# ANNUAL REPORT TWO THOUSAND & THIRTEEN

interparfums

BALMAIN
BOUCHERON
JIMMY CHOO
KARL LAGERFELD
LANVIN
MONTBLANC
PAUL SMITH
REPETTO
S.T. DUPONT
VAN CLEEF & ARPELS

interparfums

# A STRATEGIC TURNING POINT

**Jean Madar and Philippe Bénacin**

# INTERVIEW OF THE EXECUTIVE OFFICERS

How would you describe Interparfums' performance in 2013?

"It was a successful year. Though we had anticipated the Burberry license agreement's discontinuation in March, performances for the year were still better than expected. For the 2013 full year, like-for-like sales reached in consequence €251.5 million, up 19.3% from the prior year. Total consolidated revenue for the year was €350.4 million.

These results are attributable in particular to the successful launch of the first *Repetto* fragrance line and robust performances by Montblanc which, along with Jimmy Choo, allowed us to acquire significant positions in the United States. In addition, response to Balmain's initial introduction in Asia was very promising. Lanvin remains a solid contributor with the *Éclat d'Arpège* line providing sustained momentum.

Our other brands also continued to deliver robust performances, as with the case of Boucheron and Van Cleef & Arpels, bolstered by their ultra high-end positioning as prestigious jewelers."

A word about Repetto's particularly noteworthy performance for the year?

"The *Repetto* fragrance represented Interparfums' strongest launch in the French market since its creation. Beyond the years of work that go into the creation of a fragrance and its worldwide distribution, it is not always easy to explain the reasons for such success. An alchemy combining talent, just the right match between the juice and the brand universe along with a touch of chance… Repetto benefits from a very desirable image in France, and also particularly unique: the dance theme is highly original in the world of fragrances, and even more so when, as the case for this brand, combining elegance and glamor. Interparfums' teams were successful in building a solid project with a refined, light and poetic fragrance, followed by excellent execution accompanied by significant merchandising expertise."

What are the major upcoming events and prospects for 2014?

"Our growth in France and other countries will be supported by two major launches scheduled for the year ahead. In the spring, the fragrance duo created by Interparfums for Karl Lagerfeld will benefit from the iconic stature of a major figure in the world of fashion whose signature style has always been associated with many prestigious brands.

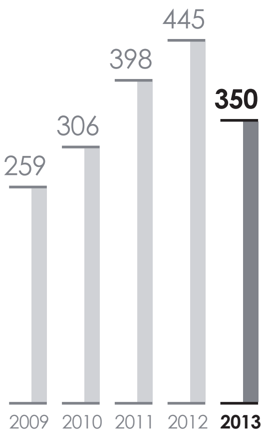
In July, with its second men's line, *Emblem*, Montblanc will also confirm its positioning as an important player and this fragrance segment.

Another important event at year-end will be the first men's line of Jimmy Choo, a brand combining dynamic and solid performances."

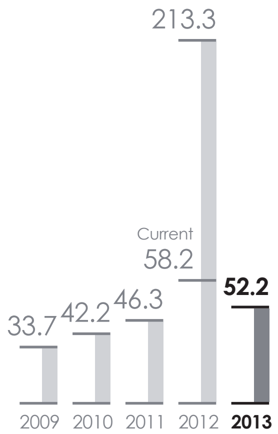
And your long-term ambitions?

"They are clear. We are targeting a return to sales of €400 million within a few years accompanied by growth in our market positions. 2014 will undoubtedly be a benchmark year, marking the commencement of a new cycle with a more balanced portfolio, confirmed growth drivers, and a combination of strategic and tactical launches.

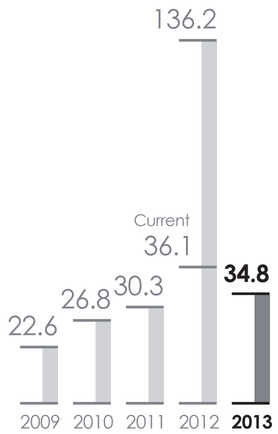
At every stage of the value chain, from creation to distribution, we are fortunate in benefiting from talented and enthusiastic teams, committed to the company and, more broadly, the fragrance universe. This valuable human capital gives us a decisive advantage for pursuing our growth strategy. Indeed, reflecting the imaginative spirit and perseverance of its men and women, Interparfums is above all a human adventure. This ability to give form to imagination by achieving a unique blend of dreams, creativity and rigorous execution, embodies the very essence of the magic of the fragrance."



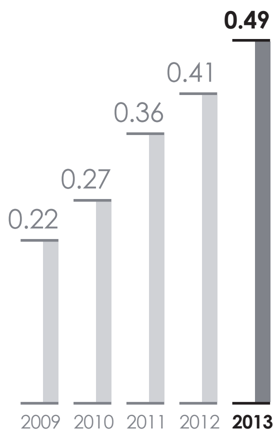

**Net sales** (1)




**Operating profit** (1)(2)




**Net income** (1)(2)



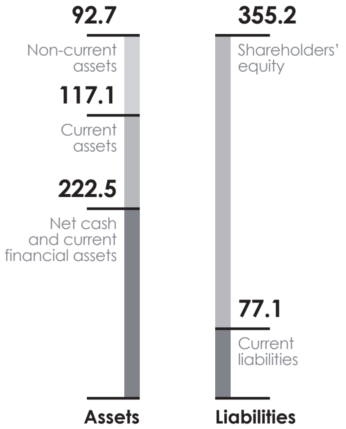

**Total dividends** (3)

| At December 31 (€ thousands) | 2009 | 2010 | 2011 | 2012 (2) | 2013 |
|---|---|---|---|---|---|
| Sales | 259,165 | 305,696 | 398,328 | 445,460 | **350,392** |
| *International (%)* | *90%* | *91%* | *91%* | *92.1%* | *90.1%* |
| Operating profit | 33,683 | 42,216 | 46,301 | 213,314 | **52,226** |
| *% of sales* | *13.0%* | *13.8%* | *11.6%* | *47.9%* | *14.9%* |
| Net income | 22,647 | 26,807 | 30,300 | 136,188 | **34,833** |
| *% of sales* | *8.7%* | *8.8%* | *7.6%* | *30.6%* | *9.9%* |
| Shareholders' equity (attributable to the parent) | 169,939 | 191,884 | 216,020 | 344,413 | **354,515** |
| Net cash and current financial assets | 66,201 | 57,668 | 17,395 | 207,927 | **222,471** |
| Total assets | 253,674 | 296,957 | 353,194 | 534,984 | **432,278** |
| Workforce (at December 31) | 171 | 180 | 227 | 205 | **208** |

(1) Consolidated data in € millions.

(2) 2012 was restated to eliminate the impact of amended IAS 19.

(3) Restated for bonus share grants.




**Balance sheet highlights** [1]

Bolstered by the first half's excellent performances, the company ramped up significantly marketing and advertising in the second part of the year.

These efforts did not adversely impact profitability that reached an exceptionally high level with an operating margin of nearly 15% and a net margin of close to 10% for the full year.

Constant controls over working capital requirements once again resulted in a stronger financial position with shareholder's equity of €355 million (82% of total assets) and net cash of €222 million at December 31, 2013.



# KEY FIGURES

# January

**Launch of the *Flash* line of Jimmy Choo**

*Flash*, the second line of the Jimmy Choo brand is a solar floral composition, based around a bouquet of white flowers.

# March

**Discontinuation of the Burberry license**

In accordance with the terms of the transition agreement signed in October 2012 by Interparfums and Burberry, the partnership agreement between the two companies ended at March 31, 2013.

# April

**Launch of the *Me* line of Lanvin**

The new *Lanvin Me* line is a floral gourmand blend combining notes of liquorice and blueberry.

# May

**Exceptional dividend payment**

The General Meeting approved the distribution of an ordinary dividend of €0.54 per share and an exceptional dividend of the same amount, thus increasing the total dividend for fiscal 2012 to €1.08 per share.

**Launch of the *Rêve* line of Van Cleef & Arpels**

Built around the universe of dream, Interparfums launched a new women's fragrance, a majestic bouquet of lilies and osmanthus invigorated by fruity undertones, enriched with an intense trail of precious amber.

# June

**Bonus share distribution**

The company proceeded with its 14th bonus share issue on the basis of one new share for every ten shares held.



# 2013 MILESTONES AND OUTLOOK

# July

**Launch of Repetto's first signature fragrance**

With its floral woody musky composition, blending essence of rose with orange blossom, followed by notes of vanilla pod and the warmth of amber wood to achieve a fully balanced composition for *Repetto*, the first fragrance developed around the theme of dance and elegance.

# August

**Launch of the *Portrait* line of Paul Smith**

Even though two fully distinct fragrances, they are connected by no less than four key notes: bergamot, cardamon, myrrh, tea (black tea in the case of *Portrait For Women* and green tea in *Portrait for Men*).

# September

***Launch of the Boucheron Place Vendôme* line**

This new fragrance was inspired by the mythical address of Maison Boucheron, a name that has shined as an incarnation of light and precious stones for more than 150 years. An Eau de Parfum like invisible finery, veiling skin with emotion, sensuality and addiction. *Boucheron Place Vendôme* conveys an elegant emotion through the statuesque intensity of a Woody Floriental creation.

