Burberry. Jimmy Choo. Lanvin.
Montblanc. Nickel. Paul Smith.
S.T. Dupont. Van Cleef & Arpels.

interparfums

Two thousand & ten first half report

interparfums

Two thousand & ten first half report

CHAPTER ONE

Management report

1.
REVIEW OF OPERATIONS

Consolidated sales for the 2010 first half amounted to €150.7 million, advancing 24.3% at current exchange rates and 26% at constant exchange rates year-on-year but also 17.5% over the same period in 2008 and 17% above the 2010 budget.

With organic growth rates significantly higher than those of the overall market, the Group's brands have continued to add market share in all regions.

1.1
Highlights by brand

In € millions	06/30/09	06/30/10
Burberry	77.8	98.1
Lanvin	19.0	22.9
Van Cleef & Arpels	9.4	12.8
Paul Smith	5.4	5.9
S.T. Dupont	5.2	8.7
Nickel	1.1	1.2
Other	3.4	1.1
Total	121.3	150.7

Significant gains by the brand's long-established lines, steady performances by more recent top-selling lines (*Burberry Brit* and *Burberry The Beat*) and the launch of the *Burberry Sport line* (€25 million in first half-year) fueled robust growth for Burberry fragrances with total sales for the first half approaching €100 million.

Lanvin fragrances, with no major launches during the period, accelerated its expansion, now sustained by two solidly-entrenched lines, *Éclat d'Arpège* (+48%) and *Jeanne Lanvin* (+33%).

Van Cleef & Arpels fragrances, building on the positive performance of the *Féerie* line, has pursued its repositioning in the high-end segment with the launch of the *Oriens* line.

1.2
Highlights by region

The new markets have confirmed their role as powerful growth drivers on strong gains in Asia (+39%) and the Middle East (+22%) while in Eastern Europe (+68%) and South America (+67%) market conditions are progressively returning to normal.

Western Europe (+15%) and North America (+14%) have for their part continued to deliver steady growth.

2.
CONSOLIDATED FINANCIAL HIGHLIGHTS

In € millions	06/30/09	06/30/10	10/09
Sales	121.3	150.7	+24%
Gross margin	71.6	92.8	+30%
% of sales	*59.0%*	*61.5%*	
Operating profit (loss)	15.0	21.5	+43%
% of sales	*12.4%*	*14.3%*	
Net income	11.5	12.9	+12%
% of sales	*9,5%*	*8,5%*	

In line with our development strategy, the Group pursued marketing and advertising spending (+39%) while successfully maintaining tight control of all production costs and selling expenses. As a result, first half operating profit surged 43% over last year's same period resulting in an operating margin of 14.3%.

On this basis, the Group had net income of €12.9 million in the 2009 first half, gaining 12% year-on-year.

In € millions	**12/31/09**	**06/30/10**	**10/09**
Shareholders' equity	169.9	178.1	+5%
Borrowings	20.5	16.4	-20%
Net cash	66.2	47.0	-29%

Sustained by strong underlying growth trends, the Group's financial position remains excellent with shareholders' equity of €178 million, cash (including certificates of deposit with maturities exceeding than three months) of more than €67 million and limited net debt of €16 million at June 30, 2010.

Through highly efficient management of accounts receivable and payable, operating working capital requirements (-€3 million for the period) were not adversely affected by the seasonal rise in inventories.

3. HALF YEAR MILESTONES

In January 2010, Inter Parfums SA and Montblanc International GmbH signed a license agreement to create, produce and distribute perfumes and ancillary products under the Montblanc brand. The inception date of this license agreement for ten and a half years was July 1, 2010.

In March and June 2010, Inter Parfums created two wholly-owned distribution subsidiaries in the United States and Singapore respectively, "Inter Parfums Luxury brands" and "Inter Parfums Singapore".

In June 2010, the company proceeded with its 11th bonus issue on the basis of one new share for every ten shares held.

4. RISK FACTORS AND INFORMATION ON RELATED PARTIES

4.1 Risk factors

Information on market risks and their management is presented in note 2.15 of the interim consolidated financial statements included in this report.

Other risk factors are of the same nature as those presented in section 3 "Risk factors" of the 2009 consolidated management report included in the registration document filed on April 1, 2010 with the French financial market authorities (*Autorité des Marchés Financiers* or AMF). There have been no significant changes in these risk factors in the 2010 first half.

4.2 Related party transactions

In the first half, relations between Inter Parfums and affiliated companies remained comparable to those of fiscal year 2009 presented in Note 6 "Information on related parties" of the 2009 consolidated financial statements included in the registration document filed on April 1, 2010 with the AMF.

This was also the case for relations between members of the Management Committee and the Board of Directors.

5.
OUTLOOK

Significant events in the 2010 second half
will include notably:
- the integration of the Montblanc fragrances;
- the launch of a complete make-up line under the Burberry brand;
- the launch of new fragrance lines under the Van Cleef & Arpels, Lanvin and S.T. Dupont brands;
- the launch an organic cosmetics line under the Nickel brand.

In light of these developments and the strong growth momentum of the first half, particularly in new markets, targets for 2010 full-year sales, now expected to exceed €280 million, have been raised.

6.
POST-CLOSING EVENTS

There have been no significant events to report following the close of the first half.

CHAPTER TWO

Condensed consolidated financial statements

1.
CONSOLIDATED INCOME STATEMENT

In € thousands, Except per share data which is in units	Notes	06/30/09	06/30/10
Sales	**3.1**	**121,267**	**150,733**
Cost of sales	3.2	(49,691)	(57,977)
Gross margin		**71,576**	**92,756**
% of sales		*59.0%*	*61.5%*
Selling expenses	3.3	(52,275)	(66,640)
Administrative expenses	3.4	(4,262)	(4,604)
Income from operations		**15,039**	**21,512**
% of sales		*12.4%*	*14.3%*
Interest income		99	128
Interest and similar expenses		(939)	(681)
Net finance profits (costs)		**(840)**	**(553)**
Other interest income		4,888	1,552
Other interest expense		(1,744)	(3,715)
Net financial expense	**3.5**	**2,304**	**(2,716)**
Income before income tax		**17,343**	**18,796**
% of sales		*14.3%*	*12.5%*
Income tax	3.6	(6,035)	(6,348)
Effective tax rate		*34.8%*	*33.8%*
Net income before minority interests		**11,308**	**12,448**
% of sales		*9.3%*	*8.3%*
Attributable to non-controlling shareholders		(192)	(431)
Attributable to equity holders of the parent		**11,500**	**12,879**
% of sales		*9.5%*	*8.5%*
Basic earnings per share (1)	3.7	0.77	0.72
Diluted earnings per share (1)	3.7	0.77	0.72

(1) Basic earnings per share and diluted earnings per share at June 30, 2009 were restated to eliminate the effects of the bonus share issue of June 20, 2010 on the basis of one new share for ten existing shares.

