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

interparfums

Two thousand & eleven first half report

interparfums

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CHAPTER ONE

Management report

1.
REVIEW OF OPERATIONS

Solid performances from the portfolio's main lines and the continued rollout of new lines launched in the first quarter contributed to sales of €77.4 million in the 2011 second quarter at constant exchange rates, up 7% over the same period in 2010. However, this growth was limited by the euro's strength over the period in relation to the US dollar with sales at current exchange rates of €74.1 million, or an increase of 2.5% on 2010.

For the first six months, despite a high comparison base from the launches of the *Burberry Sport* and *Oriens* lines in 2010, consolidated sales grew 9.6% at constant exchange rates and 8.2% at current exchange rates as compared with the 2010 first half. This momentum reflects in particular excellent results from Jimmy Choo and Montblanc fragrances for the first six months that have already surpassed full-year targets for 2011.

1.1
Highlights by brand

In € millions	**06/30/10**	**06/30/11**
Burberry	98.1	85.3
Lanvin	22.9	26.2
Jimmy Choo	-	13.1
Montblanc	-	12.6
Van Cleef & Arpels	12.8	9.9
Paul Smith	5.9	7.1
S.T. Dupont	8.7	5.9
Boucheron (2 months)	-	1.6
Nickel	1.2	1.2
Other	1.1	0.0
Total	**150.7**	**163.0**

With steady performances by the brand's historic lines, Burberry fragrances had sales of €85 million in the 2011 first-half, closely in line with the last six months of 2010. As anticipated, the decline reflects a high comparison base from the launch of *Burberry Sport* in the 2010 first half.

With sales of €26 million, an increase of 14%, Lanvin fragrances marked further gains, now underpinned by three women's fragrance lines providing steady sources of revenue, *Éclat d'Arpège*, *Jeanne Lanvin* and *Marry Me !*.

The extremely promising start for the first Jimmy Choo fragrance line generated €13 million in sales despite inventory shortages following strong demand on initial order renewals.

Montblanc fragrances had sales of €12.6 million based on good performances by the brand's historic lines integrated into the portfolio at the end of 2010 and the launch of the men's line, *Legend* (nearly €5 million for six months).

Van Cleef & Arpels fragrances, while down in relation to the launch of the women's fragrance line *Oriens* in the 2010 first half, remained on track with annual sales forecasts at nearly €10 million.

1.2
Highlights by region

The potential of new markets was confirmed by significant gains in South America (+19%), Eastern Europe (+16%) and Asia (+14%). Western Europe (+8%) and France (+6%) have for their part maintained good growth momentum. North America (+3% at constant exchange rates) has reaped the benefits of the creation of Interparfums Luxury Brands and the partnership arrangement with the Clarins Group since January 1, 2011. The Middle East has remained stable, showing relatively good resilience in light of the difficult geopolitical environment.

2. CONSOLIDATED FINANCIAL HIGHLIGHTS

In € millions	**06/30/10**	**06/30/11**	**11/10**
Sales	150.7	163.0	+8%
Gross margin	92.8	105.5	+14%
% of sales	*61.5%*	*64.7%*	
Operating profit	21.5	26.0	+21%
% of sales	*14.3%*	*16.0%*	
Net income	12.9	17.1	+33%
% of sales	*8.5%*	*10.5%*	

Against the backdrop of sustained marketing and advertising efforts in relation to the first six months of 2010, operating profit in the 2011 first half was up more than 20%, reflecting an exceptionally high operating margin of 16%.

On that basis, the Group had net income of €17.1 million in the 2011 first half representing a 33% increase year-on-year.

In € millions	**12/31/10**	**06/30/11**	**11/10**
Shareholders' equity	191.5	202.1	+6%
Borrowings	12.1	7.7	(36%)
Net cash	57.7	27.0	(53%)

In an environment of continuing sales growth and a buildup of inventories in preparation for launches in the second half, the Group's financial position remains excellent with:

- shareholders' equity of more than €200 million;
- cash of €27 million (including certificates of deposit with maturities exceeding three months);
- limited net debt of €7.7 million at June 30, 2011.

3. HALF YEAR MILESTONES

In January 2011, Interparfums launched the *Jimmy Choo* line, its first women's fragrance under this brand, on an exclusive basis at Saks Fifth Avenue in the US (for six months) and Harrods and Selfridges in the UK (for two weeks). In Europe, this launch will be spearheaded by Sephora as the exclusive partner for one year covering notably the markets of France, Luxembourg, Monaco, Italy, Portugal, Turkey, Romania, Croatia, Serbia, Slovakia, Bulgaria, Poland and the Czech Republic.

In February 2011, the company launched *Burberry Sport Ice*, a limited-edition for men and women of the line *Burberry Sport*, introduced in spring 2010.

In March 2011, Interparfums launched the *Passenger Cruise* line, a new fragrance for men and women, drawing its inspiration from the origins of the S.T. Dupont brand in the art of travel.

In March 2011, Interparfums received the Special Award for Inspiration of the *Great Place to Work* Institute. For its first participation in the *Great Place to Work* Awards (9th edition) Interparfums was distinguished by the Special Award for Inspiration and ranked 10th in France's Best Workplaces list for "Companies with less than 500 employees.

In March 2011, Interparfums launched the *Optimistic* line, a new fragrance for men and women under the Paul Smith brand blending warmth, joy and energy.

In April 2011, the 11 year license agreement signed in June 1997 between S.T. Dupont and Interparfums for the creation, development and distribution of fragrance lines, initially extended in 2006 for an additional 3 years until 30 June 2011, was renewed for another term of 5 1/2 years until December 31, 2016.