# December

**Disposal of the Nickel brand**

Interparfums and L'Oréal Group executed the purchase and sale agreement for Nickel, the men's skin care business on November 27, 2013, with an effective date for the transfer of title of December 17, 2013.



# Outlook

In the 2013 fourth quarter, revenue rose 16.3% like-for-like (excluding Burberry) to €57.7 million, from continuing strong momentum by Montblanc, Jimmy Choo, Boucheron and Repetto fragrances.

For the 2013 full year, like-for-like sales reached in consequence €251.5 million, up 19.3% from the prior year. Total consolidated revenue for the year was €350.4 million.

The excellent first-half results made it possible to intensify marketing and advertising efforts in the second half, without impacting margins that registered an exceptionally high level for the 2013 full year.

In 2013, this potential was demonstrated for Repetto and Boucheron fragrances. In 2014, the portfolio of leading brands will be further strengthened by the launch of Balmain and Karl Lagerfeld fragrances.

With this development strategy applied to the entire brand portfolio, the operating margin for 2014 as a more normative year may be expected to reach 10%-11%.

Pier Paolo Righi, Philippe Bénacin, Baptiste Giabiconi and Karl Lagerfeld at the *Karl Lagerfeld Femme* and *Karl Lagerfeld Homme* fragrances launch event at Palais Brongniart (Paris).

Management Committee members *(from left to right)* : Axel Marot, Angèle Ory-Guénard, Catherine Bénard-Lotz, Pierre Desaulles, Philippe Santi, Jérôme Thermoz, Frédéric Garcia-Pelayo, Philippe Bénacin and Delphine Pommier.

**Management Committee members**

The make up of the Management Committee at December 31, 2013 was as follows:

Philippe Bénacin
Chairman and Chief Executive Officer

Catherine Bénard-Lotz
Legal Officer

Pierre Desaulles
Marketing Officer

Frédéric Garcia-Pelayo
Executive Vice President,
Chief International Officer

Axel Marot
Supply Chain & Operations Officer

Angèle Ory-Guénard
Export Sales Officer

Delphine Pommier
Marketing Officer

Philippe Santi
Executive Vice President,
Chief Financial Officer

Jérôme Thermoz
French Distribution Officer

# CORPORATE GOVERNANCE



**Board of Directors**

As of December 31, 2013 the composition of the Board of Directors was as follows:

Philippe Bénacin
Chairman-Chief Executive Officer

Jean Madar
Director

Maurice Alhadève
Independent Director

Patrick Choël
Director

Dominique Cyrot
Independent Director

Michel Dyens
Independent Director

Frédéric Garcia-Pelayo
Director and Executive Vice President

Chantal Roos
Independent Director

Philippe Santi
Director and Executive Vice President

# ORGANIZATION

### Production & Logistics

The task of managing production, each year, for thousands of product references requires skill in orchestrating and ensuring a harmonious interaction between several activities: technical development, the supply chain, production planning at our subcontractors, logistics, the purchasing division for our promotional products, regulatory oversight for France and export markets. A staff of 35 headed by Axel Marot performs these missions supported by a Quality team to ensure the procedures defined in the specifications are respected.

### Marketing

A staff of 32 working under Pierre Desaulles and Delphine Pommier are responsible for this fine-tuned alchemy of the product creation process from the initial idea and conception up to display at points of sale. In close collaboration with the fashion houses, this work is based on achieving just the right balance between imagination, sensitivity and maintaining the coherence of each new product with its brand universe.

### Export

A staff of 29 spearheaded by Frédéric Garcia-Pelayo and Angèle Ory-Guénard manage the development of our products throughout the world through distributors that are in turn responsible for retail distribution networks. A task that remains focused on respecting all the criteria imposed by the brands (the choice of the distribution networks, pricing policy, communications strategy, merchandising… ) while taking into account the specific cultural codes of each country.


**French Distribution**

The distribution policy, commercial management, monitoring sales margins and advertising budgets for France are managed by a team of 41 headed by Jérôme Thermoz. Every launch is based on its own specific strategy both with respect to each brand and each retail channel. The primary goal: reach the consumer through strong campaigns and true drivers of differentiation starting with the product's added value.

**Finance and Corporate Affairs**

A team of 36 managed by Philippe Santi is responsible for this area that covers internal control, financial, statutory and tax accounting management, financial communications, shareholder relations, cash management, collection as well as the management of brand licensing agreements and the protection of intellectual property.

**Subsidiaries**

Interparfums has distribution subsidiaries in Europe (Interparfums GmbH in Germany, Interparfums Srl in Italy and Interespana Parfums et Cosmetiques SL in Spain) working in collaboration with our local partners.

It also has a standalone distribution subsidiary in the United States (Interparfums Luxury Brands) managed by a team of 18 headed by Stanislas Archambault.

Finally, development of operations in the Asian market is spearheaded by the Singapore subsidiary (Interparfums Singapore) with a team of nine headed by Renaud Boisson.

In 2014, for its second participation, Interparfums ranked among the "Great Place to Work" winners in France for the "Companies with less than 500 employees" category. This award recognizes the company's distinct corporate culture and philosophy, shared human values, sense of belonging, solidarity and accountability among all employees.

**Our missions:** developing perfume and cosmetic lines through license agreements with leading luxury brands in close collaboration with their creative and marketing teams.

**Our core values:** meriting the respect of the prestigious brands that grant us their confidence, creativity in the service of their image, professionalism and high standards in product design and packaging, orchestrating their distribution and promotion.

**Our underlying vision:** a strategy based on long-term partnerships with all stakeholders for managing the process of creation and production and a streamlined organizational approach with the outsourcing of packaging and logistics.

# BRAND PORTFOLIO


repetto
PARIS


BALMAIN
PARIS
Extatic
Extatic

# Balmain

**In July 2011**, Maison Balmain and Interparfums signed a 12-year exclusive worldwide license agreement to create, produce and distribute perfumes under the Balmain brand that commenced on January 1, 2012.

**Lines distributed** are *Vent Vert* (1947), *Monsieur Balmain* (1964), *Ambre Gris* (2008), *Carbone* (2010), *Ivoire* (2012) and *Extatic* (2014).

**Since 2012**, Balmain fragrances have been integrated into the Group's brand portfolio, inaugurated notably by the relaunch of the *Ivoire* line in September 2012 and followed by the *Extatic* line in 2014.

€2.5m

2013 sales,
0.7% of total sales



*"The Balmain house fascinates and amazes me by its singularity, boldness, haute couture spirit and excess. Always at the forefront, it is constantly reinventing itself while retaining its elegance and femininity. It is a real phenomenon.*

*By reflecting the values of passion, creativity and quest for excellence so important for Interparfums, it fits perfectly with our license portfolio."*

*Marie-Astrid Berruyer, Marketing Group Manager*

# Boucheron

**In late December 2010**, Boucheron and Interparfums signed a 15-year exclusive worldwide license agreement to create, produce and distribute perfumes under the Boucheron brand that commenced on January 1, 2011.

**Lines distributed** are *Boucheron Femme* (1988), *Boucheron pour Homme* (1989), *Jaïpur Homme* (1998), *Jaïpur Bracelet* (2012) and *Boucheron Place Vendôme* (2013).

Despite an unfavorable impact of the high 2012 comparison base from the reintroduction of the brand's classic lines and a one-time initiative through the *Jaïpur Bracelet* line, Boucheron fragrances had sales of €17.4 million in 2013, driven in particular by the fall launch of the *Boucheron Place Vendôme* line.

**Main 2013 awards**: *Boucheron Place Vendôme* was elected the 2013 women's fragrance of the year by the magazine Maxima in Portugal.

€17.4m

2013 sales,
4.9% of total sales




***Boucheron. First jeweler of the Place Vendôme, presents its creation.***

*The iconic codes of Maison Boucheron are unveiled through the mirror setting, grosgrains and double godron of the Quatre ring. A modern and graphic interpretation for a rock version of Place Vendôme.*


BOUCHERON
PARIS
BOUCHERON
PLACE VENDÔME
THE NEW FRAGRANCE
BOUCHERON
PARIS


JIMMY CHOO
PARFUMS

# Jimmy Choo

**In early October 2009**, the Jimmy Choo and Interparfums groups signed a 12-year worldwide license agreement commencing on January 1, 2010 for the creation, development and distribution of fragrances under the Jimmy Choo brand.

**Lines distributed** are *Jimmy Choo* (2011) et *Flash* (2013).

Jimmy Choo fragrances registered a significant increase (+36%), based henceforth on two women's lines, *Jimmy Choo* and *Flash*, launched early in the year.