2.
OTHER COMPREHENSIVE INCOME

In € thousands	06/30/09	06/30/10
Available-for-sale assets	80	214
Currency hedges	(2,725)	-
Gross income/(expense) recognized directly in equity	**(2,645)**	**214**
Deferred tax	910	(74)
Net income/(expense) recognized directly in equity	**(1,735)**	**140**
Consolidated net profit for the period	11,308	12,448
Total recognized income and expense for the period	**9,573**	**12,588**
Attributable to non-controlling shareholders	(192)	(431)
Attributable to equity holders of the parent	**9,765**	**13,019**

3.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

In € thousands	Notes	12/31/09	06/30/10
Non-current assets			
Net trademarks and other intangible assets	2.1	56,455	56,472
Net goodwill	2.2	2,613	2,613
Net property, plant, equipment	2.3	5,515	6,062
Long-term investments		816	1,216
Other non-current financial assets		70	284
Deferred tax assets	2.11	2,620	2,558
Total non-current assets		**68,089**	**69,205**
Current assets			
Inventories and work in progress	2.4	45,110	62,989
Trade receivables and related accounts	2.5	66,033	78,483
Current income tax assets		-	-
Other receivables	2.6	7,480	3,163
Current financial assets	2.7	-	20,300
Cash and cash equivalents	2.8	66,873	49,015
Total current assets		**185,496**	**213,950**
Total assets		**253,585**	**283,155**

SHAREHOLDERS' EQUITY AND LIABILITIES

In € thousands	Notes	12/31/09	06/30/10
Shareholders' equity			
Common stock		48,671	53,778
Additional paid-in capital		1,205	-
Retained earnings		97,327	111,398
Net income for the year		22,647	12,879
Total group shareholders' equity		**169,850**	**178,055**
Non-controlling interests		109	(305)
Total shareholders' equity	2.9	**169,959**	**177,750**
Non current liabilities			
Provisions for non-current commitments	2.10	1,131	1,231
Non-current borrowings	2.11	11,896	7,753
Deferred tax liabilities	2.12	2,185	1,419
Total non-current liabilities		**15,212**	**10,403**
Current liabilities			
Trade payables and related accounts		41,809	62,207
Current borrowings	2.11	8,647	8,626
Other commitments and contingencies	2.10	1,063	1,327
Current income tax liabilities		1,100	2,087
Short-term bank loans		672	2,038
Other liabilities	2.13	15,123	18,717
Total current liabilities		**68,414**	**95,002**
Total shareholders' equity and liabilities		**253,585**	**283,155**

4.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € thousands	Number of share	Common stock	Paid-in capital	Retained earnings & net income	Total equity Group share	Non controlling Interests	Total
As of December 31, 2008 restated	**13,351,605**	**40,176**	**265**	**113,995**	**154,436**	**(166)**	**154,270**
Bonus share issue	2,678,942	8,037	(286)	(7,751)	-	-	-
Shares issued on exercise of stock options	152,591	458	1,226	-	1,684	-	1,684
2009 net income	-	-	-	22,647	22,647	145	22,792
2008 dividend paid in 2009	-	-	-	(5,061)	(5,061)	-	(5,061)
Treasury shares	3,177	-	-	162	162	-	162
Stock based compensation	-	-	-	208	208	-	208
Remeasurement of financial instruments at fair value	-	-	-	(4,220)	(4,220)	-	(4,220)
Changes in the scope of consolidation	-	-	-	-	-	135	135
Translation adjustments				(11)	(11)	(3)	(14)
Other changes	-	-	-	5	5	(2)	3
As of December 30, 2009 (1)	**16,186,315**	**48,671**	**1,205**	**119,974**	**169,850**	**109**	**169,959**
Bonus share issue	1,637,865	4,913	(3,648)	(1,265)	-	-	-
Shares issued on exercise of stock options	171,511	515	2,595	-	3,110	-	3,110
Capital decrease	(107,150)	(322)	(152)	(1,865)	(2,339)		(2,339)
2010 half-year net income	-	-	-	12,879	12,879	(431)	12,448
2009 dividend paid in 2010	-	-	-	(6,319)	(6,319)	-	(6,319)
Treasury shares	14,115	-	-	309	309	-	309
Stock based compensation	-	-	-	94	94	-	94
Remeasurement of instruments securities at fair value	-	-	-	140	140	-	140
Changes in the scope of consolidation	-	-	-	-	-	-	-
Translation adjustments				316	316	3	319
Other changes	-	-	-	15	15	14	29
As of June 30, 2010 (1)	**17,902,656**	**53,777**	**0**	**124,278**	**178,055**	**(305)**	**177,750**

In € thousands	Number of share	Common stock	Paid-in capital	Retained earnings & net income	Total equity Group share	Non controlling Interests	Total
As of December 31, 2008 restated	**13,351,605**	**40,176**	**265**	**113,995**	**154,436**	**(166)**	**154,270**
Bonus share issue	2,678,942	8,037	(286)	(7,751)	-	-	-
Shares issued on exercise of stock options	16,370	49	117	-	166	-	166
2009 half-year net income	-	-	-	11,500	11,500	(192)	11,308
2008 dividend paid in 2009	-	-	-	(5,061)	(5,061)	-	(5,061)
Treasury shares	(7,814)	-	-	(29)	(29)	-	(29)
Stock based compensation	-	-	-	127	127	-	127
Remeasurement of financial instruments at fair value	-	-	-	(1,735)	(1,735)	-	(1,735)
Changes in the scope of consolidation	-	-	-	-	-	-	-
Other changes	-	-	-	(62)	(62)	(8)	(70)
As of June 30, 2009 (1)	**16,039,103**	**48,262**	**96**	**110,984**	**159,342**	**(366)**	**158,976**

(1) Excluding treasury shares.