In May 2011, the company launched the *Legend* line, a new Montblanc fragrance for men with a bottle conveying strength, character and masculinity with its rich black and silver design.

In June 2011, the wholly-owned subsidiary of the French company Interparfums SA, Interparfums España, leading the development and marketing of all Group brands in Spain, joined forces with Clarins' Madrid-based subsidiary, Clarins Espagne. Under the terms of a 5-year renewable agreement, Interparfums and Clarins now share an expanded sales force, administrative services and office facilities for this market.

In June 2011, the company proceeded with its 12th 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 2.14 of the consolidated interim financial statements included in this report.

The other risk factors are of the same nature as those presented in section 4 “Risk factors” of the 2010 consolidated management report included in the registration document filed on April 6, 2011 with the French financial market authorities (*Autorité des Marchés Financiers* or AMF). There have been no significant changes in these risk factors in the 2011 first half.

4.2
Related party transactions

In the 2011 first half, relations between Interparfums and affiliated companies remained comparable with those of fiscal year 2010 presented in Note 6.6 “Information on related parties” of the 2010 consolidated financial statements included in the registration document filed on April 6, 2011 with the AMF.

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

5.
OUTLOOK

In the 2011 second half, noteworthy events will include the worldwide launch in September of a major women’s line, *Burberry Body*, providing a significant boost to year-end momentum and strengthening prospects for meeting our annual revenue target of €350 million.

6.
POST-CLOSING EVENTS

In July 2011, the Balmain couture house, founded in 1945 by Pierre Balmain, and Interparfums, the creator of prestige perfumes and cosmetics, announced the signature of 12-year worldwide license agreement commencing on January 1, 2012 to create, produce and distribute perfumes under the Balmain brand.

CHAPTER TWO

Condensed consolidated financial statements

1.
CONSOLIDATED INCOME STATEMENT

In € thousands, Except per share data which is in units	Notes	06/30/10	06/30/11
Sales	**3.1**	**150,733**	**163,022**
Cost of sales	3.2	(57,977)	(57,550)
Gross margin		**92,756**	**105,472**
% of sales		*61.5%*	*64.7%*
Selling expenses	3.3	(66,640)	(74,003)
Administrative expenses	3.4	(4,604)	(5,448)
Income from operations		**21,512**	**26,021**
% of sales		*14.3%*	*16.0%*
Interest income		128	348
Interest and similar expenses		(681)	(441)
Net interest expense		**(553)**	**(93)**
Other financial income		1,552	2,333
Other financial expense		(3,715)	(2,502)
Net financial expense	**3.5**	**(2,716)**	**(262)**
Income before income tax		**18,796**	**25,759**
% of sales		*12.5%*	*15.8%*
Corporate income tax	3.6	(6,348)	(8,850)
Effective tax rate		*33.8%*	*34.4%*
Net income before non-controlling interests		**12,448**	**16,909**
% of sales		*8.3%*	*10.4%*
Attributable to non-controlling shareholders		(431)	(227)
Attributable to equity holders of the parent		**12,879**	**17,136**
% of sales		*8.5%*	*10.5%*
Basic earnings per share(1)	3.7	0.72	0.95
Diluted earnings per share(1)	3.7	0.72	0.95

(1) Restated for bonus share grants.

2.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

In € thousands	06/30/10	06/30/11
Available-for-sale assets	214	419
Currency hedges	-	-
Gross income / (expense) recognized directly in equity	**214**	**419**
Deferred tax	(74)	(144)
Net income / (expense) recognized directly in equity	**140**	**275**
Consolidated net profit for the period	12,448	16,909
Total recognized income and expense for the period	**12,588**	**17,184**
Attributable to non-controlling shareholders	(431)	(227)
Attributable to equity holders of the parent	**13,019**	**17,411**

3.
CONSOLIDATED BALANCE SHEET

ASSETS

In € thousands	Notes	12/31/10	06/30/11
Non-current assets			
Net trademarks and other intangible assets	2.1	70,814	70,408
Net goodwill	2.2	2,613	2,613
Net property, plant, equipment	2.3	7,066	8,247
Long-term investments		1,292	1,310
Other non-current financial assets		398	489
Deferred tax assets	2.11	5,109	5,025
Total non-current assets		**87,292**	**88,092**
Current assets			
Inventory and work in progress	2.4	66,813	103,046
Trade receivables and related accounts	2.5	74,399	83,624
Other receivables	2.6	6,838	6,545
Current financial assets	2.7	35,785	9,800
Cash and cash equivalents	2.7	25,830	22,422
Total current assets		**209,665**	**225,437**
Total assets		**296,957**	**313,529**

SHAREHOLDERS' EQUITY AND LIABILITIES

In € thousands	Notes	12/31/10	06/30/11
Shareholders' equity			
Common stock		53,780	59,528
Additional paid-in capital		408	-
Retained earnings		110,504	125,463
Net income for the year		26,807	17,134
Group shareholders' equity		**191,499**	**202,125**
Non-controlling interests		385	118
Total shareholders' equity	**2.8**	**191,884**	**202,243**
Non current liabilities			
Provisions for non-current commitments	2.9	2,280	2,434
Non-current borrowings	2.10	3,443	2,261
Deferred tax liabilities	2.11	1,510	1,530
Total non-current liabilities		**7,233**	**6,225**
Current liabilities			
Trade payables and related accounts		53,320	71,144
Current borrowings	2.10	8,627	5,487
Provisions for contingencies	2.9	412	312
Current income tax liabilities		5,858	1,122
Short-term bank loans	2.10	3,947	5,184
Other liabilities	2.12	25,676	21,812
Total current liabilities		**97,840**	**105,061**
Total shareholders' equity and liabilities		**296,957**	**313,529**