**Main 2013 awards**: Jimmy Choo *Flash* was elected 2013's best women's fragrance at the FiFi Awards in Russia.

€54.6m

2013 sales,
15.6% of total sales



*"Since 2011, Jimmy Choo and Interparfums have offered an experience combining luxury, glamor and sensuality through fragrances embodying the brand's essence. Fragrance is the ultimate woman's accessory, conveying its force of seduction and boldness: a pure object of desire prolonging the Jimmy Choo style.*

*In 2014, Jimmy Choo and Interparfums are teaming up to create a new men's fragrance. This challenge opens up a bold new territory for Jimmy Choo, confirming its transformation into a complete luxury lifestyle brand."*

*Pierre Denis, CEO of Jimmy Choo*

# Karl Lagerfeld

**In October 2012** Karl Lagerfeld, the internationally renowned fashion house, and Interparfums signed a 20-year exclusive worldwide license agreement to create, produce and distribute perfumes under the Karl Lagerfeld brand.

The launch of a new fragrance line is planned for 2014.



*Karl Lagerfeld is an enormous source of inspiration when, one has a chance like me, to meet the King of fashion. With a fragrance duo meeting the high standards of this iconic figure and a touch of irony capturing so well his personality, classicism and sophistication mark the creative spirit for this new institutional campaign.*

*The digital and energetic dimension of the ready-to-wear fashion brand provided us the inspiration to develop a fragrance version. This initiative gave birth to an emotikarl language and a karlification tool using photo filters.*

*Victoria Rongier, Marketing Group Manager*


KARL
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KARL LAGERFELD
KARL LAGERFELD
THE NEW
SIGNATURE SCENT
FOR WOMEN AND MEN
KARL.COM #KARLPARFUMS


LANVIN
PARIS
ME
LANVIN
PARIS

# Lanvin

**In July 2004**, Interparfums entered into a 15-year exclusive worldwide license agreement with the company Lanvin to create, develop and distribute fragrances worldwide under the Lanvin name.

**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 SA company. On the same date, the two companies mutually agreed to terminate the existing licensing contract signed in June 2004.

**Lines distributed** are *Arpège* (1927), *Lanvin L'Homme* (1997), *Éclat d'Arpège* (2002), *Rumeur 2 Rose* (2008), *Jeanne Lanvin* (2008), *Lanvin L'Homme Sport* (2009), *Marry Me!* (2010), *Jeanne Lanvin Couture* (2012) and *Lanvin Me* (2013).

With annual sales of nearly €65 million, Lanvin fragrances remained on track with solid and steady growth (+7%), boosted by continuing gains from *Éclat d'Arpège* (+13%), good performances by the *Jeanne Lanvin* and *Marry Me!* lines and last spring's launch of the *Lanvin Me* line.

**Main 2013 awards**: Lanvin was a recipient of three Beauty Awards in China: Lanvin *Marry Me!* by Rayli.com, *Éclat d'Arpège* by the Style magazine, *Lanvin Me* by kimiss.com (rated the most popular new female fragrance of the year).

€64.9m

2013 sales,
18.5% of total sales

*"Lanvin remains today one of France's most beautiful haute couture houses, universally acclaimed by the most prestigious fashion editors from around the world. Every collection constitutes a true homage to femininity. The commitment to detail, richness of materials, fluidity in design provide me with endless sources of inspiration. This style, an impertinent contrast between classicism and extravagance, are an integral part of the DNA of the fragrances expressing multiple facets of the same identity."*

*Caroline Gimenez, Marketing Group Manager*

# Montblanc

**In early January 2010**, Montblanc and Interparfums signed a 10½ year exclusive worldwide license agreement to create, produce and distribute perfumes and ancillary products under the Montblanc brand with a commencement date of July 1, 2010.

**Lines distributed** are *Présence* (2001), *Présence d'une Femme* (2002), *Individuel* (2004), *Femme Individuelle* (2004), *Starwalker* (2005), *Femme de Montblanc* (2006), *Homme Exceptionnel* (2006), *Montblanc Legend* (2011) and *Legend pour Femme* (2012).

Montblanc fragrances posted strong growth (+36%), confirming the broad-based and growing success of the men's line *Montblanc Legend* (€40 million) launched in 2011 and now the Group's top-selling fragrance line.

**Main 2013 awards**: Montblanc was a recipient of two Beauty Awards in China: Montblanc *Legend* by COSMO magazine, Montblanc *Legend* and *Legend Women* both received Beauty Awards by GQ magazine.

€62.7m

2013 sales,
17.9% of total sales



*"We are very proud of the success of our partnership with Interparfums. 2013 was a very good year marked by the unprecedented success of our Legend fragrance which joined the Top 10 men's fragrances in the United States. We reaffirm our determination to pursue together the successful development and growth of our worldwide activity in 2014."*

*Jérôme Lambert, CEO of Montblanc*


MONT
BLANC
EMBLEM
THE NEW
FRAGRANCE FOR MEN


Paul Smith
EXTREME
SPORT
Paul Smith
EXTREME
SPORT
THE NEW FRAGRANCE

# Paul Smith

**In December 1998**, Interparfums entered into an exclusive 12-year license agreement with Paul Smith to create and produce perfumes and cosmetics under the Paul Smith brand.

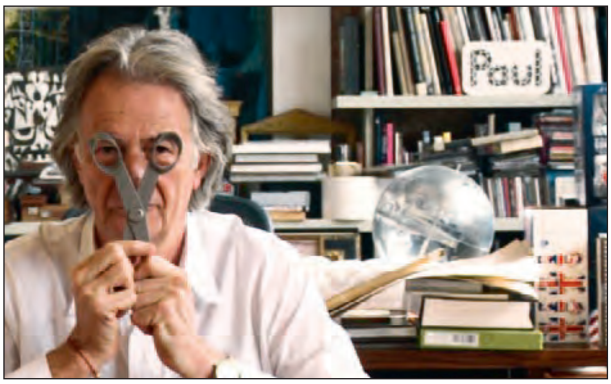
**In July 2008**, this agreement was extended for seven years until December 31, 2017 on the basis of comparable contractual terms and conditions.

**Lines distributed** are *Paul Smith* (2000), *Paul Smith Extrême* (2002), *Paul Smith Rose* (2007), *Paul Smith Man 2* (2010) and *Paul Smith Portrait* (2013).

Paul Smith fragrances remain concentrated in the United Kingdom with a solid position in that market based on the steady performance by the brand's historic line *Paul Smith Extrême* and the launch of the *Paul Smith Portrait* in 2013.

€8.9m

2013 sales,
2.5% of total sales




***Sources of inspiration***

*Paul Smith in his London office full of books, gadgets, souvenirs, bicycles, and also his workstation.*

# Repetto

**In 2011**, Repetto, the French maker of dance-inspired footwear and fashion accessories, and Interparfums signed a 13-year worldwide license agreement starting on January 1, 2012 for the creation, development and distribution of fragrances under the Repetto brand.

With sales of €9 million for just seven months of activity, Repetto fragrances achieved performances in Europe and Asia much higher than expected. In France, in particular, the line was among the year's top successes (2nd best women's fragrance launch).

**Main 2013 awards**: "2013 Fragrance of the Year" by the Danish monthly LIV and the Japanese magazine, Anecan.

€9m

2013 sales,
2.6% of total sales



*"This Act I, the 1st fragrance for this unique house, was for me a ballet of emotions, combining nostalgia of my first dance steps with incredible magic. Memories of tutus, pointe shoes and this intimate and enchanted universe of dance.*

*Creating the first fragrance for this brand, offering this new territory a unique and exclusive expression through fragrances is a rare and exceptional experience…"*

*Daphné Edel, Marketing Group Manager*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SAINT - GERMAIN
S.T. Dupont
PARIS

# S.T. Dupont

**In July 1997**, Interparfums entered into an 11-year exclusive worldwide license agreement with S.T. Dupont to create and produce perfumes under the S.T. Dupont name and distribute them worldwide.

**In April 2006**, this agreement was extended for an additional three years, i.e. until June 30, 2011. In April 2011 this license agreement was renewed for 5½ years to December 31, 2016.

**Lines distributed** are *S.T. Dupont* (1998), *S.T. Dupont Essence Pure* (2002), *Passenger* (2008), *Passenger Cruise* (2011) and *58 Avenue Montaigne* (2012).

In a year without major launches, S.T. Dupont fragrances registered a decline in sales, despite the good performance by the women's and men's *58 Avenue Montaigne* line.

€10.1m

2013 sales,
2.9% of total sales



*"In September 1998, building on our international image of quality in world of luxury, we decided to launch our first fragrance with Interparfums. Over the years, S.T. Dupont faithfully interpreted the essence of the Maison Dupont through fragrance compositions based on original, subtle and exquisite notes.*

*Fifteen years later, this adventure between S.T. Dupont and Interparfums has continued with a program in 2014 providing for an exceptional collaboration for S.T. Dupont with Paris Saint-Germain and for Interparfums to create the official fragrance for the famous Parisian football club."*

*Alain Crevet, Managing Director of S.T. Dupont*

# Van Cleef & Arpels

**At the end of September 2006**, the Van Cleef & Arpels and Interparfums groups signed an exclusive worldwide license agreement to manufacture and distribute perfumes and ancillary products under the Van Cleef & Arpels brand name with a 12-year term that took effect on January 1, 2007.

