

For the year ended 31 March 2014

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

In thousands of Euros	31 March 2013	Dividend paid to the non-controlling interests	Change in estimates in the valuation of the exercice price	Unwinding of discount (note 23)	Reclassification to other current liabilities (note 18)	31 March 2014
Anton Luybimov (L'Occitane Russia)	17,406	–	22,488	1,410	(41,304)	–
Katalin Berenyi and Hojung Lee (Symbiose)	6,389	–	–	511	–	6,900
Total put options	**23,795**	**–**	**22,488**	**1,921**	**(41,304)**	**6,900**

The put was exercised on April 30, 2014 and the Company acquired the remaining non-controlling interests of 49%. The total purchase consideration amounts to € 41,304,000. Therefore, the financial liability relating to the put was accordingly revised upward from € 17,400,000 to € 41,304,000 to take into account those arrangements on the fair value of the liability. The resulting change in estimate amounting to € 22,488,000 was recorded as an increase in the goodwill (note 8.1).

7. PROPERTY, PLANT AND EQUIPMENT

7.1. Year ended 31 March 2015

As of 31 March 2015, property, plant and equipment can be analysed as follows:

In thousands of Euros	Land	Buildings	Machinery and equipment	Other tangible assets	Leasehold improvements related to the stores	Other tangible assets related to the stores	Tangible assets in progress	Total
Cost as of 1 April 2014	**3,321**	**73,242**	**38,410**	**58,540**	**127,315**	**33,532**	**8,791**	**343,151**
Additions	9	(855)	4,340	8,960	23,646	6,757	8,242	51,099
Disposals	(0)	(1,944)	(584)	(1,772)	(11,882)	(3,114)	(161)	(19,457)
Acquisition of subsidiaries	–	–	–	–	180	38	–	218
Other movements	–	–	1,298	928	1,364	3,011	(7,461)	(860)
Exchange differences	–	–	133	3,944	16,822	3,903	621	25,423
Cost as of 31 March 2015	**3,330**	**70,443**	**43,597**	**70,600**	**157,445**	**44,127**	**10,032**	**399,574**
Accum. depreciation as of April 1, 2014	**–**	**(12,767)**	**(22,678)**	**(32,627)**	**(78,098)**	**(19,557)**	**–**	**(165,727)**
Depreciation	–	(4,753)	(4,632)	(10,416)	(21,721)	(6,129)	–	(47,651)
Impairment loss	–	–	(640)	–	(3,210)	–	–	(3,850)
Reversal of impairment loss	–	–	–	1,104	–	–	–	1,104
Disposals	–	690	349	1,787	10,958	2,721	–	16,505
Other movements	–	–	9	319	1,413	(1,105)	–	636
Exchange differences	–	–	(101)	(3,267)	(10,249)	(2,253)	–	(15,870)
Accum. depreciat. as of 31 March 2015	**–**	**(16,830)**	**(27,693)**	**(43,100)**	**(100,907)**	**(26,323)**	**–**	**(214,853)**
Net book value as of 31 March 2015	**3,330**	**53,613**	**15,904**	**27,500**	**56,538**	**17,804**	**53,613**	**184,722**
Including assets under finance leases:								
Property, plant & equipment, gross	898	20,871	4,337	350	–	–	–	26,456
Accumulated depreciation	–	(9,949)	(3,338)	(125)	–	–	–	(13,412)
Net book value under finance leases as of 31 March 2015	**898**	**10,922**	**999**	**225**	**–**	**–**	**–**	**13,044**

Main additions during the period are related to:

- Leasehold improvements for the opening of 171 stores.

Excluding the costs of dismantling and restoring and the acquisitions under finance lease that are non-cash items, total cash additions amount to € 50,409,000.

Main disposals during the period are related to:

- Leasehold improvements related to the stores for € 11,882,000.

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

7.2. Year ended 31 March 2014

As of 31 March 2014, property, plant and equipment can be analyzed as follows:

In thousands of Euros	Land	Buildings	Machinery and equipment	Other tangible assets	Leasehold improvements related to the stores	Other tangible assets related to the stores	Tangible assets in progress	Total
Cost as of 1 April 2013	2,805	41,567	31,510	50,415	123,099	30,836	35,596	315,828
Additions	516	5,628	5,790	10,657	26,294	6,876	5,861	61,622
Disposals	–	(19)	(1,020)	(2,527)	(12,823)	(2,942)	(5)	(19,336)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–
Other movements	–	26,066	2,342	2,614	350	1,201	(32,280)	293
Exchange differences	–	–	(212)	(2,619)	(9,605)	(2,439)	(381)	(15,256)
Cost as of 31 March 2014	3,321	73,242	38,410	58,540	127,315	33,532	8,791	343,151
Accum. depreciation as of April 1, 2013	–	(9,286)	(19,975)	(26,588)	(78,068)	(17,303)	–	(151,220)
Depreciation	–	(3,571)	(4,174)	(9,498)	(19,012)	(5,603)	–	(41,858)
Impairment loss	–	–	–	–	(152)	–	–	(152)
Reversal of impairment loss	–	–	–	–	1,035	24	–	1,059
Disposals	–	–	963	2,089	11,731	2,730	–	17,513
Acquisition of subsidiaries	–	–	–	–	–	–	–	–
Other movements	–	90	374	21	681	(834)	–	332
Exchange differences	–	–	134	1,349	5,687	1,429	–	8,599
Accum. depreciat. as of 31 March 2014	–	(12,767)	(22,678)	(32,627)	(78,098)	(19,557)	–	(165,727)
Net book value as of 31 March 2014	3,321	60,475	15,732	25,913	49,217	13,975	8,791	177,424
Including assets under finance leases:								
Property, plant & equipment, gross	898	22,754	4,337	350	–	–	–	28,339
Accumulated depreciation	–	(9,153)	(3,178)	(100)	–	–	–	(12,431)
Net book value under finance leases as of 31 March 2014	898	13,601	1,159	250	–	–	–	15,908

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

7.2. Year ended 31 March 2014 *(continued)*

Main additions during the period were related to:

- Leasehold improvements for the opening of 185 stores;
- Extension of the plant in Lagorce and Manosque, France.

Excluding the costs of dismantling and restoring and the acquisitions under finance lease that are non-cash items, total cash additions amount to € 60,859,000.

As at 31 March 2014, a new finance lease was drawn for an amount of € 599,000 in connection with the restructuring of the plant in Lagorce.

The land relating to the logistic platform in Manosque, France is pledged as a security for the loan signed on 20 June 2011.

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

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

31 March *In thousands of Euros*	**2015**	**2014**
Cost of goods sold	9,514	7,361
Distribution expenses	32,207	29,592
Marketing expenses	13	—
Research & development expenses	808	739
General and administrative expenses	5,108	4,166
Depreciation expenses	**47,651**	**41,858**

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

7.4. Impairment tests for property, plant and equipment

31 March *In thousands of Euros*	**2015**	**2014**
Accumulated impairment as of the beginning of the year	**(2,050)**	**(3,063)**
Impairment loss	(3,850)	(152)
Reversal of impairment loss (used)	1,002	1,035
Reversal of impairment loss (unused)	102	24
Disposals	—	—
Exchange differences	(684)	106
Accumulated impairment as of 31 March	**(5,480)**	**(2,050)**

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 € 3,850,000 at 31 March 2015 and € 152,000 at 31 March 2014 has been recorded within 'distribution expenses' to adjust the carrying amount of certain fixed assets related to the stores (in the Sell-out operating segment).

The reversal of used impairment loss corresponds to stores that are closed. Reversal of impairment loss has been recorded within 'distribution expenses'.

No impairment loss has been recorded in the general and administrative expenses.

8. GOODWILL

8.1. Goodwill variation analysis

Goodwill variation analysis is as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Cost as of the beginning of the year	**135,789**	**120,701**
Acquisition of new companies (see note 6)	6,088	—
Change in the estimated fair value of other financial liabilities relating to put options (note 6.3)	—	22,488
Exchange differences	(2,649)	(7,400)
Cost as of 31 March	**139,228**	**135,789**
Accumulated impairment as of the beginning of the year	**(1,000)**	**—**
Impairment loss	—	(1,000)
Exchange differences	—	—
Accumulated impairment as of 31 March	**(1,000)**	**(1,000)**
Net book value as of 31 March	**138,228**	**134,789**

8. GOODWILL *(continued)*

8.2. Goodwill breakdown

As of 31 March 2015, the breakdown of the Group's goodwill by country of origin is detailed as follows:

Geographic areas *In thousands of Euros*	Net book value on 1 April 2014	Acquisition of subsidiaries or of additional shareholding	Exchange differences	Net book value on 31 March 2015	Net book value on 31 March 2015 Sell-out	Sell-in
France	36,056	–	–	36,056	22,067	13,989
France - Erborian business	2,384	–	–	2,384	2,384	–
Japan	18,222	–	1,906	20,128	20,128	–
Russia	42,684	–	(8,751)	33,933	33,933	–
United States	4,906	–	1,381	6,287	6,287	–
Brazil	3,163	–	(333)	2,830	2,830	–
Canada	3,273	–	354	3,627	3,627	–
Netherlands	1,033	–	–	1,033	1,033	–
Hong Kong	2,141	–	605	2,746	2,746	–
Taiwan	1,606	–	391	1,997	1,997	–
United Kingdom	1,483	–	206	1,689	1,689	–
Ireland	2,715	–	–	2,715	2,715	–
China	1,355	–	382	1,737	1,737	–
Thailand	503	–	181	684	684	–
Poland	1,044	–	22	1,066	1,066	–
Spain	880	–	–	880	880	–
Australia	858	–	51	909	909	–
Belgium	323	–	–	323	323	–
Germany	130	–	–	130	130	–
Norway	–	6,088	(328)	5,760	5,760	–
Malaysia	10,030	–	1,284	11,314	11,314	–
TOTAL	**134,789**	**6,088**	**(2,649)**	**138,228**	**124,239**	**13,989**

8.3. Impairment test for goodwill

As at 31 March 2015, the management is of the opinion that the value-in-use significantly exceeds the carrying value of goodwill by such a magnitude that no reasonably possible change in any of the key assumptions would eliminate the headroom.