4.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € thousands	Number of shares	Common stock	Paid-in capital	Retained earnings & net income	Total equity Group share	Non-controlling Interests	Total
As of December 31, 2009[1]	**16,186,315**	**48,671**	**1,205**	**119,974**	**169,850**	**109**	**169,959**
Bonus share issue	1,638,298	4,915	(3,650)	(1,265)	-	-	-
Shares issued on exercise of stock options	221,534	665	3,248		3,913	-	3,913
Capital decrease	(157,150)	(471)	(395)	(2,629)	(3,495)	-	(3,495)
2010 net income	-	-	-	26,807	26,807	(156)	26,651
2009 dividend paid in 2010	-	-	-	(6,338)	(6,338)	-	(6,338)
Treasury shares	13,432	-	-	267	267	-	267
Stock based compensation	-	-	-	152	152	-	152
Remeasurement of financial instruments at fair value	-	-	-	215	215	-	215
Changes in consolidated Group structure	-	-	-	(497)	(497)	497	0
Effect of exchange rate fluctuations	-	-	-	548	548	(7)	541
Other changes	-	-	-	77	77	(58)	19
As of December 31, 2010[1]	**17,902,429**	**53,780**	**408**	**137,311**	**191,499**	**385**	**191,884**
Bonus share issue	1,803,851	5,412	(1,898)	(3,514)	-	-	-
Shares issued on exercise of stock options	112,322	336	1,490	-	1,826	-	1,826
2011 half-year net income	-	-	-	17,136	17,136	(227)	16,909
2010 dividend paid in 2011	-	-	-	(8,628)	(8,628)	-	(8,628)
Treasury shares	(3,517)	-	-	9	9	-	9
Stock based compensation	-	-	-	87	87	-	87
Remeasurement of instruments securities at fair value	-	-	-	60	60	-	60
Currency translation adjustments				131	131	(40)	91
Other changes	-	-	-	5	5	-	5
As of June 30, 2011[1]	**19,815,085**	**59,528**	**0**	**142,597**	**202,125**	**118**	**202,243**
As of December 31, 2009[1]	**16,186,315**	**48,671**	**1,205**	**119,974**	**169,850**	**109**	**169,959**
Bonus share issue	1,638,298	4,915	(3,650)	(1,265)	-	-	-
Shares issued on exercise of stock options	171,078	513	2,597	-	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 consolidated Group structure	-	-	-	-	-	-	-
Currency 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**

(1) Excluding treasury shares.

5.
CONSOLIDATED STATEMENT OF CASH FLOWS

In € thousands	06/30/10	12/31/10	06/30/11
Cash flows from operating activities			
Net income before non-controlling interests	**12,448**	**26,651**	**16,909**
Depreciation, amortization and other	5,750	16,736	6,165
Net finance costs	553	749	93
Tax charge of the period	6,348	13,287	8,850
Operating cash flows	**25,099**	**57,423**	**32,015**
Interest expense payments	(774)	(1,571)	(654)
Tax payments	(6,158)	(11,044)	(12,882)
Cash flow after interest expense and tax	**18,167**	**44,808**	**18,479**
Change in inventory and work in progress	(18,504)	(28,442)	(38,102)
Change in trade receivables and related accounts	(12,411)	(10,290)	(9,788)
Change in other receivables	2,325	(1,350)	293
Change in trade payables and related accounts	20,398	11,511	17,784
Change in other current liabilities	3,940	10,721	(3,905)
Change in working capital needs	**(4,252)**	**(17,850)**	**(33,718)**
Net cash flows provided by (used in) operating activities	**13,915**	**26,958**	**(15,237)**
Cash flows from investing activities			
Net acquisitions of intangible assets	(1,643)	(17,438)	(1,565)
Net acquisitions of property, plants and equipment	(1,569)	(3,851)	(2,843)
Net acquisitions of marketable securities (+3 months)	(20,300)	(35,785)	25,985
Changes in non-current financial assets	(400)	(476)	(18)
Net cash flows provided by (used in) investing activities	**(23,912)**	**(57,550)**	**21,559**
Cash flow from financing activities			
Issuance of borrowings and new financial debt	-	-	-
Debt repayments	(4,061)	(8,200)	(4,182)
Dividends paid	(6,319)	(6,338)	(8,628)
Capital increases	771	3,913	1,826
Capital decrease through the repurchase of shares	-	(3,495)	-
Treasury shares	382	394	17
Net cash flows provided by (used in) financing activities	**(9,227)**	**(13,726)**	**(10,967)**
Change in net cash	**(19,224)**	**(44,318)**	**(4,645)**
Cash and cash equivalents, beginning of year	66,201	66,201	21,883
Cash and cash equivalents, end of year	**46,977**	**21,883**	**17,238**

The reconciliation of net cash breaks down as follows:

In € thousands	06/30/10	12/31/10	06/30/11
Cash and cash equivalents	49,015	25,830	22,422
Short-term bank loans	(2,038)	(3,947)	(5,184)
Net cash at the end of the period	**46,977**	**21,883**	**17,238**
Certificates of deposit > 3 months	20,300	35,785	9,800
Short-term bank loans	**67,277**	**57,668**	**27,038**

CHAPTER THREE

Notes to the condensed consolidated financial statements

1.
ACCOUNTING PRINCIPLES

1.1
Statement of compliance

The condensed interim consolidated financial statements of June 30, 2011 were approved by the Board of Directors on September 8, 2011. 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. These 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, 2010. 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

New standards, amendments and interpretations that concerned Interparfums were applied starting July 1, 2011 and included namely the revised IAS 24 on “Related party disclosures”.