5.
CONSOLIDATED STATEMENT OF CASH FLOWS

In € thousands	06/30/09	12/31/09	06/30/10
Cash flows from operating activities			
Net income before minority interests	11,308	22,792	12,448
Depreciation, amortization and other	(449)	4,621	5,750
Capital (gains) losses on fixed assets disposals	-	-	-
Net finance costs	(840)	(1,176)	(553)
Tax charge of the period	6,035	11,972	6,348
Operating cash flows	**16,054**	**38,209**	**23,993**
Interest expense	(950)	(1,759)	(774)
Tax payments	(4,188)	(9,304)	(6,158)
Cash flow after interest expense and tax	**10,916**	**27,146**	**17,061**
Change in inventories and work in progress	4,439	24,598	(18,504)
Change in trade receivables and related accounts	3,779	14,485	(12,411)
Change in other receivables	(856)	(1,241)	2,325
Change in trade payables and related accounts	(12,097)	(11,057)	20,398
Change in other current liabilities	2,353	2,371	5,046
Change in working capital needs	**(2,382)**	**29,156**	**(3,146)**
Net cash flows provided by (used in) operating activities	**8,534**	**56,302**	**13,915**
Cash flows from investing activities			
Acquisition of intangible assets	(248)	(614)	(1,643)
Acquisition of property, plant & equipment	(1,975)	(2,876)	(1,569)
Acquisition of marketable securities (+3 months)	-	-	(20,300)
Changes in the scope of consolidation	-	135	-
Changes in non current financial assets	(29)	(408)	(400)
Net cash flows provided by (used in) investing activities	**(2,252)**	**(3,763)**	**(23,912)**
Cash flow from financing activities			
Issuance of borrowings and new financial debt	-	-	-
Debt repayments	(5,589)	(9,470)	(4,061)
Dividends paid	(5,061)	(5,061)	(6,319)
Capital increases	166	1,684	771
Treasury shares	(66)	205	382
Net cash flows provided by (used in) financing activities	**(10,550)**	**(12,642)**	**(9,227)**
Change in net cash	**(4,268)**	**39,897**	**(19,224)**
Cash and cash equivalents - beginning of year	26,304	26,304	66,201
Cash and cash equivalent - end of year	**22,036**	**66,201**	**46,977**

The reconciliation of net cash breaks down as follows:

In € thousands	06/30/09	12/31/09	06/30/10
Cash and cash equivalents	25,397	66,873	49,015
Short-term bank loans	(3,361)	(672)	(2,038)
Net cash at the end of the period	**22,036**	**66,201**	**46,977**

CHAPTER THREE

Notes of the consolidated financial statements

1.
ACCOUNTING PRINCIPLES

1.1
Statement of compliance

The condensed interim consolidated financial statements of June 30, 2010 were approved by the Board of Directors on September 2, 2010. They have been prepared in compliance with EC regulations 1606/2002 of July 19, 2002 on international accounting standards and notably IAS 34 on interim financial reporting as endorsed by the European Union. These standards have been consistently applied over the periods presented herein and the interim financial statements were prepared on the basis of these same rules and methods used to produce the annual financial statements.

This condensed interim financial report must be read in conjunction with the consolidated annual financial statements for the fiscal year ended December 31, 2009. In addition, the comparability of interim and annual financial statements may be affected by seasonal trends of the Group business and notably the impact of launch phases of new fragrance lines.

Financial information presented herein has been based on:
- IFRS standards and interpretations whose application was mandatory starting in 2005;
- options retained and exemptions used by the Group for the preparation of IFRS consolidated financial statements.

1.2
Changes in accounting standards

Standards, amendments and interpretations that concerned Inter Parfums were applied starting July 1, 2009. These included:
- Amendment to IAS 39 "Financial instruments: recognition and measurement - eligible hedged items";
- Amendment to IFRS 1 "First-time adoption of IFRS - revision of the structure of the standard";
- Amendment to IFRS 7 and IAS 39 "reclassification of financial assets".

New standards, amendments and interpretations that concerned Inter Parfums were applied starting July 1, 2010. These included:
- Amendment to IFRS 2 "Group cash-settled share-based payment transactions".

These standards, amendments and interpretations do not have a material effect on the company's consolidated financial statements.

1.3
Basis of consolidation

All Group subsidiaries are fully consolidated. These include Inter Parfums Deutschland GmbH, Inter España Parfums and Cosmetiques SL, Inter Parfums Srl, Inter Parfums Ltd, Inter Parfums Suisse, Inter Parfums Singapore and Inter Parfums Luxury Brands.

Inter Parfums Singapore and Inter Parfums Luxury Brands created in the 2010 first half were consolidated as of June 30, 2010.

Inter Parfums SA		**Ownership & controlling interests (%)**
Inter Parfums Suisse Sarl	Switzerland	100%
Inter Parfums Singapore	Singapor	100%
Inter Parfums Luxury Brands	United States	100%
Inter Parfums Deutschland GmbH	Germany	51%
Inter España Parfums et Cosmetiques SL	Spain	51%
Inter Parfums Srl	Italy	51%
Inter Parfums Ltd	United Kingdom	51%

Subsidiaries' financial statements are prepared on the basis of the same accounting period as the parent company. The fiscal year covers the 12 month period ending on December 31.

2.
NOTES TO THE BALANCE SHEET

2.1
Trademarks and other intangible assets

In € thousands	12/31/09	+	-	06/30/10
Cost				
Indefinite life intangible assets				
Nickel trademark	2,133	-	-	2,133
Lanvin trademark	36,323	-	-	36,323
Finite life intangible assets				
S.T. Dupont upfront license fee	1,219	-	-	1,219
Burberry upfront license fee	5,000	-	-	5,000
Montblanc upfront license fee	-	1,000	-	1,000
Van Cleef & Arpels upfront license fee	18,250	-	-	18,250
Quiksilver acquisition cost	490	-	-	490
Other intangible assets				
Rights on molds for bottles	9,270	375	-	9,645
Registration of trademarks	440	-	-	440
Other	549	269	-	818
Total cost	**73,674**	**1,644**	**-**	**75,318**
Amortization and depreciation				
Indefinite life intangible assets				
Nickel trademark	(384)	-	-	(384)
Finite life intangible assets				
S.T. Dupont upfront license fee	(1,124)	(31)	-	(1,155)
Burberry upfront license fee	(2,026)	(223)	-	(2,249)
Van Cleef & Arpels upfront license fee	(4,563)	(754)	-	(5,317)
Quiksilver acquisition cost	(273)	(217)	-	(490)
Other intangible assets				
Rights on molds for bottles	(7,978)	(370)	-	(8,348)
Registration of trademarks	(440)	-	-	(440)
Other	(431)	(32)	-	(463)
Total amortization and depreciation	**(17,219)**	**(1,627)**	**-**	**(18,846)**
Total	**56,455**	**17**	**-**	**56,472**

In the absence of any indication of impairment, indefinite life intangible assets were not revalued on June 30, 2010.