9. INTANGIBLE ASSETS

Intangible assets include notably:

- Key moneys,
- Acquired trademarks (Melvita, Erborian) with indefinite useful lives;
- Internally used software including enterprise resources planning system, point-of-sales system and others.

9.1. Year ended 31 March 2015

As of 31 March 2015, intangible assets can be analysed as follows:

In thousands of Euros	Websites	Trademarks	Key moneys	Software	Contractual customer relationships	Intangible assets in progress	Other intangible assets	Total
Cost as of 1 April 2014	772	16,087	49,313	39,311	1,761	7,888	1,738	116,870
Additions	–	–	1,237	2,495	–	5,907	197	9,836
Disposals	–	–	(205)	(418)	–	–	(42)	(666)
Acquisition of subsidiaries	–	–	17	–	–	–	–	17
Other movements	–	154	470	7,783	–	(7,846)	(174)	387
Exchange differences	21	–	(40)	177	–	–	25	183
Cost as of 31 March 2015	793	16,241	50,792	49,348	1,761	5,949	1,744	126,627
Accumulated amortization and impairment as of April 1, 2014	(772)	(611)	(28,927)	(14,221)	(1,761)	–	(830)	(47,122)
Impairment loss	–	–	(200)	–	–	–	–	(200)
Reversal of impairment loss	–	–	175	–	–	–	–	175
Amortization	–	–	(3,860)	(7,642)	–	–	(287)	(11,789)
Disposals	–	–	113	396	–	–	2	511
Other movements	–	(154)	3	(15)	–	–	154	(12)
Exchange differences	(21)	–	(274)	(220)	–	–	(19)	(534)
Accumulated amortization and impairment as of 31 March 2015	(793)	(765)	(32,970)	(21,702)	(1,761)	–	(980)	(58,971)
Net book value as of 31 March 2015	–	15,476	17,822	27,646	–	5,949	765	67,656

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

Additions mainly concern:

- Assets in progress for € 5,907,000 are related mainly to software, including the new ERP. The total costs capitalized on this project amount to € 30,200,000 as at 31 March 2015.
- Key moneys for an amount of € 1,237,000. Such key moneys were mainly acquired in France;
- Software for an amount of € 2,495,000.

9. INTANGIBLE ASSETS *(continued)*

9.1. Year ended 31 March 2015 *(continued)*

The amount of intangible assets whose title is restricted or that are pledged as security for liabilities is nil as at 31 March 2015.

The accumulated impairment as of 31 March 2015 amounts to € 263,000 (€ 227,000 as at 31 March 2014).

9.2. Year ended 31 March 2014

As of 31 March 2014, intangible assets can be analyzed as follows:

In thousands of Euros	Websites	Trademarks	Key moneys	Software	Contractual customer relationships	Intangible assets in progress	Other intangible assets	Total
Cost as of 1 April 2013	**778**	**16,087**	**45,869**	**27,081**	**1,761**	**11,775**	**1,292**	**104,643**
Additions	–	–	5,292	9,006	–	2,929	1,322	18,549
Disposals	–	–	(979)	(2,498)	–	–	(3)	(3,480)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–
Other movements	–	–	957	6,406	–	(6,816)	(807)	(260)
Exchange differences	(6)	–	(1,826)	(684)	–	–	(66)	(2,582)
Cost as of 31 March 2014	**772**	**16,087**	**49,313**	**39,311**	**1,761**	**7,888**	**1,738**	**116,870**
Accumulated amortization and impairment as of April 1, 2013	**(767)**	**(611)**	**(26,363)**	**(11,512)**	**(1,761)**	**–**	**(1,098)**	**(42,112)**
Impairment loss	–	–	(125)	–	–	–	–	(125)
Reversal of impairment loss	–	–	50	–	–	–	–	50
Amortization	(11)	–	(4,068)	(4,846)	–	–	(355)	(9,280)
Disposals	–	–	778	2,342	–	–	8	3,128
Other movements	–	–	(20)	(594)	–	–	565	(49)
Exchange differences	6	–	821	389	–	–	50	1,266
Accumulated amortization and impairment as of 31 March 2014	**(772)**	**(611)**	**(28,927)**	**(14,221)**	**(1,761)**	**–**	**(830)**	**(47,122)**
Net book value as of 31 March 2014	**–**	**15,476**	**20,386**	**25,090**	**–**	**7,888**	**909**	**69,748**

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

Additions were mainly related to:

- Intangible assets in progress for € 2,929,000 are related mainly to the implementation of a new ERP. The total costs capitalized on this project amount to € 28,500,000 as at 31 March 2014.
- Key moneys for an amount of € 5,292,000. Such key moneys were mainly acquired in Brazil and France.

The amount of intangible assets whose title is restricted or that are pledged as security for liabilities is nil as at 31 March 2014.

The accumulated impairment as of 31 March 2014 amounts to € 227,000 (€ 150,000 as at 31 March 2013).

9. INTANGIBLE ASSETS *(continued)*

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

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

31 March *In thousands of Euros*	**2015**	**2014**
Cost of goods sold	1,000	1
Distribution expenses	4,678	4,303
Marketing expenses	541	192
Research & development costs	24	15
General and administrative expenses	5,546	4,769
Amortization expenses	**11,789**	**9,280**

9.4. Impairment tests for intangible assets

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

31 March *In thousands of Euros*	**2015**	**2014**
Accumulated impairment as of the beginning of the year	**(227)**	**(150)**
Impairment loss	(200)	(125)
Reversal of impairment loss	175	50
Exchange differences	(11)	(2)
Accumulated impairment as of 31 March	**(263)**	**(227)**

10. OTHER NON-CURRENT ASSETS

The other non-current assets consist of the following:

31 March *In thousands of Euros*	**2015**	**2014**
Deposits	28,694	23,560
Key moneys paid to the landlord	2,140	1,982
Available-for-sales financial assets	50	52
Loan to joint-venture	750	—
Other non-current assets	**31,634**	**25,594**

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

11. INVENTORIES

Inventories consist of the following items:

31 March *In thousands of Euros*	**2015**	**2014**
Raw materials and supplies	24,400	25,623
Finished goods and work in progress	151,166	138,397
Inventories, gross	**175,566**	**164,020**
Less, allowance	(15,619)	(15,297)
Inventories	**159,947**	**148,723**

12. TRADE RECEIVABLES

12.1. Group information

Trade receivables consist of the following:

31 March *In thousands of Euros*	2015	2014
Trade receivables, gross	108,645	88,096
Less, allowances for doubtful accounts	(1,667)	(2,781)
Trade receivables	**106,978**	**85,315**

Credit risk:

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

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

31 March *In thousands of Euros*	2015	2014
Current and past due within 3 months	105,688	84,590
3 to 6 months	1,495	792
6 to 12 months	983	617
Over 12 months	479	2,097
Trade receivables, gross	**108,645**	**88,096**

12. TRADE RECEIVABLES *(continued)*

12.1. Group information *(continued)*

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

31 March *In thousands of Euros*	**2015**	**2014**
At beginning of the year	(2,781)	(3,260)
Provision for impairment	(704)	(791)
Reversal of impairment	1,890	879
Exchange differences	(72)	90
Reclassification	—	301
At end of the year	**(1,667)**	**(2,781)**

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:

31 March *In thousands of Euros*	**2015**	**2014**
Within 3 months	531	594
3 to 6 months	347	317
6 to 12 months	310	174
Over 12 months	479	1,696
Impaired receivables	**1,667**	**2,781**

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

The ageing analysis of trade receivables from due date that were past due but not impaired as of 31 March 2015 and 2014 is as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Within 3 months	6,065	6,731
3 to 6 months	1,148	475
6 to 12 months	673	443
Over 12 months	—	401
Trade receivables past due but not impaired	**7,886**	**8,050**

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

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

12. TRADE RECEIVABLES *(continued)*

12.2. Company information

Trade receivables consist of the following:

31 March *In thousands of Euros*	2015	2014
Trade receivables, gross	14,280	12,838
Less, allowances for doubtful accounts	(102)	(1,059)
Trade receivables	**14,178**	**11,779**

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:

31 March *In thousands of Euros*	2015	2014
Current and past due within 3 months	14,218	11,472
3 to 6 months	19	242
6 to 12 months	37	—
Over 12 months	6	1,124
Trade receivables-gross	**14,280**	**12,838**

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

31 March *In thousands of Euros*	2015	2014
At beginning of the year	(1,059)	(1,212)
Provision for impairment	(37)	(172)
Used amounts reversed during the year	881	—
Unused amounts reversed	113	325
At end of the year	**(102)**	**(1,059)**

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

12. TRADE RECEIVABLES *(continued)*

12.2. Company information *(continued)*

Credit risk: *(continued)*

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

31 March *In thousands of Euros*	**2015**	**2014**
Within 3 months	40	81
3 to 6 months	19	17
6 to 12 months	37	—
Over 12 months	6	961
Impaired receivables	**102**	**1,059**

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

The ageing analysis of trade receivables from due dates that were past due but not impaired as at 31 March 2015 and 2014 is as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Within 3 months	652	1,183
3 to 6 months	—	225
6 to 12 months	—	—
Over 12 months	—	163
Trade receivables past due but not impaired	**652**	**1,571**

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 net trade receivables are denominated in the following currencies:

31 March *In thousands of Euros*	**2015**	**2014**
Euros	9,483	8,770
US Dollar	4,247	2,718
Sterling Pound	444	290
Other currencies	4	1
Total	**14,178**	**11,779**

13. OTHER CURRENT ASSETS

The following table presents details of other current assets:

31 March *In thousands of Euros*	2015	2014
Value added tax receivable and other taxes and social items receivable	23,231	20,672
Prepaid expenses (a)	19,807	19,076
Income tax receivable (b)	5,914	6,426
Short-term bank deposit (c)	—	3,213
Advance payments to suppliers	3,408	4,204
Other current assets	4,000	3,022
Total other current assets	**56,361**	**56,613**

(a) Prepaid expenses relate mainly to the pre-payment of rental expenses in relation to the stores.