These standards, amendments and interpretations did 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 Interparfums Deutschland GmbH, Inter España Parfums et Cosmetiques S.L., Interparfums Srl, Interparfums Ltd, Interparfums Suisse Sarl, Interparfums Singapore and Interparfums Luxury Brands.

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

Interparfums SA		**Ownership & controlling interests** (%)
Interparfums Suisse Sarl	Switzerland	100%
Interparfums Singapore	Singapore	100%
Interparfums Luxury Brands	United States	100%
Inter España Parfums et Cosmetiques SL	Spain	100%
Interparfums Srl	Italy	71%
Interparfums Deutschland GmbH	Germany	51%
Interparfums 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	**12/31/10**	**+**	**-**	**06/30/11**
Gross value				
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
Van Cleef & Arpels upfront license fee	18,250	-	-	18,250
Montblanc upfront license fee	1,000	-	-	1,000
Boucheron upfront license fee	15,000	-	-	15,000
Other intangible assets				
Rights on molds for bottles and related items	8,628	636	(305)	8,959
Registration of trademarks	440	60	-	500
Software	1,053	868	-	1,921
Other	165	1	-	166
Gross intangible assets	**89,211**	**1,565**	**(305)**	**90,471**
Amortization and impairment				
Indefinite life intangible assets				
Nickel trademark	(384)	-	-	(384)
Finite life intangible assets				
S.T. Dupont upfront license fee	(1,187)	(32)	-	(1,219)
Burberry upfront license fee	(2,476)	(223)	-	(2,699)
Van Cleef & Arpels upfront license fee	(6,084)	(754)	-	(6,838)
Montblanc upfront license fee	(48)	(50)	-	(98)
Boucheron upfront license fee	-	(496)	-	(496)
Other intangible assets				
Rights on molds for bottles and related items	(7,274)	(326)	305	(7,295)
Registration of trademarks	(440)	(2)	-	(442)
Software	(405)	(84)	-	(489)
Other	(99)	(4)	-	(103)
Total amortization and impairment	**(18,397)**	**(1,971)**	**305**	**(20,063)**
Net intangible assets	**70,814**	**(406)**	**0**	**70,408**

In the absence of any indication of impairment, indefinite life intangible assets were not revalued on June 30, 2011.

The increase under the line item "Software" reflects the deployment of a new integrated SAP enterprise resource planning application (ERP).

2.2
Goodwill

Goodwill results from the acquisition of Nickel.

After being tested for impairment on December 31, 2010, no additional impairment charges were recognized. For the period from January 1 to June 30, 2011, there were no further indications of impairment. The total amount recognized in the balance sheet of €2,589,000 has consequently been maintained.

2.3
Property, plant and equipment

In € thousands	12/31/10	+	-	06/30/11
Gross value				
Fixtures, improvements, fittings	7,703	1,492	-	9,195
Office and computer equipment and furniture	1,816	73	-	1,889
Molds for bottles and caps	6,251	1,151	-	7,402
Other[1]	870	127	-	997
Gross property, plant and equipment	**16,640**	**2,843**	-	**19,483**
Accumulated depreciation and impairment[1]	(9,574)	(1,662)	-	(11,236)
Net property, plant and equipment	**7,066**	**1,181**	-	**8,247**

(1) Including a gross amount of €352,000 for fixed assets held under finance leases (vehicles) and depreciation expenses of €215,000.

2.4
Inventories and work in progress

In € thousands	12/31/10	06/30/11
Raw materials and components	26,176	37,803
Finished goods	44,830	70,240
Gross inventories and work in progress	**71,006**	**108,043**
Allowances for raw materials	(917)	(1,018)
Allowances for finished goods	(3,276)	(3,979)
Total provisions	**(4,193)**	**(4,997)**
Net inventories and work in progress	**66,813**	**103,046**

The increase of finished goods in the period reflects mainly the build up of stock for new licenses (notably Boucheron), new lines to be rolled out in the second half including in particular a major launch under the Burberry brand and growth in sales.

The increase in the inventory for components is mainly due to restocking for the new Jimmy Choo line planned for 2012 as well as components for the new Burberry line.

2.5
Trade receivables and related accounts

In € thousands	12/31/10	06/30/11
Gross trade receivables and related accounts	77,540	87,328
Provisions	(3,141)	(3,704)
Net trade receivables and related accounts	**74,399**	**83,624**

The aged trial balance for trade receivables breaks down as follows:

In € thousands	12/31/10	06/30/11
Not due	62,962	73,375
0 – 90 days	13,882	8,364
91 – 180 days	277	1,400
181 – 360 days	54	3,360
More than 360 days	365	830
Gross trade receivables	**77,540**	**87,328**

2.6
Other receivables

In € thousands	12/31/10	06/30/11
Prepaid expenses	1,485	2,079
Interparfums Holding current accounts	32	49
Value-added tax	2,622	1,801
Hedging instruments	799	452
Other	1,900	2,164
Net other receivables	**6,838**	**6,545**

2.7
Current financial assets, cash and cash equivalents

2.7.1
Current financial assets

Current financial assets consist of investments in the form of certificates of deposits with maturities of more than three months for €9,800,000.

2.7.2
Cash and cash equivalents

In € thousands	12/31/10	06/30/11
Certificates of deposit (less than 3 months)	18,991	22,261
Money-market mutual funds	3,103	50
Bank accounts	3,736	111
Cash and cash equivalents	**25,830**	**22,422**
Current financial assets (certificates of deposits > three months)	35,785	9,800
Cash, cash equivalents and current financial assets	**61,615**	**32,222**

Items under this heading are subject to an insignificant risk of a change in value. Short-term investments are measured at market value on every closing date.