**Lines distributed** are *First* (1976), *Van Cleef pour Homme* (1978), *Tsar* (1989), *Van Cleef pour Femme* (1993), *Féerie* (2008), *Collection Extraordinaire* (2009), *Oriens* (2010), *Midnight In Paris* (2010) *et* *Rêve* *(2013)*.

The promising start for the *Rêve* line and steady performances by the *First* and *Collection Extraordinaire* lines contributed to renewed growth by Van Cleef & Arpels fragrances (+8%), after several years devoted to revamping the range.

€19.2m

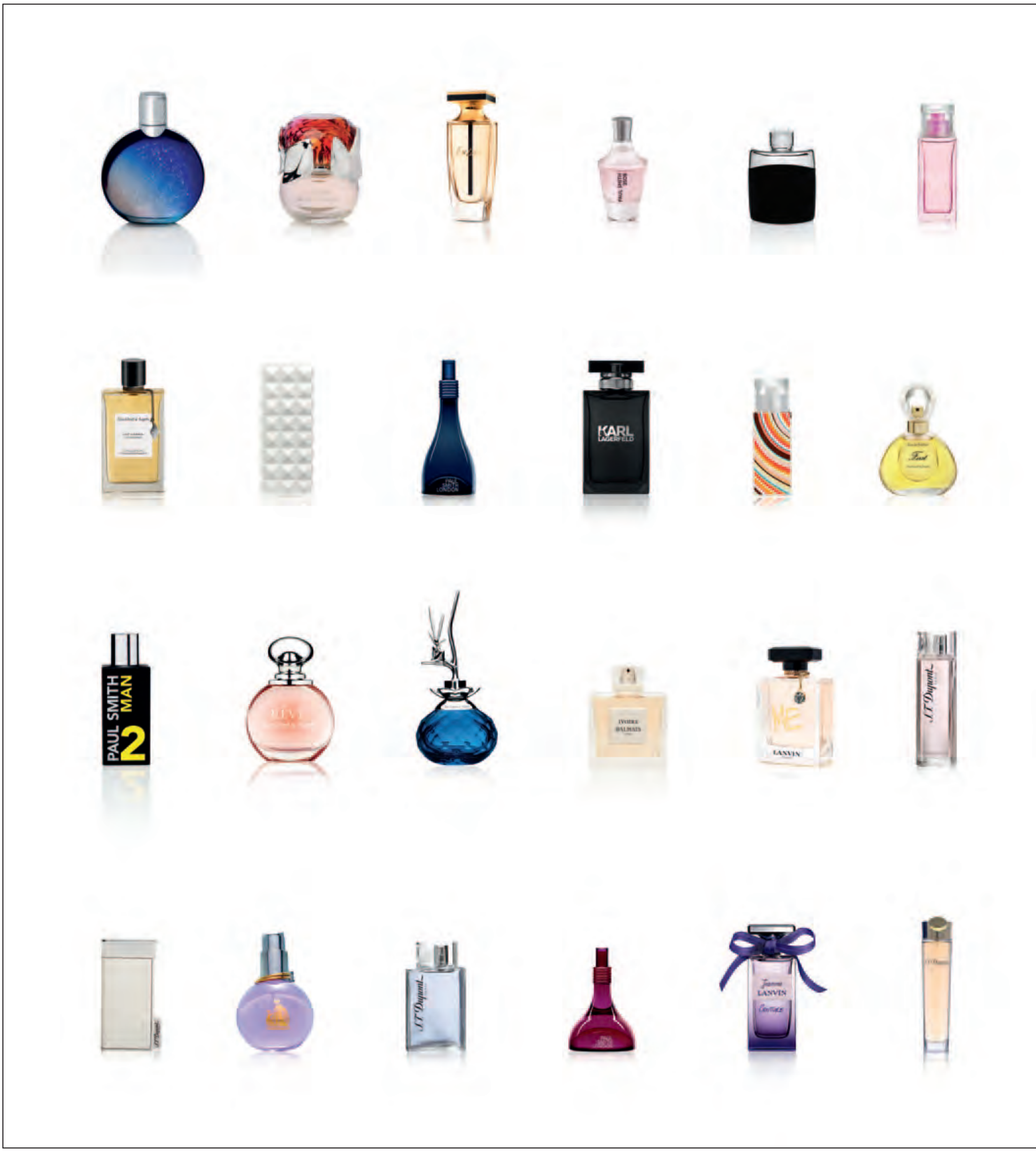
2013 sales,
5.5% of total sales

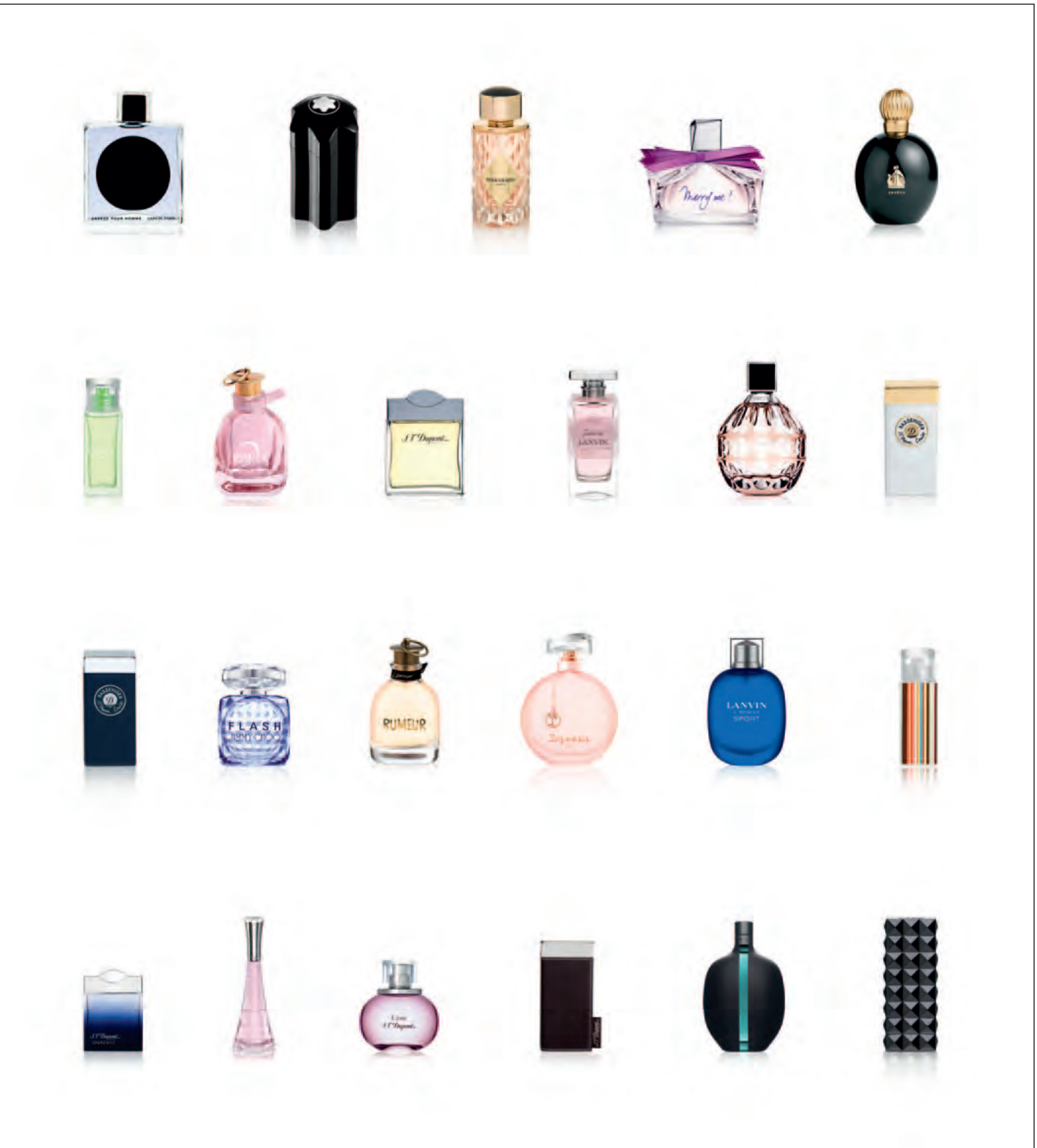



*Van Cleef & Arpels creations reveal a world of femininity and grace inspired by a fascinating universe of nature, an Eden inhabited by fairies, butterflies and lucky charms which give the Maison its unique character.*

*With Collection Extraordinaire, Van Cleef & Arpels pays homage to the natural world through its magnificent compositions of ultraluxury fragrances. These exceptional fragrances have been produced using the most beautiful ingredients, each with its unique formulation reference given by the Master Perfumer.*


Van Cleef & Arpels
HAUTE PARFUMERIE
RÊVE
Van Cleef & Arpels
The new feminine fragrance


PAUL SMITH
MAN
2
KARL
LAGERFELD
LANVIN
S.T. Dupont


Marry me!
FLASH
JIMMY CHOO
RUMEUR
LANVIN
SPORT

# Transparency and fair presentation of information

### A dual commitment to both transparency and fair presentation

Since it was listed on the Paris Stock Exchange in1995, Interparfums' financial communications strategy has been based on a dual commitment to both transparency and fair presentation. This approach is strengthened by a commitment to dialogue and proximity with a range of both targeted and diversified tools: the annual report included with the registration document, half-year report, letter to shareholders, press releases and financial notices. These publications are supplemented by interactive tools and a platform for online exchange www.interparfums.fr as well as individual and group meetings with shareholders, analysts, journalists, fund managers.