(b) Income tax receivable is related to down payments of income tax that are higher than the final income tax expense expected to be paid for the period.

(c) The short-term bank deposit was pledged as collateral for a short-term bank borrowing (note 17).

14. DERIVATIVE FINANCIAL INSTRUMENTS

Analysis of derivative financial instruments

Derivative financial instruments are analyzed as follows:

31 March	2015		2014	
In thousands of Euros	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives - held for trading	—	—	—	—
Foreign exchange derivatives - held for trading	1	1,215	313	121
Sub-total derivative financial instruments at fair value through profit and loss	**1**	**1,215**	**313**	**121**
Interest rate derivatives - cash flow hedges	—	—	—	—
Foreign exchange derivatives - cash flow hedges	—	—	—	—
Sub-total derivative financial instruments designated as hedging instruments	**—**	**—**	**—**	**—**
Total derivative financial instruments	**1**	**1,215**	**313**	**121**
Less non-current portion:				
– Interest rate derivatives - cash flow hedges	—	—	—	—
– Interest rate derivatives - held for trading	—	—	—	—
Non current portion of derivative financial instruments	**—**	**—**	**—**	**—**
Current portion of derivative financial instruments	**1**	**1,215**	**313**	**121**

14. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Analysis of derivative financial instruments *(continued)*

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

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

Derivatives at fair value through profit and loss

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

31 March *In thousands of Euros*	**2015**	**2014**
– within 'foreign currency gains/(losses)' for currency derivatives (note 24)	(1,406)	344
Total change in the fair value of derivatives at fair value through profit and loss: gains/(losses)	**(1,406)**	**344**

Derivatives designated as hedging instruments

There is no derivative designated as hedging instruments as at 31 March 2015 and 2014.

Notional amounts of derivatives

Foreign exchange derivatives

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

Currencies	**2015**	**2014**
Sale of currencies		
JPY	12,826	14,006
USD	7,064	—
CNY	4,437	—
GBP	3,678	5,373
AUD	2,324	2,443
PLN	267	391
MXN	225	3,436
CZK	217	230
SGD	—	7,854
Purchase of currencies		
CHF	—	2,462

15. CASH AND CASH EQUIVALENTS

15.1. Group information

The following table presents details of cash and cash equivalents:

31 March *In thousands of Euros*	**2015**	**2014**
Cash at bank and in hand	392,565	316,750
Cash equivalents	2,563	2,503
Cash and cash equivalents	**395,128**	**319,253**

During the fiscal year ended 31 March 2015, the Group held € 4,093,000 at the SB Bank in Russia. This bank stopped its operations as a result of bank licence withdrawing by the local authorities. therefore it is unlikely that the Group will recover this balance that has been fully impaired (note 23).

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

The effective interest rates on cash at bank and in hand are as follows:

	2015	**2014**
Cash in Euros	Eonia Index or Euribor 3M + margin	Eonia Index or Euribor 3M + margin
Cash in USD	Libor USD index + margin	Libor USD index + margin

The effective interest rates on cash equivalents are as follows:

	2015	**2014**
Cash equivalents in Euros (short-term bank deposits)	Eonia Index	Eonia Index

15.2. Company information

The following table presents details of cash and cash equivalents:

31 March *In thousands of Euros*	**2015**	**2014**
Cash at bank and in hand	316,878	253,279
Cash equivalents	—	—
Cash and cash equivalents	**316,878**	**253,279**

16. CAPITAL AND RESERVES

L'Occitane International S.A. ("LOI") is a corporation incorporated in the Grand Duchy of Luxembourg. The authorized capital of the Company is € 1,500,000,000 out of which € 44,309,000 are issued as at 31 March 2015. At 31 March 2015, the Company's share capital is held by the company "L'Occitane Groupe S.A." ("LOG"), in a proportion of 69.18%.

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

16.1. Share capital and Additional paid-in capital

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

In thousands of Euros except "Number of shares"	Number of shares	Share capital	Additional paid-in capital
Balance at 31 March 2013	**1,476,964,891**	**44,309**	**342,851**
Balance at 31 March 2014	**1,476,964,891**	**44,309**	**342,851**
Balance at 31 March 2015	**1,476,964,891**	**44,309**	**342,851**

16.2. Treasury shares

As at 31 March 2015, the Company owns 6,655,500 own shares and the aggregate price of the purchased shares was deducted from equity as treasury shares reserve for an amount of € 9,247,000.

During the fiscal year ended 31 March 2015 and 31 March 2014, the Company did not purchase any own shares.

On 21 April 2015, the Board of directors transferred 1,000,000 out of those treasury shares to a dedicated bank account for selling them to beneficiaries of share based payments.

16. CAPITAL AND RESERVES *(continued)*

16.3. Share-based payments

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

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

On 31 March 2015, the stock options and free shares plans are the following:

	Movements in the number of equity					Characteristics of the plans/grants			
Plans/grants	At the beginning of the period/year	Granted over the period/ year	Forfeited	At the end of the period/ year	Number of options exercisable or shares	Contractual option term	Vesting period	Grantees	Performance conditions
Stock options plan authorized on 30 September 2010 for 1.5% of the Company's issued share capital as at 30 September 2010 (a):									
Granted on 4 April 2011 at an exercice price of HKD 19.84	6,223,000	–	(563,000)	5,660,000	–	8 years	4 years	Middle management	Non-market performance conditions: the number of options exercisable depends on the achievement of conditions based on Group net sales and Group operating profit
Granted on 4 April 2011 at an exercice price of HKD 19.84	520,000	–	–	520,000	–	8 years	4 years	Group management	Market performance conditions: the number of options exercisable depends on the change in the share price
Granted on 4 April 2011 at an exercice price of HKD 19.84	1,420,000	–	–	1,420,000	–	8 years	4 years	Group management	No performance condition other than the service conditions.
Granted on 26 October 2012 at an exercice price of HKD 23.60	3,156,680	–	(169,500)	2,987,180	–	8 years	4 years	Group & Middle management	No performance condition other than the service conditions.
Granted on 28 November 2012 at an exercice price of HKD 24.47	1,249,169	–	–	1,249,169	–	8 years	4 years	Group & Middle management	No performance condition other than the service conditions.
Stock options plan authorized on 25 September 2013 for 1.5% of the Company's issued share capital as at 25 September 2013 (b):									
Granted on 4 December 2013 at an exercice price of HKD 17.62	11,468,750	–	(526,250)	10,942,500	–	8 years	4 years	Group & Middle management	No performance condition other than the service conditions.
Granted on 24 February 2015 at an exercice price of HKD 19.22	–	998,600	998,600	998,600	–	8 years	4 years	Group & Middle management	Non-market performance conditions: the number of options exercisable depends on the achievement of conditions based on Group net sales and Group operating profit
Free share plan authorized on 30 September 2010 for 0.5% of the Company's issued share capital as at 30 September 2010 (a):									
Granted on 26 October 2012	1,766,680	–	(162,500)	1,604,180	–	N/A	4 years	Group & Middle management	No performance condition other than the service conditions.
Free share plan authorized on 25 September 2013 for 0.5% of the Company's issued share capital as at 25 September 2013 (b):									
Granted on 4 December 2013	867,500	–	(44,500)	823,000	–	N/A	4 years	Group & Middle management	No performance condition other than the service conditions.
Granted on 24 February 2015	–	840,900	–	840,900	–	N/A	4 years	Group & Middle management	Non-market performance conditions: the number of options exercisable depends on the achievement of conditions based on Group net sales and Group operating profit

16. CAPITAL AND RESERVES *(continued)*

16.3. Share-based payments *(continued)*

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

Characteristics of the above authorizations:

(a) The validity of the authorization was 3 years. A vesting period of 4 years as service condition is required. At each grant date, the Board may specify performance targets. The exercise price is to be determined by the Board

(b) The validity of the authorization is 3 years. A vesting period of 4 years as service condition is required. At each grant date, the Board may specify performance targets.

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

The fair value of options is determined using the Black-Scholes valuation model. The significant inputs into the models and the resulting fair value of the option are as follows:

	Inputs into the model						
Grant date	Exercise price	Fair value of a share of the Company	Volatility	Dividend yield	Annual risk-free interest rate	Expected option life	Fair value of the option
Grants on 4 December 2013 without market performance conditions	HKD17.62 (approximately €1.7 at the exchange rate of the grant date)	HKD17.62	25%	35% of the budgeted profit attributable to the equity owners	1%	5	€0,31
Grant on 24 February 2015 With market performance conditions	HKD 19.22 (approximately €2.2 at the exchange rate of the grant date)	HKD19.22	25%	35% of the budgeted profit attributable to the equity owners	1%	5	€0,40

16. CAPITAL AND RESERVES *(continued)*

16.3. Share-based payments *(continued)*

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

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

On 31 March 2015, the stock options plans are as follows:

	Movements in the number of equity instruments granted						Characteristics of the plans/grants			
Plans/grants	At the beginning of the period/ year	Exercised over the period/ year	Forfeited	Expired	At the end of the period/ year	Number of options exercisable	Contractual option term	Vesting period	Grantees	Performance conditions
Plan authorized on 28 January 2010 for 730,000 stock options										
Granted on July 2009 (authorized in January 2010) at an exercice price of € 23.20	142,350	(83,965)	–	–	58,385	–	6 years	4 years	Management and middle management	None
Granted on April 2010 at an exercice price of € 23.20	10,000	–	–	–	10,000	–	6 years	4 years	Management and middle management	None
Plan authorized on 28 September 2007 for 200,000 stock options										
Granted on February 2008 at an exercice price of € 26.10	18,050	(18,050)	–	–	–	–	6 years	4 years	Management and middle management	None

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

During the period ended 31 March 2015, the share-based compensation expenses recognized within the employee benefits are as follows:

In thousands of Euros	2015	2014
LOI equity instruments	2,875	1,787
LOG equity instruments	—	(112)
Total (note 21)	**2,875**	**1,675**

The total remaining share-based compensation expense to be recognized within the future employee benefits is the following:

In thousands of Euros	2015	2014
LOI equity instruments	5,900	6,900
Total	**5,900**	**6,900**

16. CAPITAL AND RESERVES *(continued)*

16.4. Distributable reserves

On 31 March 2015, the distributable reserves of L'Occitane International S.A. amounted to € 438,383,831 (€ 371,057,108 as at 31 March 2014).