2.8
Shareholders' equity

2.8.1
Common stock

As of June 30, 2011, Interparfums' capital was comprised of 19,842,368 shares fully paid-up with a par value of €3, 73.81%-held by Interparfums Holding.

For the period under review, capital increases result from the exercise of stock options for 112,322 shares and the capital increase in connection with the bonus issue of June 20, 2011 for 1,803,851 shares on the basis of one new share for every ten shares held.

2.8.2
Stock option plans

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

The characteristics of plans currently in force are as follows:

Plans	Number of beneficiaries	Numbers of options granted at inception	Grant date	Vesting period	Exercise price[(1)]
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	€18.10
Plan 2008 (IP Inc)	96	84,500	02/14/08	4 years	$11.30
Plan 2009	135	87,000	12/17/09	4 years	€14.55
Plan 2010	143	114,700	10/08/10	4 years	€20.85

(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 Interparfums Inc. This plan was recognized in accordance with IFRIC 11 and is charged to Interparfums SA by the parent company.

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

Plans	Options outstanding at 12/31/10	Conversions in the period	Bonus share grants	Cancellations in the period	Options outstanding at 06/30/11
Plan 2005	99,943	(96,076)	-	(3,867)	0
Plan 2006	162,947	(16,246)	14,691	-	161,392
Plan 2009	94,600	-	9,449	(110)	103,939
Plan 2010	114,700		11,440	(300)	125,840
	472,190	**(112,322)**	**35,580**	**(4,277)**	**391,171**

At June 30, 2011, the potential number of Interparfums SA shares that may be created was 391,171.

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 €173,000 for the first half of 2011 and €183,000 for the same period in 2010.

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

Plans	Fair value of the options	Risk-free interest rate	Dividend yield	Volatility rate	Share price retained for the calculation
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
Plan 2010	€6.55	2.81%	1.81%	30%	€22.95

(1) The 2008 plan has been issued by the parent company Interparfums Inc.

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

2.8.3
Treasury stocks

Within the framework of the share repurchase program authorized by the General Meeting of April 29, 2011, 27,283 Interparfums shares were held by the company as of June 30, 2011.

Changes in the period break down as follows:

In € thousands	Number of shares	Carrying
At December 31, 2010	**23,766**	**625**
Acquisitions	108,447	2,745
Bonus issue of 06/20/11	2,568	-
Sales	(107,498)	(2,739)
At June 30, 2011	**27,283**	**631**

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.

2.8.4
Non-controlling interests

Non-controlling interests concern the percentages not held in European subsidiaries, Interparfums Deutschland GmbH (49%); Interparfums Srl (29%), Interparfums Ltd (49%) that break down as follows:

In € thousands	12/31/10	06/30/11
Reserves attributable to non-controlling interests	541	345
Earnings attributable to non-controlling interests	(156)	(227)
Non-controlling interests	**385**	**118**

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

2.8.5
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 represents more than 30% of consolidated earnings to reward shareholders while at the same time associating them with the Group's expansion. In early May 2011, a dividend of €0.48 per share was paid or a total of €8.6 million.

The Group's significant shareholders equity and low gearing ensures that it is able to secure financing from banks in the form of 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 continues to have sufficient financial flexibility to take advantage of all potential opportunities for external growth.

2.9
Provisions for contingencies and expenses

In € thousands	12/31/10	+	Provisions used in the period	Reversal of unused provisions	06/30/11
Provisions for retirement severance payments	1,348	154	-	-	1,502
Accruals for tax	932	-	-	-	932
Total provisions for expenses > 1 year	**2,280**	**154**	-	-	**2,434**
Provisions for contingencies	412	100	(200)	-	312
Total provisions for contingencies < 1 year	**2,692**	**254**	**(200)**	-	**2,746**

2.10
Borrowings

2.10.1
Borrowings by a maturity and rate

In € thousands	Total	< 1 year	1 to 5 years	> 5 years
Floating-rate (3M Euribor)	5,611	4,497	1,114	-
Fixed rate	1,970	1,970	-	-
Automobile leases	167	120	47	-
Bank overdrafts	5,184	5,184	-	-
Total at June 30, 2011	**12,932**	**11,771**	**1,161**	-

In € thousands	Total	< 1 year	1 to 5 years	> 5 years
Floating-rate (3M Euribor)	7,949	4,603	3,346	-
Fixed rate	3,900	3,900	-	-
Automobile leases	221	124	97	-
Bank overdrafts	3,947	3,947	-	-
Total at December 31, 2010	**16,017**	**12,574**	**3,443**	-

All borrowings are in euros.

2.10.2
Analysis of borrowings

	Lanvin 2007	Van Cleef & Arpels
Inception date	September 28, 2007	January 1, 2007
Initial amount (in € thousands)	22,000	18,000
Duration	5 years	5 years
Rate	3M Euribor +0.40%	4.1% fixed rate
Repayment schedule	quarterly	quarterly
Amount payable at June 30, 2011 (in € thousands)	5 500	1 970

2.10.3
Other disclosures

The Lanvin debt contracted in September 2007 was covered by a 4.42% interest rate swap.

At June 30, 2011, on the basis of a notional amount of €5.5 million, a gain of €139,000 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, 2011 represented a negative balance for the company €111,000.

2.10.4
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 2010, all conditions required by these covenants were met with ratios considerably below the contractual limits. As a result, the Group has considerable financial flexibility with respect to these commitments.