2.2
Goodwill

Goodwill results from the acquisition of Nickel.

After being tested for impairment on December 31, 2009, an impairment charge of €1,201,00 was recognized.
For the period from January 1 to June 30, 2010, there were no further indications of impairment.
The total amount recognized in the balance sheet of €2,589,000 has in consequence been maintained.

2.3
Property, plant and equipment

In € thousands	12/31/09	+	-	06/30/10
Cost				
Fixtures, improvements, fittings	5,672	730	-	6,402
Office and computer equipment and furniture	1,496	130	-	1,626
Molds for caps	6,113	546	-	6,659
Other (1)	668	133	-	801
Total cost	**13,949**	**1,539**	-	**15,488**
Accumulated and depreciations (1)	(8,434)	(992)	-	(9,426)
Total	**5,515**	**547**	-	**6,062**

(1) Including fixed assets held under finance leases (vehicles) for a gross amount of €384,000 and depreciation expenses of €139,000.

2.4
Inventories and work in progress

In € thousands	12/31/09	06/30/10
Raw materials and components	16,538	26,001
Finished goods	32,487	41,222
Total cost	**49,025**	**67,223**
Allowance for raw materials	(129)	(849)
Allowance for finished goods	(3,786)	(3,385)
Total provisions	**(3,915)**	**(4,234)**
Total	**45,110**	**62,989**

2.5
Trade receivables and related accounts

In € thousands	12/31/09	06/30/10
Total cost	67,251	79,661
Provisions	(1,218)	(1,178)
Total	**66,033**	**78,483**

Maturities for trade receivables break down as follows:

In € thousands	12/31/09	06/30/10
Not due	50,545	66,962
0 - 90 days	14,767	10,690
31 - 60 days	687	753
181 - 360 days	816	526
More than 360 days	436	730
Total cost	**67,251**	**79,661**

2.6
Other receivables

In € thousands	12/31/09	06/30/10
Accruals	1,130	1,700
Holding current accounts	528	-
Value-added tax	1,093	747
Hedging instruments (1)	3,912	-
Other	817	716
Total	**7,480**	**3,163**

(1) Hedging instruments include the market value of those implemented at the end of 2008 to hedge budgeted sales in US dollars for 2009.

2.7
Current financial assets

Current financial assets consist of investments in the form of certificates of deposits with maturities of more than three months.

2.8
Cash and cash equivalents

In € thousands	12/31/09	06/30/10
Certificates of deposit (less than 3 months)	44,629	28,900
Money-market mutual funds	16,823	16,889
Bank accounts	5,421	3,226
Cash and cash equivalents	**66,873**	**49,015**

Items under this heading that were reviewed in respect to the position of the French association of corporate treasurers (AFTE/EFG) are subject to an insignificant risk of a change in value. Short-term investments are measured at market value on every closing date.

2.9
Shareholders' equity

2.9.1
Common stock

As of June 30, 2010, Inter Parfums' capital was comprised of 17,925,739 shares fully paid-up with a par value of €3, 74.15%-held by Inter Parfums Holding.

For the period under review, capital increases result from the exercise of stock options for 171,511 shares and the capital increase in connection with the bonus issue of June 20, 2010 for 1,637,865 shares on the basis of one new share for every ten shares held.

For the period, the reduction in capital resulted from the repurchase of shares of the company for cancellation of 107,150 shares at June 30, 2010.

2.9.2
Stock option plans

The managers and employees of Inter Parfums and its subsidiaries benefit regularly from stock option plans.

The characteristics of plans currently in force are as follows:

Plans	Number of beneficiaries	Number of shares granted exercises at inception	Grant date	Vesting period	Subscription price (1)
Plan 2002	57	51,200	08/26/02	4 years	€7.70
Plan 2003	48	34,600	08/26/03	4 years	€12.60
Plan 2004	74	47,000	03/25/04	4 years	€18.40
Plan 2005	85	112,700	05/26/05	4 years	€15.65
Plan 2006	84	98,800	06/01/06	4 years	€19.90
Plan 2008 (IP Inc)	96	84,500	02/14/08	4 years	$11.30
Plan 2009	135	87,000	12/17/09	4 years	€16.00

(1) Subscription price adjusted for bonus issues.

In February 2008, all employees of the company benefited from a stock option plan created by the parent Inter Parfums Inc. This plan was recognized in accordance with IFRIC 11 and is charged to Inter Parfums SA by the parent company.

In the period, changes in plans issued by Inter Parfums SA break down as follows:

Plans	Options outstanding at 12/31/09	Conversions in the period	Bonus share grants	Cancellations in the period	Options outstanding at 06/30/10
Plan 2004	153,736	(148,464)	-	(5,272)	-
Plan 2005	154,296	(22,726)	14,347	(353)	145,564
Plan 2006	152,436	(321)	15,234	-	167,349
Plan 2009	87,000	-	8,690	(100)	95,590
	547,468	**(171,511)**	**38,271**	**(5,725)**	**408,503**

At June 30, 2010, the potential number of Inter Parfums SA shares that may be created is 408,503.

Benefits granted to employees in the form of stock options recognized as additional compensation, in accordance with IFRS 2, were calculated using the Black & Scholes model. The impact of this calculation, including the US plan, represents an expense spread over the duration of the vesting period. This expense was €183,000 for the 2010 first half and €234,000 for the same period in 2009.