On 21 April 2015, the Board of directors decided to constitute a non-distributable reserve in the amount of € 240,000 for a time period of five years.

16.5. Dividend per share

On 24 September 2014, the annual Shareholder's Meeting approved the distribution of € 31,318,000 being € 0.0213 per share (excluding 6,655,500 treasury shares) which was paid on 22 October 2014.

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

16.6. Additional paid in capital

Additional paid in capital includes:

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

17. BORROWINGS

Group information:

Borrowings include the following items:

31 March *In thousands of Euros*	**2015**	**2014**
FY 2015 Revolving facility	88,417	—
FY 2011 Revolving facility	—	52,095
FY 2012 bank borrowing	8,574	9,289
Other bank borrowings	70	3,067
Finance lease liabilities	13,018	14,812
Current accounts with minority shareholders and related parties	97	100
Bank overdrafts	—	—
Total	**110,176**	**79,363**
Less, current portion:		
– FY 2015 Revolving facility	(111)	—
– FY 2011 Revolving facility	—	(112)
– FY 2012 bank borrowing	(716)	(717)
– Other bank borrowings	(70)	(3,067)
– Finance lease liabilities	(1,905)	(1,915)
– Current accounts with minority shareholders and related parties	(1)	—
– Bank overdrafts	—	—
Total current	**(2,803)**	**(5,811)**
Total non-current	**107,373**	**73,552**

The other bank borrowing was secured by a pledge on a short-term bank deposit as at March 31, 2014 (note 13).

Company information:

Borrowings include the following items:

31 March *In thousands of Euros*	**2015**	**2014**
FY2015 Revolving facilities	88,417	—
FY 2011 Revolving facility	—	52,095
Total	**88,417**	**52,095**
Less, current portion:		
FY2015 Revolving facilities	(111)	—
FY 2011 Revolving facility	—	(112)
Total current	**(111)**	**(112)**
Total non-current	**88,306**	**51,983**

17. BORROWINGS *(continued)*

17.1. Maturity of non-current borrowings

For the year ended 31 March 2015 and 2014, maturity of non-current borrowings, excluding current portion, can be broken down as follows:

In thousands of Euros	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total non-current
FY 2015 Revolving facility	88,306	—	—	88,306
FY 2012 bank borrowing	716	2,141	5,000	7,858
Current account with minority interests	96	—	—	96
Finance lease liabilities	1,563	4,157	5,393	11,113
Maturity on 31 March 2015	**90,681**	**6,298**	**10,393**	**107,373**
FY 2011 Revolving facility	51,983	—	—	51,983
FY 2012 bank borrowing	714	2,142	5,716	8,572
Current account with minority interests	100	—	—	100
Finance lease liabilities	1,845	4,463	6,589	12,897
Maturity on 31 March 2014	**54,642**	**6,605**	**12,305**	**73,552**

17.2. Credit facilities agreements

FY 2015 bank borrowing

On 18 July 2014, the Company signed a multi-currency revolving facility agreement for an amount of € 400 million with a 5 years maturity plus an option of extension for 2 additional years. An amount of € 88,306,000 is drawn as at 31 March 2015.

Event of default resulting in the early repayment of the FY 2015 Revolving facility agreement depends on the Leverage financial ratio which is based on the annual Group's consolidated financial statements. The leverage financial ratio is calculated as follows: Consolidated net debt/EBITDA. For the measurement of this ratio, the definitions to be used are as follows:

Consolidated net debt	Current and non-current borrowings (including finance leases and other commitments (but excluding lease commitments, long term employee benefits, raw materials commitments and grant to foundation) – cash and cash equivalents
EBITDA	Operating profit before depreciation, amortization and impairment and before net movements in provisions

The leverage financial ratio is to be lower than 3.5. It will be calculated on an annual basis. The ratio will be calculated for the first time with the annual consolidated financial statements as at 31 March 2015.

17. BORROWINGS *(continued)*

17.2. Credit facilities agreements *(continued)*

***FY 2015 bank borrowing** (continued)*

The FY 2015 Revolving facility includes a repricing option. The interest rates depend on the above described Leverage financial ratio calculated every year after the consolidated financial statements of the Group are issued. The change in the ratio results in repricing the interest rate as follows:

Leverage financial ratio	Repricing
Ratio higher than 2.5	Euribor 3M + Margin
Ratio being comprised between 2.0 and 2.5	Euribor 3M + Margin - 0.2
Ratio being comprised between 1.5 and 2.0	Euribor 3M + Margin - 0.35
Ratio being comprised between 1 and 1.5	Euribor 3M + Margin - 0.50
Ratio being comprised between 0.5 and 1	Euribor 3M + Margin - 0.60
Ratio lower than 0.5	Euribor 3M + Margin - 0.70

As at 31, March 2015, the ratio was lower than 0.5 and the interest rate is based on Euribor 3M + Margin - 0.70.

FY 2012 bank borrowing

On 20 June 2011, the Group signed a new bank borrowing agreement for an amount of € 10.0 million with a 15 years maturity and that can be drawn only by L'Occitane S.A. As at 31 March 2014, the bank borrowing was totally drawn (€ 10,000,000 as at 31 March 2013). Two repayments occurred in December 2013 and December 2014 for an amount of € 716,000 each. New balance of the FY 2012 bank borrowing as at 31 March 2015 is € 8,574,000.

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

The FY 2012 bank borrowing is secured by a pledge on the land acquired by L'Occitane S.A. to build the new logistic platform in Manosque, France (note 29.3).

FY 2011 Revolving facility

On 28 July 2010, the Company signed a multi-currency revolving facility agreement for an amount of € 350 million with a 5 year maturity that could be drawn only by the Company and Laboratoires M&L. This revolving facility was reimbursed on 18 July 2014.

17.3. Current accounts with non-controlling interests

Current accounts with non-controlling interests:

31 March *In thousands of Euros*	Minority shareholder	2015	2014
L'Occitane Nordic AB	Johan Nilsson	97	100
Total current accounts		**97**	**100**

17. BORROWINGS *(continued)*

17.4. Finance lease liabilities

Finance lease liabilities outstanding are analyzed as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Within one year	2,082	2,150
One to two years	1,718	2,049
Two to three years	1,679	1,672
Three to four years	1,626	1,679
Four to five years	1,187	1,573
Thereafter	5,606	6,956
Total future minimum lease payments	**13,898**	**16,079**
Less, amount representing interest	(880)	(1,267)
Present value of finance lease liabilities	**13,018**	**14,812**
Less, current portion of finance lease liabilities	(1,905)	(1,915)
Non-current portion of finance lease liabilities	**11,113**	**12,897**

The main finance lease liability relates to the 2010 finance lease agreement in connection with (i) the acquisition of the existing land and building of Melvita for an amount of € 4,934,000 and (ii) the extension and restructuring of the plant for an amount of € 9,066,000. The lease term of the finance lease is 15 years and the interest rate is based on Euribor 3M (Euribor 3M + Margin for a part of the finance lease amounting to € 9,334,000; Euribor 3M + Margin for a part of the finance lease amounting to € 4,666,000). On 9 September 2011, the Company signed an additional clause to increase by € 2,700,000 the total amount of the finance lease with the same conditions.

17.5. Effective interest rates

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

	2015	**2014**
FY 2015 bank borrowing	Euribor 3M + Margin	—
FY 2012 bank borrowing	Euribor 3M + Margin	Euribor 3M + Margin
FY 2011 Revolving facility	Euribor 3M + Margin	Euribor 3M + Margin
Other borrowings	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin
Bank overdrafts	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin
Finance lease liabilities	Mainly Euribor 3M + Margin	Mainly Euribor 3M + Margin

17. BORROWINGS *(continued)*

17.6. Borrowing facilities

The Group has the following undrawn borrowing facilities:

31 March *In thousands of Euros*	**2015**	**2014**
Floating rate:		
– Expiring within one year	—	362
– Expiring beyond one year	311,694	298,017
Fixed rate:		
– Expiring within one year	—	—
– Expiring beyond one year	—	—
Total	**311,694**	**298,379**

18. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include the following:

31 March *In thousands of Euros*	**2015**	**2014**
Retirement indemnities	9,559	6,573
Long term employment benefits	457	357
Liabilities linked to operating leases (a)	12,305	8,725
Provisions for dismantling and restoring	4,693	3,874
Grants to a foundation	75	—
Total non current liabilities	**27,089**	**19,530**
Grants to a foundation	75	65
Deferred revenue (b)	11,002	10,201
Deferred payment relating to the acquisition of a subsidiary	681	—
Liabilities linked to purchase of non controlling interests (note 6.3)	—	41,304
Total current liabilities	**11,758**	**51,570**

(a) The liabilities linked to operating leases are related to (i) the impact of recognizing the lease payment as an expense on a straight-line basis (note 2.25); and (ii) incentives received from the lessors at the inception of the lease, which are recognized pro-rata over the lease term (note 2.25).

(b) Deferred revenue is related to (i) sales for which the transfer of ownership and related risks has not occurred at year-end; and (ii) the fair value of the consideration received allocated to the award credits granted in case of loyalty program.

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

18.1. Provision for retirement indemnities

Subsidiaries of the Group generally contribute to the national pension system, which is a defined contribution obligation. The expense recognized in connection with those defined contribution plans is classified in 'social security' in the 'employee benefits' (note 21).

In addition to these defined contribution plans, a defined benefit plan exist in France. A lump-sum payment is made on the date the employee reaches retirement age, such award being determined for each individual based upon factors such as years of service provided and projected final salary. There are no plan assets.