### Upcoming publications

2014 Second-quarter sales: End of July 2014
2014 First-half sales and earnings: Mid-September 2014
2014 Third-quarter sales: End of October 2014
2014 Letter to shareholders: Mid-November 2014
2014 Sales: End of January 2015
2014 Annual results: Mid-March 2015

### Forums and trade shows

Large & Mid Cap Events fair in Paris
October 2 & 3, 2014

Actionaria fair, Paris
November 21 & 22, 2014

### 2013 awards

In December, at the 6th "Investor Relations & Finance Communications Forum" the best professionals and teams of companies listed on NYSE Euronext Paris were recognized by the *Investor Relations Awards* organized in partnership with the French Society of Financial Analysts (SFAF) and IR-Intelligence. On this occasion, Philippe Santi, Executive Vice President, received third prize for the Best Investor Relations in the Mid Cap category.

# SHAREHOLDER INFORMATION

# The Interparfums share

## 2013 year

For the year to date, trends for Interparfums' share price in 2013 can be divided into three distinct phases:

— a relatively stable performance over the first half above the €20 level during a transitional phase following the discontinuation of the partnership with the Burberry group;

— an upward movement before and after the publication of first-half results in July;

— an acceleration in this rise with the publication of the results in September, third-quarter sales in October and the 2014 full-year outlook in November, pushing the share price to above €31 at December 31, 2012.

On that basis, the market capitalization now exceeds €750 million. Trading volume has improved to reach an average of 20,000 shares per day.

## Securities market information

Market: Euronext Paris
Market segment: Euronext Segment B
IPO date: November 1995
ISIN code: FR0004024222 ITP
Stock market indexes: CAC Mid & Small and CAC PME
Market maker: Oddo Securities

## Analyst coverage

Institutions providing financial research on Interparfums: Exane BNP Paribas, Gilbert Dupont, ID Midcaps, Natixis Securities, NFinance, Oddo Securities.

## Dividends

At the Annual General Meeting of April 25, 2014, the Board of Directors will propose a dividend of €0.49 per share, in line with distribution for 2012 taking account the bonus share issue of June 2013. On this basis, the payout rate would be 34.1% of net income compared with 32.9% the previous year.

| **Dividend for fiscal year** *(paid in)* | **2009** *2010* | **2010** *2011* | **2011** *2012* | **2012** *2013* |
|---|---|---|---|---|
| Dividend per share | €0.39 | €0.48 | €0.50 | €0.54 |
| Dividend adjusted for bonus share issues | €0.29 | €0.40 | €0.45 | €0.49 |
| Annual change for the adjusted dividend | +21% | +38% | +13% | +20% |

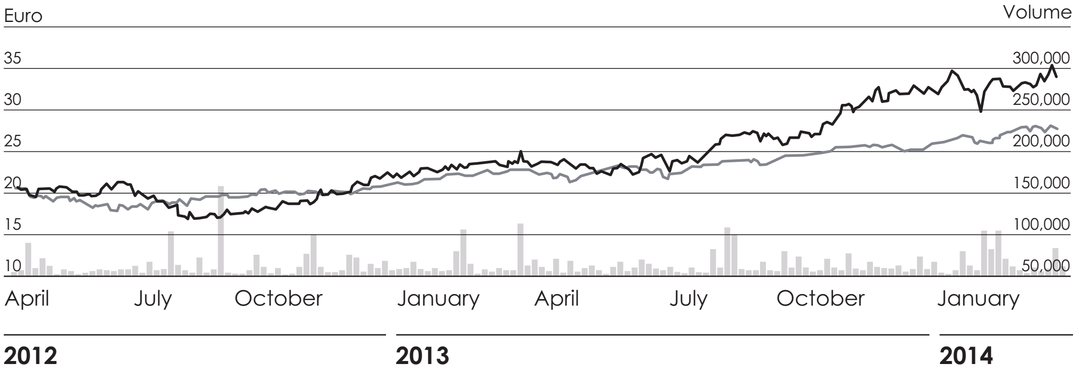
Furthermore, for the 15th consecutive year, a bonus share issue will be carried out in June on the basis, this year, of one new share for every five shares held.

## Shareholder base as of December 31, 2013

Free float: 27%
Interparfums Inc.: 73%

Interparfums has more than 6,300 individual shareholders and 300 institutional shareholders (with foreign investors representing one third).

**Trading activity: Interparfums vs. the CAC Mid & Small index**




Source: Boursorama.

# Consolidated income statement

| (€ thousands, except per share data which is in units) | 2012 [1] | 2013 |
|---|---|---|
| **Sales** | **445,460** | **350,392** |
| Cost of sales | (163,535) | (140,890) |
| **Gross margin** | **281,925** | **209,502** |
| *% of sales* | *63.3%* | *59.8%* |
| Selling and administrative expenses | (223,261) | (145,893) |
| **Current operating income** | **58,664** | **52,226** |
| *% of sales* | *13.2%* | *14.9%* |
| Other operating income and expenses | 154,650 | - |
| **Operating profit** | **213,314** | **52,226** |
| *% of sales* | *47.9%* | *14.9%* |
| Net financial expense | (3,023) | 1,030 |
| **Income before income tax** | **210,291** | **53,256** |
| *% of sales* | *47.2%* | *15.2%* |
| Income tax | (74,268) | (18,433) |
| *Effective tax rate* | *35.3%* | *34.6%* |
| **Net income before non-controlling interests** | **136,023** | **34,823** |
| *% of sales* | *30.5%* | *9.9%* |
| Attributable to non-controlling shareholders | (165) | (10) |
| Net income | 136,188 | 34,833 |
| *% of sales* | *30.6%* | *9.9%* |

(1) Restated to eliminate the impact of amended IAS 19.