The estimated of the fair value of each stock option based on the Black & Scholes model is calculated on the grant date according to the following assumptions:

Plans	Fair value of the options	Risk-free interest rate	Dividend yield	Volatility rate	Share price retained for the calculation
Plan 2003	€14.62	3.00%	1.00%	41%	€44.00
Plan 2004	€12.48	4.20%	1.00%	23%	€64.75
Plan 2005	€6.76	4.50%	1.00%	22%	€30.25
Plan 2006	€10.37	4.60%	0.94%	25%	€35.00
Plan 2008 (1)	$3.96	2.72%	1.20%	39%	$11.59
Plan 2009	€4.27	3.56%	2.67%	30%	€17.60

(1) The 2008 plan was issued by the parent company Inter Parfums Inc.

For all these plans, the stock options have terms of six years.

2.9.3
Treasury stocks

Within the framework of the share repurchase program authorized by the French financial market authority (*Autorité des Marchés Financiers*) on 23 April 2010, 23,083 Inter Parfums shares were held by the company as of June 30, 2010.

Changes in the period break down as follows:

In € thousands	Number of shares	Book value
At December 31, 2009	**37,198**	**648**
Acquisitions	72,256	1,568
Bonus issue of June 20, 2010	2,483	-
Sales	(88,854)	(1,736)
At June 30, 2010	**23,083**	**480**

Management of the share repurchase program is assured by an investment services provider within the framework of a liquidity agreement in compliance with the conduct of business rules of the French association of investment firms (AFEI).

Purchases of shares under this program are subject to the following conditions:
- the maximum purchase price is €40 per share, excluding execution costs;
- the total number of shares acquired may not exceed 5% of the capital stock outstanding.

2.9.4
Non-controlling interests

Non-controlling interests that concern the percentage not held (49%) in the European subsidiaries (Inter Parfums Deutschland GmbH, Inter España Parfums et Cosmetiques SL, Inter Parfums Srl and Inter Parfums Ltd) break down as follows:

In € thousands	12/31/09	06/30/10
Reserves attributable to non-controlling interests	(36)	126
Earnings attributable to non-controlling interests	145	(431)
Non-controlling interests	**109**	**(305)**

Non-controlling shareholders have an irrevocable obligation and the ability to offset losses by an additional investment.

2.9.5
Information on equity

The company is not subject to specific regulatory or contractual obligations in respect to capital stock.

In compliance with the provisions of article L. 225-123 of the French Commercial Code, the shareholders' meeting of September 29, 1995 decided to create shares carrying a double voting right. These shares must be fully paid up and recorded in the company's share register in registered form for at least three years.

Since 1998, the company has adopted a policy of distributing dividends that today represent between 20% 25% of consolidated earnings, destined to reward shareholders while at the same time associating them with the Group's expansion. In early May 2010, a dividend of €0.39 per share was paid or a total of €6.3 million.

With respect to financing, given the Group's significant shareholders equity and low gearing, financing for significant operations required by the Group was obtained from banks through medium-term loans.

In addition to the company's commitment with lending institutions to comply with contractual covenants, the level of consolidated shareholders' equity is regularly monitored to ensure the company maintains sufficient financial flexibility to take advantage of all potential opportunities for external growth.

2.10
Commitments and contingencies

In € thousands	12/31/09	+	Provisions used in the period	Reversal or unused provision	06/30/10
Reserves for retirement severance payments	1,131	100	-	-	1,231
Non-current provisions	**1,131**	**100**	**-**	**-**	**1,231**
Provisions for contingencies	1,063	854	-	(590)	1,327
Current provisions	**2,194**	**954**	**-**	**(590)**	**2,558**

Provisions for contingencies related to the favorable settlement in the 2010 first half of sales-related disputes.

Allowances for provisions for contingencies represented primarily accruals for tax.

2.11
Borrowings and other financial debt

2.11.1
Borrowings by maturity and rate

In € thousands	Total	< 1 year	1 to 5 years	> 5 years
Floating-rate (3M Euribor)	10,319	4,698	5,621	-
Fixed rate	5,790	3,820	1,970	-
Automobile leases	270	108	162	-
Bank overdrafts	(2,038)	(2,038)	-	-
Total at June 30, 2010	**14,341**	**6,588**	**7,753**	**-**

In € thousands	Total	< 1 year	1 to 5 years	> 5 years
Floating-rate (3M Euribor)	12,622	4,811	7,811	-
Fixed rate	7,643	3,744	3,899	-
Automobile leases	278	92	186	-
Bank overdrafts	672	672	-	-
Total at December 31, 2009	**21,215**	**9,319**	**11,896**	**-**

All borrowings are in euros.

2.11.2
Analysis of borrowings

	Lanvin 2004	Lanvin 2007	Van Cleef & Arpels
Inception date	June 30, 2004	September 28, 2007	January 1, 2007
Initial amount (in € thousands)	16,000	22,000	18,000
Duration	5 years	5 years	5 years
Rate	3M Euribor +0.60%	3M Euribor +0.40%	4.1% fixed-rate
Repayment schedule	quarterly	quarterly	quarterly
Amount payable at June 30, 2010 (in € thousands)	0	9,900	5,790

2.11.3
Additional disclosures

The floating-rate portion of the Lanvin debt contracted in June 2004 was covered by a swap.
This swap at 12-month Euribor at year-end included a floor of 2.10% and a cap of 3.85%.

At June 30, 2009, this loan was fully reimbursed and the corresponding swap position was closed out.

The floating-rate portion of the Lanvin debt contracted in September 2007 was also covered by a swap against a fixed rate of 4.42%.

At June 30, 2010, on the basis of a notional amount of €9.9 million, a gain of €103,000 in connection with this swap was recognized in the income statement and for which the Group did not apply hedge accounting in accordance with IAS 39. The market value of the swap position at June 30, 2010 represented a negative balance for the company €419,000.

2.11.4 Covenants

The loans obtained by the parent company are subject to the following covenant ratios:
- net debt to net equity;
- net debt to cash flow.

These ratios are calculated by the company every year.

At the end of 2009, all conditions required by these covenants were met with ratios considerably below the contractual limits. As a result, the Group has considerable financial flexibility in respect to these commitments.

2.12 Current and deferred tax

The standard effective interest rate applied country by country is used to calculate the tax charge for all periods.