Amounts recognized in the balance sheet and in the statement of income

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

31 March *In thousands of Euros*	**2015**	**2014**
Present value of unfunded obligations	9,559	6,573
Unrecognized past service cost	—	—
Liability in the balance sheet	**9,559**	**6,573**

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

31 March *In thousands of Euros*	**2015**	**2014**
Beginning of the year	6,573	5,464
Current service cost	739	1,028
Past service cost	(206)	—
Interest cost	149	143
Actuarial (gains)/losses (note 25.5)	2,128	(23)
Exchange differences	227	(20)
Benefits paid	(51)	(19)
End of year	**9,559**	**6,573**

The amounts recognized in the income statement are as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Current service cost	739	1,028
Past service cost	(206)	—
Interest cost	149	143
Total included in employee benefit expenses (note 21)	**682**	**1,171**

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

18.1. Provision for retirement indemnities *(continued)*

Main assumptions

The principal actuarial assumptions used were as follows:

31 March *In percentage*	2015	2014
Discount rate	1.25	2.80
Inflation rate	2.00	2.00
Future salary increases	3.00	3.00
Retirement age (in number of years)	62-64	62-64

The discount rate is set with reference to corporate bond yield: iBoxx Euro zone AA rated corporate bonds + 10 years.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for France (the most important country) are based on the following table: Insee TD/TV 2009-11.

Assumptions regarding headcount turnover is baesed on historical statistics experienced by the French subsidiaries over the past years.

The sensitivity of the overall pension liability to changes in the principal assumptions is not material: an increase/decrease by 0.25% in the discount rate would result in a decrease/decrease by € 402,000 in the defined benefit obligation.

18.2. Provision for dismantling and restoring

As at 31 March 2015, provisions for dismantling and restoring costs are as follows:

		Charged/(credited) to the statement of income (note 27.4)					
In thousands of Euros	31 March 2014	Provisions recorded in the statement of income	Unused amounts reversed	Used during the year	Provisions recorded as a component of tangible fixed assets	Exchange differences	31 March 2015
Provisions recorded over the length of the lease	1,217	367	–	(267)	–	228	1,545
Provisions recorded at the inception of the lease	2,657	–	–	(463)	690	265	3,148
Total	**3,874**	**367**	**–**	**(730)**	**690**	**493**	**4,693**

19. TRADE PAYABLES

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

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

31 March *In thousands of Euros*	**2015**	**2014**
Current and past due within 3 months	91,975	90,296
Past due from 3 to 6 months	797	102
Past due from 6 to 12 months	212	855
Past due over 12 months	442	—
Trade payables	**93,426**	**91,253**

20. PROVISIONS

As at 31 March 2015 provisions can be analyzed as follows:

		Charged/(credited) to the income statement (note 27.4)					
In thousands of Euros	31 March 2014	Additional provisions	Unused amounts reversed	Used during the year	Reclassification	Exchange differences	31 March 2015
Social litigations (a)	1,325	224	(176)	(415)	–	(9)	949
Commercial claims (b)	1,035	360	(173)	(784)	–	38	476
Provision for returned goods	415	1,261	(45)	(630)	–	227	1,228
Onerous contracts (c)	469	1,279	–	(70)	–	46	1,725
Tax risks (d)	1,664	9,802	(82)	(331)	25	(190)	10,888
Total	**4,908**	**12,926**	**(475)**	**(2,231)**	**25**	**113**	**15,266**

(a) Social litigations relate mainly to litigations with employees in relation to staff benefits or potential claims from social security administrations authorities.

(b) Commercial claims relate mainly to claims from distributors.

(c) Onerous contracts relate to operating lease contracts for certain stores where the unavoidable costs of meeting the obligations under the lease agreement exceed the economic benefits expected to be received from it.

(d) The additional provision mainly relates to a provision for tax risk for € 8,000,000 in connection with the unresolved tax audit in France (note 28.2). The provision is estimated in accordance with IAS 12.

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.

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

21. EXPENSES BY NATURE

Expenses by nature

Expenses by nature include the following amounts:

31 March *In thousands of Euros*	**2015**	**2014**
Employee benefit expenses (a)	328,365	297,034
Rent and occupancy (b)	214,395	190,953
Raw materials and consumables used	97,909	112,978
Change in inventories of finished goods and work in progress	(2,295)	(20,555)
Advertising costs (c)	106,207	97,041
Professional fees (d)	64,657	63,362
Depreciation, amortization and impairment (note 27.3)	62,211	50,306
Transportation expenses	53,944	52,620
Auditor’s remuneration (e)	1,242	1,103
Other expenses	86,800	76,660
Total cost of sales, distribution expenses, marketing expenses, research and development expenses and general and administrative expenses	**1,013,436**	**921,503**

(a) Employee benefits include wages, salaries, bonus, share-based payments, social security, post employment benefits and the cost of the temporary staff.

(b) Rent and occupancy include the minimum lease payments for operating leases, contingent rents (variable rents based on sales) and other charges related to these leases.

(c) Advertising costs also include all distribution and marketing promotional goods given for free to customers without any obligation to purchase products.

(d) Professional fees include mainly payments made to warehouse management companies, marketing agencies and lawyers.

(e) Auditor’s remuneration relates to audit services for € 950,000 (€ 912,000 (restated) for the fiscal year ended 31 March 2014) and audit related services for € 292,000 (€ 191,000 (restated) for the fiscal year ended 31 March 2014).

21. EXPENSES BY NATURE *(continued)*

Employee benefits

Employee benefits include the following amounts:

31 March *In thousands of Euros*	2015	2014
Wages, salaries and bonus	265,400	238,751
Share-based payments (note 16.3)	2,875	1,675
Social security	57,172	53,933
Post employment benefits (note 18.1)	682	1,171
Others	2,237	1,504
Total employee benefits	**328,365**	**297,034**
Workforce (full time equivalent)	**8,050**	**7,694**

Wages, salaries and bonus include the cost of temporary staff.

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

22. OTHER (LOSSES)/GAINS - NET

Other (losses)/gains – net are detailed as follows:

31 March *In thousands of Euros*	2015	2014
Profit/(loss) on sale of assets (note 27.2)	(1,641)	(1,179)
Other (losses)/gains	—	(307)
Government grants	1,357	1,048
Other (losses)/gains - net	**(284)**	**(438)**

The 'other (losses)/gains' correspond to the adjustments on prior years results that are individually not significant.

The government grants correspond to grants on research and development costs and on employee profit sharing scheme.

23. FINANCE COSTS, NET

Finance costs, net consist of the following:

31 March *In thousands of Euros*	2015	2014
Interest on cash and cash equivalents	2,336	3,075
Finance income	**2,336**	**3,075**
Interest expense on:		
– Interest expenses	(2,049)	(2,220)
– Finance lease	(220)	(310)
– Unwinding of discount on financial liabilities (note 6.3)	(552)	(1,921)
– Depreciation of cash balance at the SB Bank, Russia (note 15.1)	(4,093)	—
Finance costs	**(6,914)**	**(4,451)**
Finance costs, net	**(4,578)**	**(1,376)**

The interest expense on other borrowings is related to FY 2015 and FY 2012 bank borrowings, other bank borrowings, current account with non-controlling interests and related parties (excluding financing from parent) and bank overdrafts.

24. FOREIGN CURRENCY GAINS/(LOSSES)

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

31 March *In thousands of Euros*	2015	2014
Foreign exchange gains/(losses) differences	10,302	(12,541)
Fair value gains on derivatives (note 14)	(1,406)	344
Foreign currency gains/(losses)	**8,896**	**(12,197)**

Foreign exchange differences mainly correspond to:

- Unrealized net foreign exchange gains/(losses): € 3,200,000 (€ 12,200,000 for the fiscal year ended 31 March 2014);
- Realized net foreign exchange gains/(losses): € 5,700,000 (nil as at March 31, 2014).

25. INCOME TAX EXPENSE

25.1. Income tax expense

The components of income tax expense are as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Current income tax	(48,387)	(34,958)
Deferred income tax	5,505	8,133
Total tax income expense	**(42,882)**	**(26,825)**

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

31 March *In thousands of Euros*	**2015**	**2014**
Profit before tax and share of loss from joint ventures accounted for using the equity method	168,474	119,357
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 29.22% as at 31 March 2015 and 31 March 2014)*	(49,228)	(34,876)
Effect of different tax rates in foreign countries	20,724	12,842
Effect of unrecognized tax assets	(3,093)	(2,729)
Expenses not deductible for taxation purposes	(1,509)	(537)
Provisions for tax risks (note 28.2)	(8,000)	—
Effect of unremitted tax earnings	(1,375)	(1,101)
Minimum tax payments	(401)	(424)
Income tax expense	**(42,882)**	**(26,825)**

25. INCOME TAX EXPENSE *(continued)*

25.2. Components of deferred income tax assets and liabilities

Nature of deferred income tax assets and liabilities

The components of the net deferred income tax assets recorded on 31 March 2015 and 2014 are:

In thousands of Euros	2015	2014
ASSETS		
Tax losses carried forward	11,812	13,512
Intercompany margin in inventory	22,874	20,445
Excess tax basis over carrying amount of tangible fixed assets	17,649	12,815
Employee benefits	5,556	4,071
Promotional goods expensed	2,762	3,238
Inventory valuation	4,216	3,099
Rent on operating leases recognized on a straight-line basis	2,558	1,530
Loyalty programs	1,649	1,087
Provision for charges and other liabilities (onerous contracts, litigations)	584	401
Derivative financial instruments	234	393
New tax regulation	651	636
Other temporary differences	6,614	4,399
Total assets	**77,159**	**65,626**
To be recovered after more than 12 months	*41,105*	*30,787*
To be recovered within 12 months	*36,054*	*34,839*
LIABILITIES		
Identified intangible assets in business combinations	(5,960)	(5,738)
Income tax on unremitted earnings (note 25.4)	(5,850)	(4,477)
Excess carrying amount over tax basis of tangible fixed assets	(326)	(429)
Derivative financial instruments	(411)	(430)
Other temporary differences	(640)	(510)
Total liabilities	**(13,187)**	**(11,584)**
To be recovered after more than 12 months	*(6,261)*	*(6,677)*
To be recovered within 12 months	*(6,926)*	*(4,907)*
Deferred income tax, net	**63,972**	**54,042**
Deferred income tax assets	*68,702*	*57,169*
Deferred income tax liabilities	*(4,730)*	*(3,127)*

Recognition of deferred income tax assets

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 2015, the Group had tax losses of € 62,583,000 to be carried over, generating a potential deferred tax asset of € 19,496,000. On 31 March 2014, these figures were € 63,936,000 and € 20,104,000 respectively.