2.11
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	12/31/10	Changes through reserves	Changes through income	06/30/11
Deferred tax liabilities				
Timing differences between financial and tax accounting	6	-	(6)	0
Acquisition cost	612	-	(4)	608
Market value of securities	56	30	-	86
Stocks options	-	46	(46)	-
Gains (losses) on treasury shares	-	8	(8)	-
Remeasurement gains (losses)	734	-	-	734
Other	102	-	-	102
Total deferred tax liabilities	**1,510**	**84**	**(64)**	**1,530**
Deferred tax assets				
Timing differences between financial and tax accounting	1,363	-	(470)	893
Financial instruments	17	-	11	28
Loan swap	86	-	(48)	38
Recognition of loss carryforwards	1,261	-	336	1,597
Inventory margin	2,695	-	16	2,711
Advertising and promotional costs	929	-	343	1,272
Other	19	-	64	83
Total deferred tax assets before amortization	**6,370**	**-**	**252**	**6,622**
Amortization of deferred tax	(1,261)	-	(336)	(1,597)
Total net deferred tax assets	**5,109**	**-**	**(84)**	**5,025**
Total net deferred tax	**(3,599)**	**84**	**20**	**(3,495)**

2.12
Other short-term liabilities

In € thousands	12/31/10	06/30/11
Accrued credit notes	9,876	8,762
Tax and employee-related liabilities	10,645	5,922
Accrued royalty payments	4,105	6,344
Other payables	1,050	784
Total other short-term liabilities	**25,676**	**21,812**

2.13
Financial instruments

2.13.1
Financial assets and liabilities by category

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

In € thousands At June 30, 2011	**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		1,799	1,799	-	489	1,310	-
Trade receivables and related accounts	2.5	83,624	83,624	-	-	83,624	-
Other receivables	2.6	6,545	6,545	-	-	6,093	452
Current financial assets	2.7	9,800	9,800	-	-	9,800	-
Cash and cash equivalents	2.7	22,422	22,422	-	-	22,422	-
Assets		**124,190**	**124,190**	-	**489**	**123,249**	**452**
Borrowings	2.10	7,748	7,727	110	-	7,638	-
Trade payables and related accounts		71,144	71,144	-	-	71,144	-
Short-term bank loans	2.10	5,184	5,184	-	-	5,184	-
Other payables	2.12	21,812	21,812	-	-	21,812	-
Liabilities		**105,888**	**105,867**	**110**	-	**105,778**	-

In € thousands At December 31, 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		1,690	1,690	-	398	1,292	-
Trade receivables and related accounts	2.5	74,399	74,399	-	-	74,399	-
Other receivables	2.6	6,838	6,838	-	-	6,039	799
Current financial assets	2.7	35,785	35,785	-	-	35,785	-
Cash and cash equivalents	2.7	25,830	25,830	-	-	25,830	-
Assets		**144,542**	**144,542**	-	**398**	**143,345**	**799**
Borrowings	2.10	12,070	12,019	249	-	11,821	-
Trade payables and related accounts		53,320	53,320	-	-	53,320	-
Short-term bank loans	2.10	3,947	3,947	-	-	3,947	-
Other payables	2.12	25,676	25,676	-	-	25,708	(32)
Liabilities		**95,013**	**94,962**	**249**	-	**94,796**	**(32)**

2.13.2
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, 2011	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	1,799	1,799	489	1,310	-
Trade receivables and related accounts	83,624	83,624	-	83,624	-
Other receivables	6,545	6,545	-	6,545	-
Current financial assets	9,800	9,800	-	9,800	-
Cash and cash equivalents	22,422	22,422	-	22,422	-
Assets	**124,190**	**124,190**	**489**	**123,701**	-
Borrowings	7,748	7,727	-	7,748	-
Trade payables and related accounts	71,144	71,144	-	71,144	-
Short-term bank loans	5,184	5,184	-	5,184	-
Other payables	21,812	21,812	-	21,812	-
Liabilities	**105,888**	**105,867**	-	**105,888**	-

In € thousands At December 31, 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	1,690	1,690	398	1,292	-
Trade receivables and related accounts	74,399	74,399	-	74,399	-
Other receivables	6,838	6,838	-	6,838	-
Current financial assets	35,785	35,785	-	35,785	-
Cash and cash equivalents	25,830	25,830	-	25,830	-
Assets	**144,542**	**144,542**	**398**	**144,144**	-
Borrowings	12,070	12,019	-	12,070	-
Trade payables and related accounts	53,320	53,320	-	53,320	-
Short-term bank loans	3,947	3,947	-	3,947	-
Other payables	25,676	25,676	-	25,676	-
Liabilities	**95,013**	**94,962**	-	**95,013**	-

2.14
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.

2.14.1
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 fixed rate swaps and the use of floor and caps.

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.

2.14.2
Liquidity risks

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	32,222	489	-
Financial liabilities	(10,574)	(2,247)	-
Net position before hedging	**21,648**	**(1,758)**	-
Hedging of assets and liabilities (swaps)	(97)	(14)	-
Net position after hedging	**21,551**	**(1,772)**	-

Financial liabilities by year break down as follows:

In € thousands At June 30, 2011	2011	2012	Total
Floating-rate debt - nominal	2,200	3,300	5,500
Floating-rate debt - interest	129	86	215
Fixed rate debt - nominal	1,970	-	1,970
Fixed rate debt - interest	60	-	60
Interest rate swaps	69	42	111

In € thousands At December 31, 2010	2011	2012	Total
Floating-rate debt - nominal	4,400	3,300	7,700
Floating-rate debt - interest	314	86	400
Fixed rate debt - nominal	3,900	-	3,900
Fixed rate debt - interest	100	-	100
Interest rate swaps	203	46	249

2.14.3
Foreign exchange risks

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

In € thousands	USD	GBP	JPY	CAD
Assets	34,561	4,569	339	500
Liabilities	(3,147)	(850)	(87)	(22)
Net position before hedging	**31,414**	**3,719**	**252**	**478**
Currency hedges	435	97	-	-
Net position after hedging	**31,849**	**3,816**	**252**	**478**

In addition, because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (38.2% of sales) and to a lesser extent the pound sterling (6.1% of sales) and the Japanese yen (1.3% 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.