Deferred taxes arise mainly from timing differences between financial accounting and tax accounting. Deferred taxes from consolidation adjustments and loss carryforwards are recovered as follows:

In € thousands	12/31/09	Changes through reserves	Changes through income	06/30/10
Deferred tax liabilities				
Timing differences between financial and tax accounting	8	-	(2)	6
Acquisition cost	694	-	(79)	615
Currency hedges	707	-	(703)	4
Market value of securities	-	74	(57)	17
Stocks options	-	49	(49)	-
Gains (losses) on treasury shares	-	73	(73)	-
Remeasurement gains (losses)	734	-	-	734
Other	42	-	1	43
Total deferred tax liabilities	**2,185**	**196**	**(962)**	**1,419**
Deferred tax assets				
Timing differences between financial and tax accounting	924	-	(63)	861
Loan swap	180		(36)	144
Inventory margin	689	-	119	808
Advertising and promotional costs	753	-	(62)	691
Market value of securities	46	-	(46)	-
Other	28	-	26	54
Total deferred tax assets before depreciation	**2,620**	**-**	**(62)**	**2,558**
Depreciation of deferred tax	-	-	-	-
Total net deferred tax	**(435)**	**196**	**(900)**	**(1,139)**

2.13 Other short-term liabilities

In € thousands	12/31/09	06/30/10
Accrued credit notes	2,884	3,364
Company current accounts	-	179
Tax and employee-related liabilities	8,362	6,400
Accrued royalty payments	2,927	3,912
Montblanc debt	-	1,000
Hedging instruments		2,134
Other liabilities	950	1,728
Total other short-term liabilities	**15,123**	**18,717**

2.14
Financial instruments

2.14.1
Breakdown by category of financial assets and liabilities

The following table presents financial instruments in the balance sheet according to the categories provided for under IAS 39.

In € thousands At June 30, 2010	**Notes**	**Carrying value**	**Fair value**	**Fair value through profit or loss**	**Available for sale assets**	**Loans & receivables or payables**	**Derivatives**
Other non-current financial assets		1,500	1,500	-	284	1,216	-
Trade receivables and related accounts	2.5	78,483	78,483	-	-	76,401	2,082
Other receivables	2.6	3,163	3,163	-	-	3,163	-
Current financial assets	2.7	20,300	20,300	-	-	20,300	-
Cash and cash equivalents	2.8	49,015	49,015	-	-	49,015	-
Assets		**152,461**	**152,461**	-	**284**	**150,095**	**2,082**
Borrowings	2.11	16,379	16,285	419	-	15,960	-
Trade payables and related accounts		62,207	62,207	-	-	62,207	-
Short-term bank loans	2.11	2,038	2,038	-	-	2,038	-
Other liabilities	2.13	18,717	18,717	-	-	16,607	2,110
Liabilities		**99,341**	**99,247**	**419**	-	**96,812**	**2,110**

In € thousands At December 31, 2009	**Notes**	**Carrying value**	**Fair value**	**Fair value through profit or loss**	**Available for sale assets**	**Loans & receivables or payables**	**Derivatives**
Other non-current financial assets		886	886	-	70	816	-
Trade receivables and related accounts	2.5	66,033	66,033	-	-	67,888	(1,855)
Other receivables	2.6	7,480	7,480	-	-	3,568	3,912
Cash and cash equivalents	2.8	66,873	66,873	-	-	66,873	-
Assets		**141,272**	**141,272**	-	**70**	**139,145**	**2,057**
Borrowings	2.11	20,543	20,391	522	-	20,021	-
Trade payables and related accounts		41,809	41,809	-	-	41,809	-
Short-term bank loans	2.11	672	672	-	-	672	-
Other liabilities	2.13	15,123	15,123	-	-	15,123	-
Liabilities		**78,147**	**77,995**	**522**	-	**77,625**	-

2.14.2
Breakdown by method for measuring financial assets and liabilities

Financial instruments are broken down according to different levels of fair value defined by the amendment to IFRS 7.

In € thousands At June 30, 2010	Carrying value	Fair value	Quoted prices (level 1)	Internal model based on directly observable market inputs (level 2)	Prices not based on observable market data (level 3)
Other non-current financial assets	1,500	1,500	284	1,216	-
Trade receivables and related accounts	78,483	78,483	-	78,483	-
Other receivables	3,163	3,163	-	3,163	-
Current financial assets	20,300	20,300	-	20,300	-
Cash and cash equivalents	49,015	49,015	-	49,015	-
Actifs	**152,461**	**152,461**	**284**	**152,177**	**-**
Borrowings	16,379	16,285	-	16,379	-
Trade payables and related accounts	62,207	62,207	-	62,207	-
Short-term bank loans	2,038	2,038	-	2,038	-
Other liabilities	18,717	18,717		18,717	-
Liabilities	**99,341**	**99,247**	**-**	**99,341**	**-**

In € thousands At December 31, 2009	Carrying value	Fair value	Quoted prices (level 1)	Internal model based on directly observable market inputs (level 2)	Prices not based on observable market data (level 3)
Other non-current financial assets	886	886	70	816	-
Trade receivables and related accounts	66,033	66,033	-	66,033	-
Other receivables	7,480	7,480	-	7,480	-
Cash and cash equivalents	66,873	66,873	-	66,873	-
Assets	**141,272**	**141,272**	**70**	**141,202**	**-**
Borrowings	20,543	20,391	-	20,543	-
Trade payables and related accounts	41,809	41,809	-	41,809	-
Short-term bank loans	672	672	-	672	-
Other liabilities	15,123	15,123		15,123	-
Liabilities	**78,147**	**77,995**	**-**	**78,147**	**-**

2.15
Risk management

The primary risks related to the Group's business and organization result from interest rate and foreign exchange rate exposures that are hedged using derivative financial instruments. The potential impacts of other risks on the company's financials are not material.

2.15.1
Interest rate risks

The Group's interest rate exposure is related principally to debt. The objective of the Group's policy is to ensure a stable level of financial expense through the use of hedges in the form of interest rate swaps (fixed rate swaps).

These financial instruments are not eligible for hedge accounting under IAS 39. The Group nevertheless considers that these transactions are not speculative in nature and are necessary to effectively manage its interest rate exposure.