The tax losses not recognized as deferred tax assets amount to € 28,083,000 (€ 25,545,000 as at March 31, 2014). The corresponding deferred income tax assets that were not recognized on 31 March 2015, amount to € 7,684,000 (€6,592,000 on 31 March 2014).

25. INCOME TAX EXPENSE *(continued)*

25.3. Movements in deferred tax assets and liabilities, net

The movement in deferred tax assets and liabilities, net during the year is as follows:

31 March *In thousands of Euros*	2015	2014
At the beginning of the year	**54,042**	**49,343**
(Charged) / credited to income (note 25.1)	5,505	8,133
(Charged) / credited to equity (note 25.5)	733	(10)
Acquisition of subsidiary (note 6)	105	—
Exchange differences	3,587	(3,424)
At the end of the year	**63,972**	**54,042**

As at 31 March 2015, the deferred income tax (charged)/credited to equity related to:

- The effective portion of change in the fair value of derivatives designated as hedging instruments that were recognized in other comprehensive income (note 14): nil (nil as at 31 March 2014);
- The actuarial (gains)/losses on defined benefit obligation: € 733,000 (€ (10,000) as at 31 March 2014).

25.4. Income tax on unremitted earnings

Deferred income taxes on the unremitted earnings of the Group's foreign subsidiaries and associates are provided for unless the Group intends to indefinitely reinvest the earnings in the subsidiaries. The Group does intend to indefinitely reinvest unremitted earnings of its foreign subsidiaries in most jurisdictions.

For certain subsidiaries that the Group does not intend to indefinitely reinvest unremitted earnings of these foreign jurisdictions, the corresponding distribution of earnings may trigger taxes. Therefore, the Group provides for deferred income taxes on these earnings where distribution would trigger taxes. The corresponding deferred tax liability amounts to € 5,850,000 on 31 March 2015 and € 4,477,000 on 31 March 2014.

25.5. Income tax on components of other comprehensive income

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	31 March 2015			31 March 2014		
In thousands of euros	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Actuarial gains / (losses) on defined benefit obligation (18.1)	(2,128)	733	(1,395)	23	(10)	13
Currency translation differences	4,826	—	4,826	(19,895)	—	(19,895)
Other comprehensive income	**2,699**	**733**	**3,432**	**(19,872)**	**(10)**	**(19,882)**

26. EARNINGS PER SHARE

The Group applies the rules governing earnings per share as described in note 2.29 above.

26.1. Basic

Basic earnings per share are calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the year.

31 March *In thousands of Euros*	**2015**	**2014**
Profit for the year attributable to equity holders of the Company (in thousands of Euros)	**122,382**	**89,349**
Weighted average number of ordinary shares in issue (a)	1,470,309,391	1,470,309,391
Basic earnings per share *(in € per share)*	**0.083**	**0.061**

(a) Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

26.2. Diluted

The Group has two categories of dilutive potential ordinary shares: share options and free shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2015	**2014**
Profit for the year attributable to equity holders of the Company *(in thousands of Euros)*	**122,382**	**89,349**
Weighted average number of ordinary shares in issue (a)	1,470,309,391	1,470,309,391
Adjustments for:		
– Free shares	1,577,291	633,720
Weighted average number of ordinary shares for diluted earnings per share in issue	**1,471,886,682**	**1,470,943,111**
Diluted earnings per share *(in € per share)*	**0.083**	**0.061**

(a) Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

27. SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION

27.1. Cash paid for interest and income taxes

Cash paid for interest and income taxes are as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Cash paid for:		
– Interest net	67	545
– Income taxes	42,025	38,400

27.2. Proceeds from sale of assets

In the cash flow statement, proceeds from sale of assets comprise the following:

31 March *In thousands of euros*	**2015** **Intangible assets**	**Property, plant and equipment**	**Total**	**2014** **Intangible assets**	**Property, plant and equipment**	**Total**
Disposals - Cost	666	19,457	20,123	3,480	19,336	22,816
Disposals - Accumulated depreciation and amortization	(511)	(16,505)	(17,016)	(3,128)	(17,513)	(20,641)
Net book value (7), (9)	**155**	**2,952**	**3,107**	**352**	**1,823**	**2,175**
Profit/(loss) on sale of assets (22)	183	(1,824)	(1,641)	148	(1,327)	(1,179)
Proceeds from sale of assets	**338**	**1,128**	**1,466**	**500**	**496**	**996**

The profit/(loss) on sale of assets is presented in the line 'Other (losses)/gains – net' in the consolidated statement of income.

27.3. Depreciation, amortization and impairment

Depreciation, amortization and impairment include the following:

31 March *In thousands of Euros*	**Notes**	**2015**	**2014**
Depreciation of property, plant and equipment	(7.3)	47,651	41,858
Impairment charge/(reversal) on property, plant and equipment, net	(7.4)	2,746	(907)
Amortization of intangible assets	(9.3)	11,789	9,280
Impairment charge on intangible assets, net	(9.4)	25	75
Depreciation, amortization and impairment, net		**62,211**	**50,306**

27. SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION *(continued)*

27.4. Net movement in provisions

In the statement of cash flows, net movement in provisions recorded in the statement of income comprises the following:

31 March *In thousands of Euros*	**Notes**	**2015**	**2014**
Social litigations	(20)	(367)	8
Commercial claims	(20)	(597)	(94)
Provision for returned goods	(20)	586	(335)
Onerous contracts	(20)	1,209	(398)
Tax risks	(20)	9,389	(358)
Dismantling and restoring	(18.3)	(363)	415
Retirement indemnities	(18.1)	631	1,153
Net movement in provisions		**10,488**	**391**

27.5. Acquisition of fixed assets under finance lease

On 31 March 2015, no amount was drawn in connection with finance lease agreements (€ 599,000 (restated) on 31 March 2014).

27.6. Other non cash items

The Group has granted share-based payments that are described in the note 16.3.

27.7. Effects of the exchange rate changes on the net (decrease)/increase in cash and cash equivalents

The effects of exchange rate changes as stated in the consolidated statement of cash flows include the following:

- The translation at the closing exchange rate of foreign currency cash and cash equivalents;
- The exchange rate effect of the movement in foreign currency cash and cash equivalents from the average exchange rate to the closing exchange rate;
- The exchange movements on intra-group transactions not settled at year-end.

27.8. Cash flows reported on a net basis

In accordance with IAS 7.23, proceeds from and repayments of borrowings in which the turnover is quick, the amounts are large, and the maturities are short are reported on a net basis in the consolidated statement of cash flows.

28. CONTINGENCIES

28.1. Legal proceedings

The Group is subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Group's management does not expect that the ultimate costs to resolve these other matters will have a material adverse effect on the Group's consolidated financial position, statement of income or cash flows.

28.2. Tax risks

In July 2012, the French tax authorities started an audit of the tax returns filed by Laboratoires M&L (previously named L'Occitane SA) for the years ended in March 2009, 2010 and 2011. In December 2012 and in December 2013, the company received tax reassessments proposals for a total amount of € 33,700,000 plus the late payment of interest and penalties relating to the year ended in March 2009, 2010 and 2011. The French tax authorities questioned the level of intercompany transactions and mainly the trademark royalties between subsidiaries. For the fiscal year ended 31 March 2014, the Group considered that the French tax authorities' position was unfounded and challenged those reassessments. Therefore no provision was recorded as at 31 March 2014.

In March 2015, the tax authorities responded to the Company: some items of the tax reassessment were abandoned. For the fiscal years ended in March 2009, 2010 and 2011, the revised tax proposed reassessments eventually amounted to € 20,300,000 plus the late payment of interest and penalties. The Group continues to challenge the tax authorities' position. Nevertheless, after consulting its tax advisors, the Group considers that the risk is "probable". Consequently after having estimated several scenarios, an amount of € 8,000,000 (including late interest) was provided as at 31 March 2015. The provision was recorded in the income tax expense in the statement of income.

For the fiscal years ended 31 March 2012 to 2015, no tax audit has been started. Furthermore, considering the uncertainty as to the possible legal grounds for future tax audits, the Group cannot assess any reliable estimate for such a risk. The risk is considered as "not probable" as at 31 March 2015 and no provision was accordingly made.

Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such tax audits or related litigation could vary significantly from the Group's provisions.

28.3. Other contingent liabilities

The Group has contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. All guarantees given by the Group are described in note 28.

29. COMMITMENTS

29.1. Capital and other expenditure commitments

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

In thousands of Euros	31 March 2015	31 March 2014
Property, plant and equipment	10,202	4,641
Intangible assets	1,213	27
Raw materials	2,354	5,338
Total	**13,769**	**10,006**

The amounts as of 31 March 2015 and 2014 are mainly related to the plants in France.

29.2. Lease commitments

The Group leases various retail stores, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses, free-rents period and renewal rights. The lease expenditure charged to the statement of income is disclosed in note 21.

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

In thousands of Euros	31 March 2015	31 March 2014
Within one year	111,594	95,876
One to two years	92,109	80,385
Two to three years	76,436	60,292
Three to four years	58,593	47,224
Four to five years	46,478	36,604
Subsequent years	124,125	97,499
Total	**509,334**	**417,879**

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

The increase in lease commitments relates to (i) the lease agreements of the new stores open during the period and to lease agreements renewals during the period ended 31 March 2015 and (ii) the effect of changes in exchange rates.

29. COMMITMENTS *(continued)*

29.3. Other commitments

In thousands of Euros	31 March 2015	31 March 2014
Pledge of land and building (a)	8,574	9,289
Pledge of investments (b)	—	52,095
Total	**8,574**	**61,384**

(a) As at 31 March 2015, the pledge of land and building corresponds to the FY 2012 bank borrowing (note 17).