3.
NOTES TO THE INCOME STATEMENT

3.1
Breakdown of consolidated sales by brand

In € thousands	06/30/10	06/30/11
Burberry	98,111	85,349
Lanvin	22,957	26,193
Jimmy Choo	-	13,147
Montblanc	-	12,634
Van Cleef & Arpels	12,755	9,887
Paul Smith	5,988	7,125
S.T. Dupont	8,640	5,926
Boucheron (2 months)	-	1,614
Nickel	1,156	1,212
Other	1,126	(65)
Total net	**150,733**	**163,022**

3.2
Cost of sales

In € thousands	06/30/10	06/30/11
Raw materials, trade goods and packaging	(71,772)	(90,791)
Changes in inventory and allowances	19,126	40,242
POS advertising	(2,692)	(3,976)
Staff costs	(1,217)	(1,517)
Subcontracting	(916)	(856)
Transportation costs	(368)	(540)
Other expenses related to the cost of sales	(138)	(112)
Total cost of sales	**(57,977)**	**(57,550)**

3.3
Selling expenses

In € thousands	06/30/10	06/30/11
Advertising	(29 024)	(29 562)
Royalties	(15,162)	(15,527)
Subcontracting	(7,358)	(9,968)
Transportation costs	(1,698)	(1,913)
Sales commissions	(1,380)	(974)
Travel expenses	(1,318)	(1,488)
Staff costs	(6,518)	(7,797)
Allowances and reversals for depreciation/impairment	(1,698)	(3,706)
Other selling expenses	(2,484)	(3,068)
Total selling expenses	**(66,640)**	**(74,003)**

3.4
Administrative expenses

In € thousands	06/30/10	06/30/11
Purchases and external costs	(1,281)	(2,030)
Tax and related expenses	(271)	(418)
Staff costs	(1,750)	(1,892)
Allowances and reversals for depreciation/impairment	(662)	(385)
Other administrative expenses	(640)	(723)
Total administrative expenses	**(4,604)**	**(5,448)**

3.5
Net financial expense

In € thousands	06/30/10	06/30/11
Financial income	128	348
Interest and similar expenses	(681)	(441)
Net finance costs	**(553)**	**(93)**
Currency losses	(3,475)	(1,675)
Currency gains	1,340	1,557
Net currency gains (losses)	**(2,135)**	**(118)**
Other financial income and expenses	(28)	(51)
Net financial income/(expense)	**(2,716)**	**(262)**

3.6
Income taxes

In € thousands	06/30/10	06/30/11
Current income tax	(7,247)	(8,830)
Deferred tax arising from timing differences	(61)	(465)
Deferred tax arising from consolidation adjustments	960	445
Total income taxes	**(6,348)**	**(8,850)**

3.7
Earnings per share

In € thousands, except number of shares and earnings per share in euros	06/30/10(1)	06/30/11
Consolidated net income	12,879	17,136
Average number of shares	17,926,043	17,956,832
Basic earnings per share	**0.72**	**0.95**
Dilutive effect of stock options:		
Potential fully diluted consolidated net income	27,065	91,499
Potential fully diluted average number of shares outstanding	17,953,108	18,048,331
Diluted earnings per share	**0.72**	**0.95**

(1) Restated to eliminate the impact of the bonus issue of one new share for every ten shares held on June 20, 2011.

4.
SEGMENT REPORTING

4.1
Business lines

In € thousands	06/30/10			06/30/11		
	Perfumes	Skincare and Beauty	Total	Perfumes	Skincare and Beauty	Total
Sales	149,182	1,551	150,733	161,345	1,677	163,022
Income from operations	22,389	(877)	21,512	27,731	(1,710)	26,021
Impairment	-	-	-	-	-	-

In € thousands	12/31/10			06/30/11		
	Perfumes	Skincare and Beauty	Total	Perfumes	Skincare and Beauty	Total
Trademarks, licenses and goodwill	71,616	1,811	73,427	72,426	1,803	74,229
Inventory	63,732	3,081	66,813	99,356	3,690	103,046
Other segment assets	156,023	694	156,717	135,727	527	136,254
Total segment assets	**291,371**	**5,586**	**296,957**	**307,509**	**6,020**	**313,529**
Segment liabilities	**96,314**	**1,526**	**97,840**	**104,458**	**603**	**105,061**

At June 30, 2011, 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
Geographical segments

Sales by geographical sector break down as follows:

In € thousands	06/30/10	06/30/11
North America	25,494	25,291
South America	12,024	14,290
Asia	27,163	30,927
Eastern Europe	10,745	12,482
Western Europe	42,040	45,562
France	13,749	14,570
Middle East	17,995	18,032
Other	1,523	1,868
Total	**150,733**	**163,022**

5.
OFF BALANCE SHEET COMMITMENTS

5.1
Off balance sheet commitments

The following presentation of off-balance sheet commitments is based on AMF recommendation No. 2010-14 of December 6, 2010.