2.15.2
Liquidity risk

The net position of financial assets and liabilities by maturity is as follows:

In € thousands	< 1 year	1 to 5 years	> 5 years
Financial assets	66,089	284	-
Financial liabilities	(8,329)	(7,631)	-
Net position before hedging	**57,760**	**(7,347)**	**-**
Hedging of assets and liabilities (swaps)	(297)	(122)	-
Net position after hedging	**57,463**	**(7,469)**	**-**

Financial liabilities by year break down as follows:

In € thousands At June 30, 2010	2010	2011	2012	Total
Floating-rate debt - nominal	2,200	4,400	3,300	9,900
Floating-rate debt - interest	244	314	86	644
Fixed rate debt - nominal	1,890	3,900	-	5,790
Fixed rate debt - interest	109	100	-	209
Interest rate swaps	168	212	39	419

In € thousands At December 31, 2009	2010	2011	2012	Total
Floating-rate debt - nominal	4,400	4,400	3,300	12,100
Floating-rate debt - interest	543	314	86	943
Fixed rate debt - nominal	3,744	3,900	-	7,643
Fixed rate debt - interest	256	100	-	356
Interest rate swaps	411	102	8	522

2.15.3
Foreign exchange risks

Net positions of the Group in the main foreign currencies are as follows:

In € thousands	USD	GBP	JPY	CAD
Assets	30,978	1,971	2,187	709
Liabilities	(4,822)	(122)	(27)	(72)
Net position before hedging	**26,156**	**1,849**	**2,160**	**637**
Currency hedges	(2,110)	(87)	-	-
Net position after hedging	**24,046**	**1,762**	**2,160**	**637**

In addition, because a significant portion of the Group's sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (37.3% of sales) and to a lesser extent the pound sterling (5.1% of sales) and the Japanese yen (2.7% of sales).

The Group's exchange-rate risk management policy seeks to cover exposures related to monetary flows resulting from sales in US dollars, pounds sterling and Japanese yens.

The nominal amounts of hedges open, based on trade receivables measured at year-end are as follows:

In € thousands	12/31/09	06/30/10
Forward sales of US dollars	27,866	28,048
Forward sales of pound sterling	5,906	1,785
Difference between market and carrying value	-	-

As a result of these hedges, sensitivity to foreign exchange risk has been reduced to a non-material level.

3.
NOTES TO THE INCOME STATEMENT

3.1
Breakdown of consolidated sales by brand

In € thousands	06/30/09	06/30/10
Burberry	77,757	98,111
Lanvin	18,972	22,957
Van Cleef & Arpels	9,403	12,755
Paul Smith	5,368	5,988
S.T. Dupont	5,230	8,640
Nickel	1,122	1,156
Other	3,415	1,126
Total	**121,267**	**150,733**

3.2
Cost of sales

In € thousands	06/30/09	06/30/10
Raw materials, trade goods and packaging	(41,490)	(71,772)
Changes in inventory and allowances	(3,607)	19,126
POS advertising	(2,554)	(2,692)
Transportation costs	(247)	(368)
Staff costs	(889)	(1,217)
Subcontracting	(754)	(916)
Other expenses related to the cost of sales	(150)	(138)
Total cost of sales	**(49,691)**	**(57,977)**

3.3
Selling expenses

In € thousands	06/30/09	06/30/10
Advertising	(20,896)	(29,024)
Royalties	(12,207)	(15,162)
Subcontracting	(6,425)	(7,358)
Commissions and transportation costs	(2,390)	(3,078)
Staff costs	(5,442)	(6,518)
Other selling expenses	(4,915)	(5,500)
Total selling expenses	**(52,275)**	**(66,640)**

3.4
Administrative expenses

In € thousands	06/30/09	06/30/10
Fees	(908)	(848)
Tax and related expenses	(259)	(271)
Staff costs	(1,426)	(1,750)
Other administrative expenses	(1,669)	(1,735)
Total administrative expenses	**(4,262)**	**(4,604)**

3.5
Net financial expense

In € thousands	06/30/09	06/30/10
Interest income	99	128
Currency gains (losses)	2,961	(2,135)
Interest and similar expenses	(939)	(681)
Other interest income	528	212
Other interest expense	(345)	(240)
Net financial expense	**2,304**	**(2,716)**

3.6
Income taxes

In € thousands	06/30/09	06/30/10
Current income tax	(5,096)	(7,247)
Deferred tax arising from timing differences	(94)	(61)
Deferred tax arising from consolidation adjustments	(845)	960
Total income taxes	**(6,035)**	**(6,348)**

3.7
Earnings per share

In € thousands, except number of shares and earnings per share in euros	06/30/09 (1)	06/30/10
Consolidated net income	11,500	12,879
Average number of shares	14,869,442	17,826,001
Basic earnings per share	**0.77**	**0.72**
Dilution effect of stock options:		
Potential fully diluted consolidated net income	27,877	26,914
Potential fully diluted average number of shares outstanding	14,897,319	17,852,915
Diluted earnings per share	**0.77**	**0.72**

(1) Restated to eliminate the impact of the bonus issue of one new share for every ten shares held on June 20, 2010.

At June 30, 2009, the 2004, 2005 and 2006 plans are not dilutive and consequently have no effect on diluted earnings per share for this period.

At June 30, 2010, the 2006 plan is not dilutive it has no effect on diluted earnings per share for this period.

4.
SEGMENT REPORTING

4.1
By business line

In the 2010 first half, Inter Parfums launched its first make-up lines under the Burberry brand.

The results of this business are monitored by the company's General Management as part of the already existing "Cosmetics" division.

For this reason, the resulting new division including both these businesses is now presented under the heading "Skincare and Beauty".

In € thousands		**06/30/09**			**06/30/09**	
	Perfumes	**Skincare and Beauty**	**Total**	**Perfumes**	**Skincare and Beauty**	**Total**
Revenue	120,145	1,122	121,267	149,182	1,551	150,733
Operating profit (loss)	15,580	(541)	15,039	22,389	(877)	21,512
Impairment	-	(194)	(194)	-	-	-

In € thousands		**12/31/09**			**12/31/09**	
	Perfumes	**Skincare and Beauty**	**Total**	**Perfumes**	**Skincare and Beauty**	**Total**
Trademarks, licenses and goodwill	54,609	4,459	59,068	54,645	4,440	59,085
Inventories	44,415	695	45,110	60,766	2,223	62,989
Other segment assets	149,007	400	149,407	160,248	833	161,081
Total segment assets	248,031	5,554	253,585	275,659	7,496	283,155
Total segment assets	**248,031**	**5,554**	**253,585**	**275,659**	**7,496**	**283,155**
Segment liabilities	**68,293**	**121**	**68,414**	**94,641**	**361**	**95,002**

At June 30, 2010, the "Skincare and Beauty" business division showed a loss that reflected notably significant advertising investments in connection with make-up line launches.