# CONDENSED FINANCIAL STATEMENTS

# Consolidated balance sheet

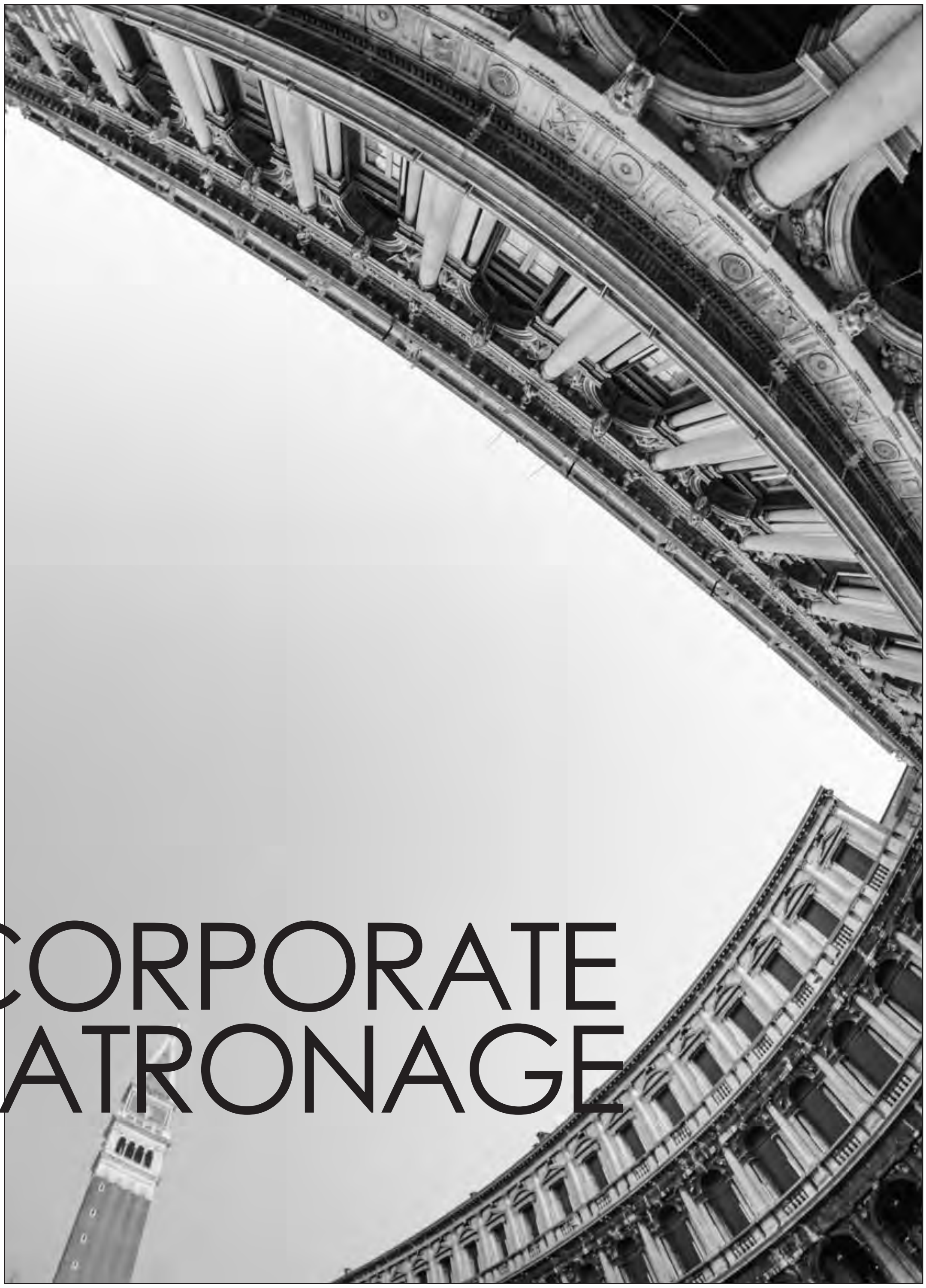
**ASSETS**

| (€ thousands) | 2012 (1) | 2013 |
|---|---|---|
| **Non-current assets** | | |
| Net trademarks and other intangible assets | 79,624 | 73,339 |
| Net property, plant, equipment | 7,017 | 5,352 |
| Financial assets and other non-current financial assets | 8,605 | 8,468 |
| Deferred tax assets | 10,402 | 5,708 |
| **Total non-current assets** | **105,648** | **92,867** |
| **Current assets** | | |
| Inventory and work in progress | 87,199 | 61,937 |
| Trade receivables and related accounts | 106,179 | 45,045 |
| Other receivables and deferred tax assets | 7,055 | 9,958 |
| Cash and cash equivalents | 228,903 | 222,471 |
| **Total current assets** | **429,336** | **339,411** |
| **Total assets** | **534,984** | **432,278** |

**SHAREHOLDERS' EQUITY & LIABILITIES**

| (€ thousands) | 2012 (1) | 2013 |
|---|---|---|
| **Shareholders' equity** | | |
| Share capital | 66,001 | 72,694 |
| Additional paid-in capital and reserves | 142,224 | 246,988 |
| Net income for the year | 136,188 | 34,833 |
| **Equity attributable to parent company shareholders** | **344,413** | **354,515** |
| Non-controlling interests | 118 | 370 |
| **Total shareholders' equity** | **344,531** | **354,885** |
| **Non-current liabilities** | | |
| Provisions for non-current commitments | 3,515 | 3,806 |
| Non-current borrowings | 0 | 121 |
| Deferred tax liabilities | 1,625 | 653 |
| **Total non-current liabilities** | **5,140** | **4,580** |
| **Current liabilities** | | |
| Trade payables and related accounts | 68,396 | 49,825 |
| Current borrowings | 62 | 100 |
| Bank facilities | 21,076 | - |
| Provisions for contingencies and expenses | 48 | 98 |
| Other payables and deferred tax liabilities | 95,731 | 22,790 |
| **Total current liabilities** | **185,313** | **72,813** |
| **Total shareholders' equity and liabilities** | **534,984** | **432,278** |

(1) Restated to eliminate the impact of amended IAS 19.



# CORPORATE PATRONAGE

**Interparfums supports the *Comité Français pour la Sauvegarde de Venise***

In 2014, Interparfums supports the restoration of the Royal Palace of Venice led by the *Comité Français pour la Sauvegarde de Venise*, a French not-for-profit organization devoted to preserving architectural and artistic heritage.

# TWO THOUSAND & THIRTEEN REGISTRATION DOCUMENT

interparfums

AMF

This original French language version of the registration document (*Document de référence*) was filed with the French financial market authority (*Autorité des Marchés Financiers or AMF*) on April 1, 2014 in compliance with article 212-13 of the AMF General Regulation. It may be used in connection with a financial transaction only if accompanied by a memorandum approved by the AMF. The original French language version of this document was prepared by the issuer and is binding on its signatories.

# 1/







**Historical financial information**

In accordance with article 28 of Commission Regulation (EC) 809/2004 implementing the prospectus directive, the following information shall be incorporated by reference in this registration document:

– the consolidated financial statements for the period ended December 31, 2012 prepared in accordance with international accounting standards and the auditors' report on these financial statements, as presented in the chapter "IFRS consolidated financial statements" of the original French language version of the registration document filed with the AMF on March 28, 2013 under No. D.13-0242.

– the consolidated financial statements for the period ended December 31, 2011 prepared in accordance with international accounting standards and the auditors' report on these financial statements, as presented in the chapter "IFRS consolidated financial statements" of the original French language version of the registration document filed with the AMF on April 6, 2012 under No. D.12-0298.

**Disclaimer**

*This English language version of this registration document is a free translation of selected portions of the original "Document de Référence 2013" that was prepared in French. All possible care has been taken to ensure that this translation is an accurate representation of the original the issued in French language and registered on April 1, 2014 by the AMF (French Securities and Exchange Commission). However, in all matters of interpretation of information, views or opinions expressed therein, the original language version of the document in French takes precedence over this translation. In consequence, the translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Interparfums SA expressly disclaims all liability for any inaccuracy herein.*

# CONSOLIDATED MANAGEMENT REPORT

# 1. ORGANIZATION OF THE COMPANY

## 1.1. Business overview

The company creates, manufactures and distributes prestige perfumes through license agreements with leading brands in the high-end ready-to-wear, high fashion, jewelery and accessories sectors. This business model is based on obtaining rights granted by a brand name company to Interparfums to use its brand name in exchange for royalty payments typically indexed to sales (see the list of licenses in note 6.2 of the consolidated financial statements).

The product design cycle of between 12 and 18 months is assured by the company's marketing and development teams in partnership with the licensor.

In this business model Interparfums outsources the entire production process to manufacturing partners ensuring optimal expertise in their respective areas. These include producers of juice, glass, caps and cardboard boxes and packaging companies.

The company distributes its products worldwide (see note 5.2 of the consolidated financial statements) through wholly-owned distribution subsidiaries or joint ventures, independent companies, subsidiaries of major luxury good corporations and duty free operators.

Product promotion and advertising are assured by Interparfums' marketing departments.

## 1.2. The selective market

In the United States, according to market research firm, NPD Group, Inc, the prestige beauty market grew 6.1% on sales of US$10.74 billion compared with 7% in 2012. Fragrances registered growth of 2.9% with sales of US$3.04 billion.

Sales revenue in the French fragrance market contracted 1.7% in 2013, marking the second annual decline according to NPD figures obtained by Reuters.

Even though the sector counted on Christmas to reverse the trend, this was not the case for fragrances that account for two thirds of the French beauty market (cosmetics and makeup included) and were adversely affected by a weak economic environment.

With one quarter of its annual revenue originating from year-end sales, December's performance is critical for the fragrance industry.

For the first 11 months of 2013, NPD that measures sales in selective fragrances, distribution networks, outside of mass channels, reported a 1.5% decline in the French market.

Reaching 4.2% for the full year in unit sales, this decline was limited by a 2.6% price increase in average unit prices to €56.10 per bottle sold.

Fragrance sales for the previous period came to €1.9 billion.

## 1.3. 2013 milestones

### January
**Launch of the Flash line of Jimmy Choo**

*Flash*, the second line of the Jimmy Choo brand is a solar floral composition based around a bouquet of white flowers.

### March
**Discontinuation of the Burberry license**

In accordance with the terms of the transition agreement signed in October 2012 by Interparfums and Burberry, the partnership agreement between the two companies ended at March 31, 2013.

### April
**Launch of the *Me* line of Lanvin**

The new *Lanvin Me* line is a floral gourmand blend combining notes of liquorice and blueberry.

### May
**Exceptional dividend payment**

The General Meeting approved the distribution of an ordinary dividend of €0.54 per share and an exceptional dividend of the same amount, thus increasing the total dividend for fiscal 2012 to €1.08 per share.

### May
**Launch of the *Rêve* line of Van Cleef & Arpels**

Built around the universe of the dream, Interparfums launched a new women's fragrance, a majestic bouquet of lilies and osmanthus invigorated by fruity undertones, enriched with an intense trail of precious amber.

### June
**Bonus share distribution**

The company proceeded with its 14th bonus share issue on the basis of one new share for every ten shares held.

### July
**Launch of Repetto's first signature fragrance**

With its floral woody musky composition, blending essence of rose with orange blossom, followed by notes of vanilla pod and the warmth of amber wood to achieve a fully balanced composition for *Repetto*, the first fragrance developed around the theme of dance and elegance.

### August
**Launch of the *Portrait* line of Paul Smith**

Even though two fully distinct fragrances, they are connected by no less than four key notes: bergamot, cardamon, myrrh, tea (black tea in the case of *Portrait For Women* and green tea in *Portrait for Men*).

### September
**Launch of the *Boucheron Place Vendôme* line**

This new fragrance was inspired by the mythical address of Maison Boucheron, a name that has shined as an incarnation of light and precious stones for more than 150 years.
An Eau de Parfum like invisible finery, veiling skin with emotion, sensuality and addiction. *Boucheron Place Vendôme* conveys an elegant emotion through the statuesque intensity of a Woody Floriental creation.