(b) As at March 2014, the pledge of investments corresponded to the FY 2012 Revolving facility (note 17)

30. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties:

30.1. Key management compensation

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

Director's emoluments

Directors are the Board members. Directors' emoluments expensed during the periods are analysed as follows:

31 March 2015 *In thousands of Euros*	Salaries and other benefits kind	Bonus	Directors fees	Share-based payments (d)	Services	Total
Executive directors						
Reinold Geiger (a)	–	125	100	31	672	928
Emmanuel Osti (b)	206	36	8	–	–	250
André Hoffmann	451	154	–	31	–	637
Domenico Trizio	405	112	–	166	–	683
Thomas Levilion	336	93	–	38	–	467
Karl Guénard	93	57	–	3	–	153
Nicolas Veto (c)	155	25	–	7	–	187
Non executive director						
Martial Lopez	–	–	–	–	–	–
Independent Non executive directors						
Mark Broadley	–	–	42	4	–	46
Pierre Milet	–	–	30	–	–	30
Valérie Bernis	–	–	30	–	–	30
Jackson Ng	–	–	37	4	–	41
Total	**1,646**	**602**	**247**	**284**	**672**	**3,452**

30. TRANSACTIONS WITH RELATED PARTIES *(continued)*

30.1. Key management compensation *(continued)*

Director's emoluments (continued)

(a) Reinold Geiger is the Chairman and Chief Executive Officer.

(b) On 7 January 2015, Emmanuel Osti resigned as executive director.

(c) On 24 September 2014, the general shareholders meeting approved the appointment of Nicolas Veto.

(d) 298,800 stock options were granted to the Directors during the financial year ended 31 March 2015.

31 March 2014 *In thousands of Euros*	Salaries and other benefits kind	Bonus	Directors fees	Share-based payments (c)	Services	Total
Executive directors						
Reinold Geiger (a)	–	125	100	49	672	946
Emmanuel Osti	256	60	10	49	–	376
André Hoffmann	322	60	8	81	–	470
Domenico Trizio	373	10	–	230	–	613
Thomas Levilion	301	50	–	46	–	397
Karl Guénard (d)	61	27	25	2	–	115
Non executive directors						
Martial Lopez (b)	–	–	–	–	–	–
Mark Broadley	–	–	39	5	–	44
Pierre Milet	–	–	28	–	–	28
Valérie Bernis	–	–	30	–	–	30
Jackson Ng	–	–	33	5	–	38
Total	**1,313**	**332**	**273**	**468**	**672**	**3,058**

(a) Reinold Geiger is the Chairman and Chief Executive Officer.

(b) Esprit-fi Eurl, a company owned by Mr. Martial Lopez, was engaged as financial consultant to the Group in return for financial consulting service fee. These fees were not paid to Mr. Martial Lopez as a Director and were not in the nature of Director's emoluments (note 30.3).

(c) 967,000 stock options were granted to the Directors.

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.

In addition to the Directors' remuneration disclosed above, certain Directors receive remuneration from the Company's holding company, LOG, which totals € 80,000 (€ 247,000 for the fiscal year ended 31 March 2014), part of which is in respect of their services to the Company and its subsidiaries.

30. TRANSACTIONS WITH RELATED PARTIES *(continued)*

30.1. Key management compensation *(continued)*

Five highest paid individuals

The five highest paid individuals are as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Salaries and other benefits in kind	1,768	1,472
Bonus	739	451
Directors fees	100	108
Share-based payments	317	497
Services	672	672
Total	**3,595**	**3,199**

Three Directors' compensations are included in the 31 March 2015 and in 31 March 2014 amounts.

The emoluments of the five highest paid individuals are analysed by the following bands:

Number of individuals	**2015**	**2014**
Nil to € 300,000	—	—
€ 300,000 to € 400,000	—	—
€ 400,000 to € 500,000	—	2
€ 500,000 to € 600,000	3	—
over € 600,000	2	3
Total	**5**	**5**

Senior management's emoluments expensed during the period

The emoluments of the senior management are as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Salaries and other benefits in kind	1,850	1,903
Bonus	540	464
Directors fees	—	—
Share-based payments	187	355
Total	**2,577**	**2,721**

30. TRANSACTIONS WITH RELATED PARTIES *(continued)*

30.1. Key management compensation *(continued)*

***Senior management's emoluments expensed during the period** (continued)*

The emoluments of the senior management are analysed by the following bands:

31 March *Number of individuals*	**2015**	**2014**
Nil to € 100,000	—	—
€ 100,000 to € 200,000	—	—
€ 200,000 to € 300,000	3	3
€ 300,000 to € 400,000	—	2
over € 400,000	4	2
Total	**7**	**7**

30.2. Sales of products and services

31 March *In thousands of Euros*	**2015**	**2014**
Sales of goods and services		
– Sales of L'Occitane and Le Couvent des Minimes products to Les Minimes (a)	100	39
– Management fees to parent (b)	231	105
Total Sales of products	**331**	**144**
Receivable to related parties in connection with the above sales of products		
– Receivables from Les Minimes (a)	24	—
– Receivables from parent (b)	—	86
Total receivables	**24**	**86**

a) 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 74.3%, by Mr. Reinold Geiger as to 25.7%.

b) Management fees invoiced by the Company to the parent company amounted to € 231,000 (€ 105,000 for the fiscal year ended 31 March 2014).

30. TRANSACTIONS WITH RELATED PARTIES *(continued)*

30.3. Purchases of goods and services

31 March *In thousands of Euros*	**2015**	**2014**
Purchases		
- Services from Directors (a)	14	23
- Services from Les Minimes (b)	242	270
Total purchases	**256**	**293**
Payables to related parties in connection with the above services		
- Services from Directors (a)	—	—
- Services from Les Minimes (b)	1	5
Total payables	**1**	**5**

a) L'Occitane International has a contract for financial consulting services with the company Esprit-fi Eurl, wholly owned by Mr. Martial Lopez.

b) 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 74.3%, by Mr. Reinold Geiger as to 25.7%.

30.4. Borrowings from related parties/loans to related parties

The Group has no borrowings from the related parties or loans to related parties.

30.5. Transactions with other related parties

The close members of the family of key management are also related parties. Some individual that are close members of the key management are also employees in the Group or provide services to the Group.

The transactions with these other related parties are as follows:

31 March *In thousands of Euros*	**2015**	**2014**
Cost of services		
– Employees benefits	195	184
– Other services	—	—
Total purchases of services	**195**	**184**
Payables to related parties in connection with the above services		
– Employees benefits	—	—
– Other services	—	—
Total payables	**—**	**—**

Other services mainly include legal services. Employees benefits are excluding share-based payment.

30. TRANSACTIONS WITH RELATED PARTIES *(continued)*

30.6. Formation of joint ventures/acquisition of additional interests in a subsidiary

No transaction occurred with related parties linked to formation of joint-ventures or acquisitions of additional interests in subsidiary other than those listed in note 6 during the years ended 31 March 2015 and 31 March 2014.

30.7. Commitments and contingencies

The Group has not guaranteed any loan to any key management personnel.

31. POST BALANCE SHEET EVENTS

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

32. LIST OF SUBSIDIARIES AND ASSOCIATES

The list of subsidiaries and associates was as follows:

			% of interest 31 March		Method of consolidation 31 March	
Subsidiaries		City - Country	2015	2014	2015	2014
L'Occitane International S.A.		Luxembourg	Parent	Parent	Global	Global
Laboratoires M&L S.A	*	Manosque - France	100.0	100.0	Global	Global
Relais L'Occitane S.a.r.l.	**	Manosque - France	100.0	100.0	Global	Global
Melvita Distribution SAS	**	Lagorce - France	100.0	100.0	Global	Global
Melvita Production	**	Lagorce - France	100.0	100.0	Global	Global
L'Occitane Inc.	*	New York - USA	100.0	100.0	Global	Global
Verdon.LLC (formerly Olivier & Co., LLC)	**	New York - USA	100.0	100.0	Global	Global
L'Occitane LLC	**	Delaware - USA	100.0	100.0	Global	Global
L'Occitane (Far East) Limited	*	Hong Kong	100.0	100.0	Global	Global
L'Occitane Singapore Pte. Limited	**	Singapore	100.0	100.0	Global	Global
L'Occitane Japon K.K.	***	Tokyo -Japan	100.0	100.0	Global	Global
Melvita Japon K.K.	**	Tokyo -Japan	100.0	100.0	Global	Global
Couvent des minimes Japon K.K.	**	Tokyo -Japan	100.0	100.0	Global	Global
L'Occitane Holding Brasil	*	Sao Paulo - Brazil	100.0	100.0	Global	Global
L'Occitane Do Brasil	**	Sao Paulo - Brazil	100.0	100.0	Global	Global
Espaço Do Banho	**	Sao Paulo - Brazil	100.0	100.0	Global	Global
L'Occitane Ltd.	*	London - UK	100.0	100.0	Global	Global
L'Occitane GmbH	*	Villach – Austria	56.7	56.6	Global	Global
L'Occitane GmbH	*	Dusseldorf-Germany	100.0	100.0	Global	Global
L'Occitane Italia S.r.l.	*	Milan – Italy	100.0	100.0	Global	Global
L'Occitane Australia	**	Sydney – Australia	100.0	100.0	Global	Global
L'Occitane (Suisse) S.A.	*	Geneva – Switzerland	100.0	100.0	Global	Global
L'Occitane Espana S.L	*	Madrid – Spain	100.0	100.0	Global	Global
L'Occitane Central Europe s.r.o.	*	Prague – Czech Rep.	100.0	100.0	Global	Global
L'Occitane (Taiwan) Limited	**	Taipei - Taiwan	50.1	50.1	Global	Global
L'Occitane Belgium Sprl	*	Brussels – Belgium	100.0	100.0	Global	Global
L'Occitane Trading (Shanghai) Co. Limited	**	Shanghai - China	100.0	100.0	Global	Global
L'Occitane (Korea) Limited	**	Seoul - Korea	100.0	100.0	Global	Global
L'Occitane Airport Venture LLC	**	Dallas - USA	65.0	65.0	Global	Global