Segment assets and liabilities consist of operating assets (liabilities) used primarily in France.

4.2
By geographical sector

Sales by geographical sector break down as follows:

In € thousands	**06/30/09**	**06/30/10**
North America	22,381	25,494
South America	7,191	12,024
Asia	19,602	27,163
Eastern Europe	6,410	10,745
Western Europe	36,560	42,040
France	13,271	13,749
Middle East	14,699	17,995
Other	1,153	1,523
Total	**121,267**	**150,733**

5.
OFF BALANCE SHEET COMMITMENTS

5.1
Commitments given

Off balance sheet commitments concerned exclusively ordinary operating activities of the company.

In € thousands	12/31/09	06/30/10
Guaranteed minima on trademark royalties	203,087	209,100
Headquarters rental payments	6,113	5,452
Guaranteed minima for warehousing and logistics	5,150	3,700
Firm component orders (inventories)	2,914	5,750
Pension liabilities	585	574
Total commitments given	**217,849**	**224,576**

Other commitments given by the company are the same as in fiscal 2009.

At June 30, 2010, the maturities of off balance sheet commitments broke down as follows:

In € thousands	Total	Up to 1 year	1 to 5 years	5 years or more
Guaranteed minima on trademark royalties	209,100	12,325	113,120	83,655
Headquarters rental payments	5,452	661	3,806	986
Guaranteed minima for warehousing and logistics	3,700	1,450	2,250	-
Total contractual obligations	**218,252**	**14,436**	**119,176**	**84,641**
Firm component orders (inventories)	5,750	5,750	-	-
Pension liabilities	574	22	87	465
Total other commitments	**6,324**	**5,772**	**87**	**465**
Total commitments given	**224,576**	**20,208**	**119,263**	**85,106**

Maturities are defined on the basis of the contract terms (license agreements, leases, logistic agreements, etc.).

5.2
Commitments received

Commitments received in connection with forward currency sales at June 30, 2010 amounted to €28,048,000 for US dollar hedges and €1,785,000 for pound sterling hedges representing total commitments of €29,833,000.

6.
INFORMATION ON RELATED PARTIES

In the 2010 first half, there were no changes in respect to relations between Inter Parfums and affiliated undertakings and those in 2009.

This is also the case for relation between members of the Management Committee and the Board of Directors.

7.
OTHER INFORMATION

7.1
License agreements

	Nature of license	Inception date	Duration	Expiration date
Burberry	Original	July 1993	13 years and 6 months	-
	Renewal	July 2004	12 years and 6 months	January 2016
S.T. Dupont	Original	July 1997	11 years	-
	Renewal	January 2006	5 years and 6 months	June 2011
Paul Smith	Original	January 1999	12 years	
	Renewal	July 2008	7 years	January 2017
Christian Lacroix	Original	March 1999	10 years and 10 months	April 2010/ before term
Quiksilver	Original	April 2006	11 years and 9 months	June 2010/ before term
Van Cleef & Arpels	Original	January 2007	12 years	December 2018
Jimmy Choo	Original	January 2010	12 years	December 2021
Montblanc	Original	July 2010	10 years and 6 months	December 2020

On September 1, 2009 Quiksilver and Inter Parfums decided by mutual agreement to terminate their collaboration on June 30, 2010 before the stipulated expiration date. This measure had no financial impact on either of the parties.

Christian Lacroix and Inter Parfums decided by mutual agreement to terminate their collaboration before the stipulated expiration date, effective as of April 2, 2010. This measure had no financial impact on either of the parties.

7.2
Proprietary brands

Lanvin

In June 2004, Inter Parfums signed an exclusive worldwide license agreement with Lanvin effective July 1, 2004 to create, develop and distribute fragrance lines under the Lanvin brand name for 15 years.

At the end of July 2007, Inter Parfums acquired the Lanvin brand names and international trademarks for class 3 fragrance products and make-up from the Jeanne Lanvin company.

Inter Parfums and Lanvin also mutually agreed with immediate effect to terminate the license agreement signed in July 2004 and at the same time concluded a technical and creative assistance agreement in view of developing new perfumes based on net sales until June 30, 2019. The Jeanne Lanvin company holds a buy back option for the brands which will be exercisable on July 1, 2025.

Nickel

In April 2004, Inter Parfums acquired a majority stake in Nickel, a company specialized in skincare products for men.

In June 2007, Nickel became a wholly-owned subsidiary after Inter Parfums acquired the company's remaining shares.

7.3
Insurance

Inter Parfums is named as beneficiary under a €15 million life insurance policy for its Chairman and Chief Executive Officer, Philippe Benacin.

7.4
Employee-related data

7.4.1
Employees by category

Number of employees at	12/31/09	06/30/10
Executive officers and management	84	86
Supervisory staff	9	9
Employees	78	77
Total	**171**	**172**

7.4.2
Employees by department

Number of employees at	12/31/09	06/30/10
General Management	2	2
Production & Operations	24	23
Burberry Fragrances	31	31
Luxe & Fashion	24	25
France	59	60
Finance & Corporate Affairs	31	31
Total	**171**	**172**

7.5
Post-closing events

There have been no material developments since June 30, 2010 to report.

Certificate of the company officer responsible for the interim financial report

I hereby declare that to the best of my knowledge the condensed financial statements presented for the first six months were prepared in accordance with applicable accounting standards and give a true and fair view of the financial position and results of Inter Parfums and its subsidiaries and that the interim management report included herein presents a true and fair view of the important events occurring during the first six months of the fiscal year, their impact on the interim financial statements, the main transactions with related parties and the principal risks and uncertainties for the remaining six months of the fiscal year.

Paris, September 2, 2010

Philippe Benacin
Chairman and Chief Executive Officer

Responsibility for financial information

Philippe Santi
Executive Vice President & Chief Financial Officer

To receive information or be added to the company's financial communications mailing list contact: the Investor Relations department

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