**December**

**Disposal of the Nickel brand**

Interparfums and L'Oréal Group executed the purchase and sale agreement for Nickel, the men's skin care business on 27 November 2013, with an effective date for the transfer of title of December 17, 2013.

# 1.4. Operating highlights and key figures

In the 2013 fourth quarter, revenue rose 16.4% like-for-like (excluding Burberry) to €57.7 million, from continuing strong momentum by Montblanc, Jimmy Choo, Boucheron and Repetto fragrances.

For the 2013 full year, like-for-like sales reached in consequence €251.5 million, up 19.3% from the prior year. Total consolidated revenue for the year was €350.4 million.

# 1.5. Sales by brand

| *(€m)* *As a% of sales* | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Burberry | 166.2 *64.1%* | 184.2 *60.4%* | 221.7 *55.7%* | 234.7 *52.7%* | 98.9 *28.3%* |
| Lanvin | 40.6 *15.7%* | 53.0 *17.3%* | 57.8 *14.5%* | 60.4 *13.6%* | 64.9 *18.5%* |
| Montblanc | - - | 7.0 *2.3%* | 30.6 *7.7%* | 46.1 *10.4%* | 62.7 *17.9%* |
| Jimmy Choo | - - | 0.6 *0.2%* | 29.4 *7.4%* | 40.1 *9.0%* | 54.6 *15.6%* |
| Van Cleef & Arpels | 20.2 *7.8%* | 25.9 *8.5%* | 20.4 *5.1%* | 17.8 *4.0%* | 19.2 *5.5%* |
| Boucheron | - - | - - | 8.4 *2.1%* | 16.4 *3.7%* | 17.4 *4.9%* |
| S.T. Dupont | 11.5 *4.4%* | 15.8 *5.2%* | 13.2 *3.3%* | 13.8 *3.1%* | 10.1 *2.9%* |
| Repetto | - - | - - | - - | - - | 9.0 *2.6%* |
| Paul Smith | 12.8 *4.9%* | 14.9 *4.9%* | 14.2 *3.6%* | 11.6 *2.6%* | 8.9 *2.5%* |
| Balmain | - - | - - | - - | 1.5 *0.3%* | 2.5 *0.7%* |
| Nickel | 2.3 *1.0%* | 2.2 *0.7%* | 2.0 *0.5%* | 1.9 *0.4%* | 1.8 *0.5%* |
| Other | 5.6 *2.1%* | 1.5 *0.5%* | 0.6 *0.2%* | 1.2 *0.3%* | 0.3 *0.1%* |
| **Total** | **259.2** | **305.7** | **398.3** | **445.5** | **350.4** |

With annual sales of nearly €65 million, Lanvin fragrances remained on track with solid and steady growth (+7%), boosted by continuing gains from *Éclat d'Arpège* (+13%), good performances by the *Jeanne Lanvin* and *Marry Me!* lines and last spring's launch of the *Lanvin Me* line.

Montblanc fragrances posted strong growth (+36%), confirming the broad-based and growing success of the men's line *Montblanc Legend* (€40 million) launched in 2011 and now the Group's top-selling fragrance line.

Jimmy Choo fragrances also registered a significant increase (+36%), based henceforth on two women's lines, *Jimmy Choo* and *Flash*, launched early in the year.

The promising start for the *Rêve* line and steady performances by the *First* and *Collection Extraordinaire* lines contributed to renewed growth by Van Cleef & Arpels fragrances (+8%), after several years devoted to revamping the range.

Despite an unfavorable impact of the high 2012 comparison base from the reintroduction of the brand's classic lines and a one-time initiative through the *Jaïpur Bracelet* line, Boucheron fragrances had sales of €17.4 million in 2013, driven in particular by the fall launch of the *Boucheron Place Vendôme* line.

Finally, with sales of €9 million for just seven months of activity, Repetto fragrances achieved performances in Europe and Asia much higher than expected. In France, in particular, the line was among the year's top successes (2nd best women's fragrance launch).

## 1.6. Sales by region

| (€m) | 2012 | 2013 |
|---|---|---|
| North America | 103.6 | 79.1 |
| South America | 35.4 | 27.2 |
| Asia | 72.9 | 54.4 |
| Eastern Europe | 38.1 | 37.4 |
| Western Europe | 108.5 | 82.6 |
| France | 35.1 | 34.7 |
| Middle East | 46.6 | 30.1 |
| Africa | 5.2 | 4.9 |
| **Total** | **445.5** | **350.4** |

Like-for-like (excluding Burberry fragrances), sales growth exceeded 30% in 2013:

– in France, driven by gains for Montblanc and Repetto in an overall market that contracted;

– in the United States, from performances by Montblanc and Jimmy Choo fragrances, in a market that remains buoyant.

In South America, Asia and Eastern Europe, growth ranged between 15% and 20%.

# 2. CONSOLIDATED FINANCIALS

## 2.1. Income statement highlights

| (€ thousands) | 2010 | 2011 | 2012 (1) | 2013 |
|---|---|---|---|---|
| Sales | 305,696 | 398,328 | 445,460 | 350,392 |
| *International (%)* | *91.0%* | *91.5%* | *92.1%* | *90.1%* |
| Operating profit | 42,216 | 46,301 | 213,314 | 52,226 |
| *% of sales* | *13.8%* | *11.6%* | *47.9%* | *14.9%* |
| Net income | 26,807 | 30,300 | 136,188 | 34,833 |
| *% of sales* | *8.8%* | *7.6%* | *30.6%* | *9.9%* |

(1) Restated to eliminate the impact of amended IAS 19.

In 2013, Interparfums maintained its growth trajectory of previous years, without Burberry fragrances, driven by the strong development of Montblanc, Jimmy Choo and Repetto brands. Like-for-like sales reached in consequence €251.5 million, up 19.3% from the prior year. Total consolidated revenue for the year amounted to €350.4 million.

Bolstered by the first half's excellent performances, the company ramped up significantly marketing and advertising in the second part of the year.

These efforts did not adversely impact profitability that reached an exceptionally high level with an operating margin of nearly 15% and a net margin of close to 10% for the full year.

## 2.2. Balance sheet highlights

| (€m) | 2012 (1) | 2013 |
|---|---|---|
| Non-current assets | 105.6 | 92.9 |
| Inventories | 87.2 | 61.9 |
| Trade receivables | 106.2 | 45.1 |
| Current financial assets | - | 131.7 |
| Net cash | 207.9 | 90.7 |
| Group shareholders' equity | 344.5 | 354.9 |
| Borrowings and financial liabilities | 21.1 | - |
| Trade payables | 68.4 | 49.8 |

(1) Restated to eliminate the impact of amended IAS 19.

Constant controls over working capital requirements once again resulted in a stronger financial position with shareholder's equity of €355 million (82% of total assets) and net cash of €222 million at December 31, 2013.

## 2.3. Cash flow statement highlights

Key changes in consolidated cash flows:

– operating cash flows showing changes in cash flow and working capital significantly impacted by the Burberry license exit fee;

– cash flows from investing activities originating from short-term investments in vehicles with maturities exceeding three months representing €131.7 million in current financial assets;

– cash flows from financing activities taking into account €23.7 million in ordinary and exceptional dividends paid for 2012.

On this basis, net cash at December 31, 2013 amounted to €90.7 million, compared with €207.9 million one year earlier.

In light of current financial assets classified as with maturities exceeding three months, cash totaled €222.3 million at December 31, 2013.

# 3. RISK FACTORS

After performing a review of risks that could potentially have a material adverse effect on its business, financial position or results (or its ability to meet its targets), the Company considers that there do not exist other risks than those presented below.

The risk mapping procedure launched in 2004 and regularly updated since, has made it possible to classify risks into four categories: operating risks, risks related to international operations, environmental and employee-related risks and risks related to financial market conditions.

## 3.1. Operating risks

### 3.1.1. License agreements

The licensing system typical in the perfume and cosmetics industry consists of a brand name company for ready-to-wear or accessories (Montblanc, Boucheron, etc.) granting the licensee (Interparfums) a right to use the brand name in exchange for royalty payments indexed to sales. The associated risk pertains to the potential non-renewal of agreements upon expiration.

In the case of Interparfums, several factors tend to limit or eliminate this risk:

– length of contracts (10 years or more);

– possibility of early renewal;

– diversified portfolio of licensed brands;

– factors specific to the company (sophisticated marketing, distribution network, corporate organization, etc.);

– limited number of potential licensees with a similar profile;

– ongoing efforts to add new licenses in order to limit the weight of existing brands in the portfolio.

Furthermore, at December 31, 2013 company was the owner of the Lanvin brand name and international trademark for class 3 fragrances and make-up products, thus reducing the risk of the non-renewal for the license agreement.

### 3.1.2. Market conditions

The creation and distribution of prestige perfumes is a highly competitive sector. The quality of its product portfolio, internal market studies and privileged relations with distributor partners maintained in each of the countries through regular visits, product presentations supported by marketing plans all reduce the risk of a loss of market share.