5.1.1
Summary of off-balance sheet commitments

In € thousands	2010	2011
Off-balance sheet commitments in connection with the company's operating activities	270,517	288,554
Off-balance sheet commitments in connection with the company's financing activities	335	-
Off balance sheet commitments	564	553
Total commitments given	**271,416**	**289,107**

5.1.2
Off-balance sheet commitments in connection with the company' operating activities

In € thousands	Main characteristics	2010	2011
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	247,475	257,038
Headquarters rental payments	Rental payments due over the remainder of the lease period (3, 6 or 9 years).	4,791	4,635
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses regardless of sales volume for the period	11,970	11,220
Firm component orders (inventories)	Inventories of components on stock with suppliers the company undertakes to purchase as required for releases	6,281	15,661
Total commitments given in connection with operating activities		**270,517**	**288,554**

5.1.3
Off-balance sheet commitments in connection with the company's financing activities

In € thousands	Main characteristics	2010	2011
Bank guarantees	Security for the payment of the deposit guarantee for a new warehousing facility due on the inception date of the lease, expected in June 2011	335	-
Total commitments given in connection with financing activities		**335**	**-**

Commitments in respect to forward currency sales at June 30, 2011 amounted to $37,342,000 and £4,100,000.

In compliance with obligations under German law, under the terms of a comfort letter issued at the end of June 2007, Interparfums provided a guarantee without restrictions to ensure that its German subsidiary Interparfums GmbH, is managed and funded to honor at all times its payment obligations to all creditors.

5.1.4
Other off-balance sheet commitments

In € thousands	Main characteristics	2010	2011
Pension liabilities	The portion of past service costs deferred as an off-balance sheet item pursuant to application of the closing of July 23, 2008 and amortized over 28 years	564	553
Total other commitments given		**564**	**553**

5.1.5
Commitments given by maturity at June 30, 2011

In € thousands	Total	Up to 1 year	1 to 5 years	5 years or more
Guaranteed minima on trademark royalties	257,038	13,838	132,950	110,250
Headquarters rental payments	4,635	661	3,095	879
Guaranteed minima for warehousing and logistics	11,220	2,040	1,080	8,100
Firm component orders (inventories)	15,661	15,661	-	-
Commitments given in connection with operating activities	**288,554**	**32,200**	**137,125**	**119,229**
Bank guarantees	-	-	-	-
Commitments given in connection with financing activities	-	-	-	-
Pension liabilities	553	22	87	444
Other commitments given	**553**	**22**	**87**	**444**
Total commitments given	**289,107**	**32,222**	**137,212**	**119,673**

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

5.1.6
Commitments received

Commitments received in connection with forward currency sales at June 30, 2011 amounted to €26,271,000 for US dollar hedges and €4,639,000 for pound sterling hedges representing total commitments of €30,910,000.

6.
INFORMATION ON RELATED PARTIES

In the 2011 first half, there were no changes with respect to relations between Interparfums and affiliated undertakings (parent company and subsidiaries) and those disclosed in the notes to the consolidated financial statements in the 2010 annual report.

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

7.
ADDITIONAL INFORMATION

7.1
License agreements

	Nature of license	License inception date	Duration	Expiration date
Burberry	Original	July 1993	13 years and 6 months	-
	Renewal	July 2004	13 years and 6 months	December 2017
S.T. Dupont	Original	July 1997	11 years	-
	Renewal	January 2006	5 years and 6 months	-
	Renewal	January 2011	6 years	December 2016
Paul Smith	Original	January 1999	12 years	-
	Renewal	July 2008	7 years	December 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
Mont Blanc	Original	July 2010	10 years and 6 months	December 2020
Boucheron	Original	January 2011	15 years	December 2025

The renewal of the Burberry license agreement on July 1, 2004 for an initial term of 12 ½ years or until December 31, 2016, was accompanied by an option to extend the license by an additional five years (exercisable at December 31, 2014) and an option by Burberry Ltd to acquire the license at its market value at December 31, 2011.

On December 21, 2010 Burberry and Interparfums extended by one year certain terms of their fragrance license, including the length of the agreement to December 31, 2017. Burberry's right to buy the license was moreover moved from December 31, 2011 to December 31, 2012, and the option requiring the consent of both parties to extend the license five years beyond 2017 is now exercisable at December 31, 2015.

On September 1, 2009 Quiksilver and Interparfums 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 Interparfums 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.

In April 2011, the 11 year license agreement signed in June 1997 between S.T. Dupont and Interparfums for the creation, development and distribution of fragrance lines, initially extended in 2006 for an additional 3 years until June 30, 2011, was renewed for another term of 5 1/2 years until December 31, 2016 on the basis of contractual terms and conditions favorable to both parties.

7.2
Proprietary brands

Lanvin

In June 2004, Interparfums 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, Interparfums acquired the Lanvin brand names and international trademarks for class 3 fragrance and make-up products from the *Jeanne Lanvin* company.

Interparfums 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, Interparfums acquired a majority stake in Nickel, a company specialized in skincare products for men.

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

7.3 Insurance

Interparfums 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	12/31/10	06/30/11
Executive officers and management	89	92
Supervisory staff	9	8
Employees	82	91
Total	**180**	**191**

7.4.2 Employees by department

Number of employees at	12/31/10	06/30/11
General Management	2	2
Production & Operations	25	30
Burberry Fragrances	34	39
Luxe & Fashion	24	27
France	65	58
Finance & Corporate Affairs	30	35
Total	**180**	**191**

7.5 Post-closing events

In July 2011, the Balmain couture house, founded in 1945 by Pierre Balmain, and Interparfums, the creator of prestige perfumes and cosmetics, announce the signature of 12-year worldwide license agreement commencing on January 1, 2012 to create, produce and distribute perfumes under the Balmain brand.

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 Interparfums 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 8, 2011

Philippe Benacin
Chairman and Chief Executive Officer

Executive officer responsible for financial information

Philippe Santi
Executive Vice President & Chief Financial Officer

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