32. LIST OF SUBSIDIARIES AND ASSOCIATES *(continued)*

The list of subsidiaries and associates was as follows: *(continued)*

Subsidiaries		City - Country	% of interest 31 March 2015	2014	Method of consolidation 31 March 2015	2014
L'Occitane Mexico S.A. de CV	*	Mexico City - Mexico	99.9	99.9	Global	Global
L'Occitane (China) Limited	**	Hong Kong	100.0	100.0	Global	Global
L'Occitane Macau Limited	**	Macau	100.0	100.0	Global	Global
L'Occitane Russia OOO	*	Moscow - Russia	100.0	100.0	Global	Global
Verveina SAS	**	Manosque - France	100.0	100.0	Global	Global
L'Occitane Americas Export & Travel Retail Inc	*	Miami - USA	100.0	100.0	Global	Global
L'Occitane Thailand Ltd.	**	Bangkok - Thailand	100.0	100.0	Global	Global
L'Occitane Ventures (Thailand) Ltd.	**	Bangkok - Thailand	100.0	100.0	Global	Global
Urban Design Sp.z.o.o	*	Warsaw - Poland	100.0	100.0	Global	Global
Aromas y Perfumes de Provence S.A de C.V.	**	Mexico City - Mexico	-	50.1	-	Global
L'Occitane Canada Corp	*	Toronto - Canada	100.0	100.0	Global	Global
L'Occitane India Private Limited	**	New Delhi - India	51.0	51.0	Global	Global
L'Occitane Nederland B.V.	*	Amsterdam, The Netherlands	100.0	100.0	Global	Global
L'Occitane Malaysia SDN	**	Kuala Lumpur - Malaysia	100.0	100.0	Global	Global
Far east cosmetics BV	**	Apeldoorn - The Netherlands	100.0	100.0	Global	Global
L'Occitane Ireland Ltd	*	Dublin - Ireland	100.0	100.0	Global	Global
Orange Tree Ltd	**	Dublin - Ireland	100.0	100.0	Global	Global
Olive tree lifestyles products Ltd	**	Dublin - Ireland	100.0	100.0	Global	Global
Symbiose Cosmetics France SAS	*	Paris - France	62.6	62.6	Global	Global
Symbiose Cosmetics Korea	*	Seoul - Korea	62.6	62.6	Global	Global
L'Occitane Nordic AB	*	Stockholm - Sweden	100.0	100.0	Global	Global
L'Occitane Finland	*	Stockholm - Sweden	100.0	100.0	Global	Global
L'Occitane South Africa	*	Johannesburg - South Africa	75.0	100.0	Global	Global
L'Occitane International GMBH	*	Dusseldorf-Germany	100.0	100.0	Global	Global
SAS Savonnerie nature en provence	**	Villeneveuve - France	20.0	20.0	Equity method	Equity method
L'Occitane Portugal Unipessoal LDA	*	Lisbon - Portugal	100.0	100.0	Global	Global
L'Occitane Communication Services Ltd	*	London - UK	100.0	-	Global	-
L'Occitane Norge AS	*	Oslo - Norway	100.0	-	Global	-

* *Directly held by the Company*

** *Indirectly held by the Company*

*** *Both directly and indirectly held by the Company*

The percentages of interest are representative of voting rights as no shares have multiple voting rights. These percentages are unchanged at the approval date of the financial statements.

The main changes in the list of subsidiaries and associates are disclosed in note 6.

32. LIST OF SUBSIDIARIES AND ASSOCIATES *(continued)*

The date of incorporation, the share capital and the principal activities of the subsidiaries are as follows:

Subsidiaries		City - Country	Date of incorporation	Share capital	Principal activities
L'Occitane International S.A.		Luxembourg	2000	EUR 38,231,891.72	Holding & Distribution
Laboratoires M&L S.A.	*	Manosque - France	1976	EUR 8,126,409.35	Production
Relais L'Occitane S.a.r.l.	**	Manosque - France	1994	EUR 3,097,000	Distribution
L'Occitane Inc.	*	New York - USA	1995	USD 1	Distribution
Olivier & Co., LLC	**	New York - USA	1999	USD 1	Distribution
L'Occitane LLC	**	Delaware - USA	1999	USD 1	Dormant
L'Occitane (Far East) Limited	*	Hong Kong	1992	HKD 8,000,000	Holding & Distribution
L'Occitane Singapore Pte. Limited	**	Singapore	1997	SGD 100,000	Distribution
L'Occitane Japon K.K.	***	Tokyo -Japan	1998	JPY 100,000,000	Distribution
Melvita Japon K.K.	**	Tokyo -Japan	2010	JPY 50,000,000	Distribution
Couvent des minimes Japon K.K.	**	Tokyo -Japan	2012	JPY 50,000,000	Distribution
L'Occitane Holding Brasil	*	Sao Paulo - Brazil	1999	BRL26,091,197	Holding
L'Occitane Do Brasil	**	Sao Paulo - Brazil	1999	BRL 8,700,000	Distribution
Espaço Do Banho	**	Sao Paulo - Brazil	1996	BRL 3,800,000	Distribution
L'Occitane Ltd.	*	London - UK	1996	GBP 1,398,510.75	Distribution
L'Occitane GmbH	*	Villach – Austria	2000	EUR 70,000	Distribution
L'Occitane GmbH	*	Dusseldorf-Germany	2004	EUR 25,000	Distribution
L'Occitane Italia S.r.l.	*	Milan – Italy	2001	EUR 80,000	Distribution
L'Occitane Australia	**	Sydney – Australia	2000	AUD 5,000,000	Distribution
L'Occitane (Suisse) S.A.	*	Geneva – Switzerland	2002	CHF100,000	Distribution
L'Occitane Espana S.L	*	Madrid – Spain	2003	EUR 6,459,650.10	Distribution
L'Occitane Central Europe s.r.o.	*	Prague – Czech Rep.	2004	CZK 9,361,000	Distribution
L'Occitane (Taiwan) Limited	**	Taipei - Taiwan	2005	TWD 28,500,000	Distribution
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
Verveina SAS	**	Manosque - France	2008	EUR 37,000	Dormant
L'Occitane Americas Export & Travel Retail Inc	*	Miami - USA	2008	USD 1,000	Distribution
Melvita Distribution SAS	**	Lagorce - France	1982	EUR 555,105	Distribution
L'Occitane Thailand Ltd.	**	Bangkok - Thailand	2008	THB 20,000,000	Distribution
L'Occitane Ventures (Thailand) Ldt	**	Bangkok - Thailand	2012	THB 451,700	Distribution
Verdon.LLC (formerly O.&Co. Table LLC)	****	New-York - USA	2007	–	Dormant
Urban Design Sp.z.o.o	*	Warsaw - Poland	2009	PLN 3,754,000	Distribution
L'Occitane Canada Corp	*	Toronto - Canada	2009	CAD 6,000,000	Distribution
L'Occitane India Private Limited	**	New Delhi - India	2009	INR 17,500,000	Distribution
L'Occitane Nederland BV	*	Amsterdam, the Netherlands	2010	EUR 200,000	Distribution

32. LIST OF SUBSIDIARIES AND ASSOCIATES *(continued)*

The date of incorporation, the share capital and the principal activities of the subsidiaries are as follows: *(continued)*

Subsidiaries		City - Country	Date of incorporation	Share capital	Principal activities
L'Occitane Malaysia SDN	**	Kuala Lumpur - Malaysia	2011	MYR 2	Distribution
Far East cosmetics BV	**	Apeldoorn - the Netherland	2011	EUR 18,000	Dormant
L'Occitane Ireland Ltd	*	Dublin - Ireland	2012	EUR 100	Distribution
Orange Tree Ltd	**	Dublin - Ireland	1999	EUR 3	Distribution
Olive tree lifestyles products Ltd	**	Dublin - Ireland	2001	EUR 3	Distribution
Symbiose Cosmetics Korea	*	Seoul - Korea	2012	KRW 100,000,000	Production
Symbiose Cosmetics France SAS	*	Paris - France	2012	EUR 140,000	Distribution
L'Occitane Nordic AB	*	Stockholm - Sweden	2012	SEK 50,000	Distribution
L'Occitane South Africa	*	Johannesburg - South Africa	2013	ZAR 750	Distribution
L'Occitane International GmbH	*	Dusseldorf-Germany	2014	EUR 25,000	Holding
SAS Savonnerie nature en Provence	**	Villeneuve - France	2013	EUR 100,000	Production
L'Occitane Portugal Unipessoal LDA	*	Lisbon - Portugal	2013	EUR 50,000	Distribution
L'Occitane Norge AS	*	Oslo - Norway	2014	NOK 129,000	Distribution
L'Occitane Communication Services Ltd	*	London - UK	2014	GBP 20,000	Services

* *Directly held by the Company*

** *Indirectly held by the Company*

*** *Both directly and indirectly held by the Company*

**** *No more directly or indirectly held by the Company*

The main changes in the list of subsidiaries and associates are disclosed in note 6.

Financial Summary

A summary of the consolidated results and assets, liabilities, equity and minority interests of the Group for the last five financial years is set out below.

Year ended 31 March	2015 €'000	2014 €'000	2013 €'000	2012 €'000	2011 €'000
Net sales	**1,177,877**	1,054,872	1,043,363	913,448	772,294
Gross profit	**963,216**	855,593	855,461	755,488	636,962
Gross profit margin	**81.8%**	81.1%	*82.0%*	*82.7%*	*82.5%*
Operating profit	**164,143**	132,921	158,284	152,273	132,084
Operating profit margin	**13.9%**	12.6%	*15.2%*	*16.7%*	*17.1%*
Profit for the year	**125,578**	92,522	125,608	124,191	102,700
attributable to:					
equity owners of the Company	**122,382**	89,349	122,702	121,159	99,501
non-controlling interests	**3,196**	3,173	2,906	3,032	3,199
Total assets	**1,209,353**	1,074,951	1,033,032	910,997	785,860
Total liabilities	**349,162**	312,167	298,723	255,730	220,596
Equity attributable to the equity owners of the Company	**853,819**	757,396	729,335	650,192	560,266
Non-controlling interests	**6,372**	5,388	4,974	5,075	4,998

The consolildated financial statements of the Group have been prepared in accordance with International Financial Reporting Standard (IFRS).

The above summary does not form a part of the consolidated financial statements.


L'OCCITANE
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