### 3.1.3. Sourcing and production

Sourcing of raw materials for the plants is assured by Interparfums' Production Department. Planning for the launch of production lines is regularly updated and monitored with component suppliers combined with recourse to multiple suppliers selected by the company, limit the risk of supply chain disruptions.

Production risks result from the possibility that manufacturing partners might be unable to manufacture products on time for their distribution. To reduce this risk, the company implements production plans early on in the process in partnership with manufacturers. These measures are supplemented by ensuring multiple supplies of molds for bottles and related items as well as a number of production sites.

### 3.1.4. Insurance

Interparfums has always carried adequate insurance for its activities worldwide under conditions that comply with industry standards, providing global coverage for important risks and activities.

This coverage includes:

– property damage and business interruption;

– inventory loss or damage;

– contingent business income coverage;

– civil liability;

– directors' and officers' liability;

– product liability;

– transport;

– professional travel and automobile insurance;

– IT equipment loss or damages;

– specific risks linked to particular events.

Interparfums purchases supplemental insurance when required, either in compliance with the law or more specifically to cover business risks or risks arising from specific circumstances.

Insurance coverage is overseen by a specialized broker and spread among four major European insurers.

In addition, Interparfums is the named beneficiary for a life insurance policy for its Chairman and Chief Executive.

All these risks are covered through outside insurance providers.

## 3.2. International business risks

### 3.2.1. Currency risks

Because a significant portion of Group sales is in foreign currencies, it incurs a risk from exchange rate fluctuations, primarily from the US dollar (38.7% of sales) and to a lesser extent the Pound sterling (7.4% of sales) and the Japanese yen (1.6% of sales).

The primary objective of the company's foreign policy is to hedge the most probable budget exposure related primarily to cash flows from operating activities in US dollars as well as trade receivables in the US dollar, Pound sterling and Japanese yen. To this purpose, the company has recourse to forward sale agreements according to procedures that prohibit any transactions of speculative nature.

Financial instruments used by the Group to manage its foreign exchange exposure are described in note 3.15.3 of the consolidated financial statements.

### 3.2.2. Country risks

With sales in more than 100 markets, Interparfums regularly reassesses country risks.

For the past few years, the company has incurred no significant default on payments in countries considered at risk.

Given our collections policies, receivables monitoring and the quality of our distributors' financial health, no country risk reserve allocations were made in the financial statements for the year ended December 31, 2013.

## 3.3. Employee-related risks

In light of the company's organizational structure, the role of personnel is decisive. To foster personnel retention and raise the level of expertise and service provided to customers, the company has developed a strong corporate culture and implemented a system for employee management and motivation based on a combination of tools including variable compensation, stock options available to all personnel, annual review meetings, training, etc.

The company has a very low rate of employee turnover and absenteeism (refer to the chapter "social responsibility" of this document).

## 3.4. Trade and financial risks

### 3.4.1. Customer risks

Trade receivable collection risks are managed from the inception of the receivable by maintaining a good knowledge of the company's market and customer base and limiting the volume of orders for new customers. In addition, this risk is further reduced by a diversified customer base with 100 customers accounting for 80% of sales. Balances of outstanding trade receivables are monitored daily, and collection procedures are immediately implemented.

### 3.4.2. Risks of default

With no new debt or outstanding loans in the process of being repaid, the risk of not meeting its financial commitments does not exist for the company.

For that same reason, the company's exposure to interest rate risks in 2013 was nil.

### 3.4.3. Liquidity risk and covenants

A prudent management of liquidity risk implies maintaining a sufficient level of liquidity and the availability of financial resources through the appropriate types of credit lines. Given its extremely significant cash position, the company considers that it has the resources to meet its future commitments. Maturities for financial assets and liabilities are presented in note 3.15.2 of the consolidated financial statements.

In the absence of any recourse to borrowing, the company is not subject to any covenants.

### 3.4.4. Equity risk

Treasury shares are held exclusively in connection with the liquidity agreement managed by a brokerage firm. They are recorded in the consolidated financial statements at acquisition cost as a charge under shareholders' equity.

The portfolio of marketable securities includes primarily money market funds that do not include an equity component. The Group does not use hedging instruments to cover these positions.

### 3.4.5. Valuation risks

A significant share of the company's assets consists of intangible assets whose value depends in large part on future operating performances. The valuation of intangible assets also implies recourse to objective judgments and complex estimates concerning items uncertain by nature. If a change occurs in the underlying assumptions on which this valuation is based, a reduction in the value of shareholders' equity will be recorded. The impact of such adjustment would however be extremely limited.

### 3.4.6.
### Risk associated with inadequate internal controls

Effective procedures applied by all Group companies and for all areas of financial risks identified are reassessed annually in compliance with the Financial Security Act (*Loi de Sécurité Financière*).

These internal controls are reinforced in France by application of the Sarbanes Oxley Act within the framework of the regulatory obligations of Interparfums Inc. (parent company of Interparfums SA) and its listing on NASDAQ (see the chapter on "internal control" of this registration document).

### 3.4.7.
### Information technology risks

Interparfums and its subsidiaries have an ERP application providing integrated sales, production and accounting management capabilities. This system makes it possible to monitor information in real-time and reduce the risk of data loss and errors from multiple entries.

The company's computer system is subject to risks of breakdown, electrical power outages, computer viruses and data theft. To reduce such risks, the company has robust security systems (power converters, firewalls, anti-virus programs, etc.) and has implemented business continuity and IT recovery plans. These plans contribute to improved computer performances and include a fault tolerance system for restoring normal operations in a few minutes.

### 3.4.8.
### Litigation and other risks

These risks are managed by regularly monitoring legal and regulatory developments and by taking measures to avoid exposure to potential criminal liability and risks related to commercial law and intellectual property rights. The company's legal department also manages litigation and disputes in close collaboration with outside legal counsel and attorneys, as well as the drawing up and reviewing the main contracts of the company.

There are no legal, judicial or arbitration proceedings (including any that are pending or threatened of which the company is aware), which may have or have had during the past twelve months, a material effect on the financial position or profitability of the company and/or group.

# 4.
# CORPORATE SOCIAL RESPONSIBILITY

Information on corporate responsibility presenting Group's commitments and employee-related societal and environmental areas is presented in chapter 2 of this document.

# 5.
# DIVIDENDS

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 2013, a dividend of €0.54 per share was paid. An exceptional dividend of €0.54 per share was also paid on the same date. On that basis, the dividend payout for fiscal 2012 was €1.08 per share or €23.7 million.

## Dividends

| **Dividend for fiscal year:** | **2009** | **2010** | **2011** | **2012** |
|---|---|---|---|---|
| Paid in: | 2010 | 2011 | 2012 | 2013 (1) |
| Dividend per share | €0.39 | €0.48 | €0.50 | €0.54 |
| Dividend adjusted for bonus share issues | €0.27 | €0.36 | €0.41 | €0.49 |
| Annual change for the adjusted dividend | +23% | +33% | +14% | +20% |

(1) Excluding the exceptional dividend.

# 6.
# PURCHASES BY THE COMPANY OF ITS OWN SHARES

In compliance with article 241-1 *et seq.* of the AMF General Regulation, this paragraph describes the share buyback program that will be submitted for authorization to the shareholders' Meeting of April 25, 2014.

## 6.1.
## Purpose of the new share repurchase authorization

The shareholders meeting of April 25, 2014 is called to renew through its fourteenth resolution the authorization granted to the Board of Directors to purchase and sell shares of the company for the following purposes:

– market-making in the secondary market or ensuring the liquidity of the Interparfums share with an investment services provider through a liquidity agreement complying with the conduct of business rules of the French association of financial market professionals (AMAFI) recognized by the AMF;

– ensuring that sufficient shares are available to cover requirements for securities granting entitlement to shares of the company in accordance with applicable regulations;

– retaining shares purchased for subsequent use in exchange or as payment for acquisitions;

– canceling shares purchased, subject to a grant of authorization by extraordinary resolution fifteen of this shareholders' Meeting.

## 6.2.
## Maximum percentage of capital – Maximum purchase price

Excerpt of the fourteenth resolution submitted for approval to the shareholders meeting of April 25, 2014:

Shares acquired shall be subject to the following limits:

– the maximum purchase price is €50 per share, excluding execution costs;

– the total number of shares acquired may not exceed 5% of the capital stock outstanding at any time. This 5% limit applies to an amount of capital that will be adjusted as applicable for corporate actions affecting the capital stock after this meeting, whereby acquisitions by the company shall under no circumstances increase its holding, directly and indirectly through subsidiaries, to more than 5% of the capital stock;

– pursuant to the above, by way of indication and without taking into account shares already held by the company, 24,231,418 shares on December 31, 2013 would represent up to 5% of the capital stock corresponding to a maximum theoretical purchase price of €60,578,545 on the basis of a maximum purchase price of €50 per share.

## 6.3.
## Duration of the share buyback program

In compliance with the provisions of the fourteenth resolution to be submitted to the shareholders meeting of April 25, 2014, the authorization to implement this share buyback program is granted for 18 months from the date of this meeting or no later than October 25, 2015.

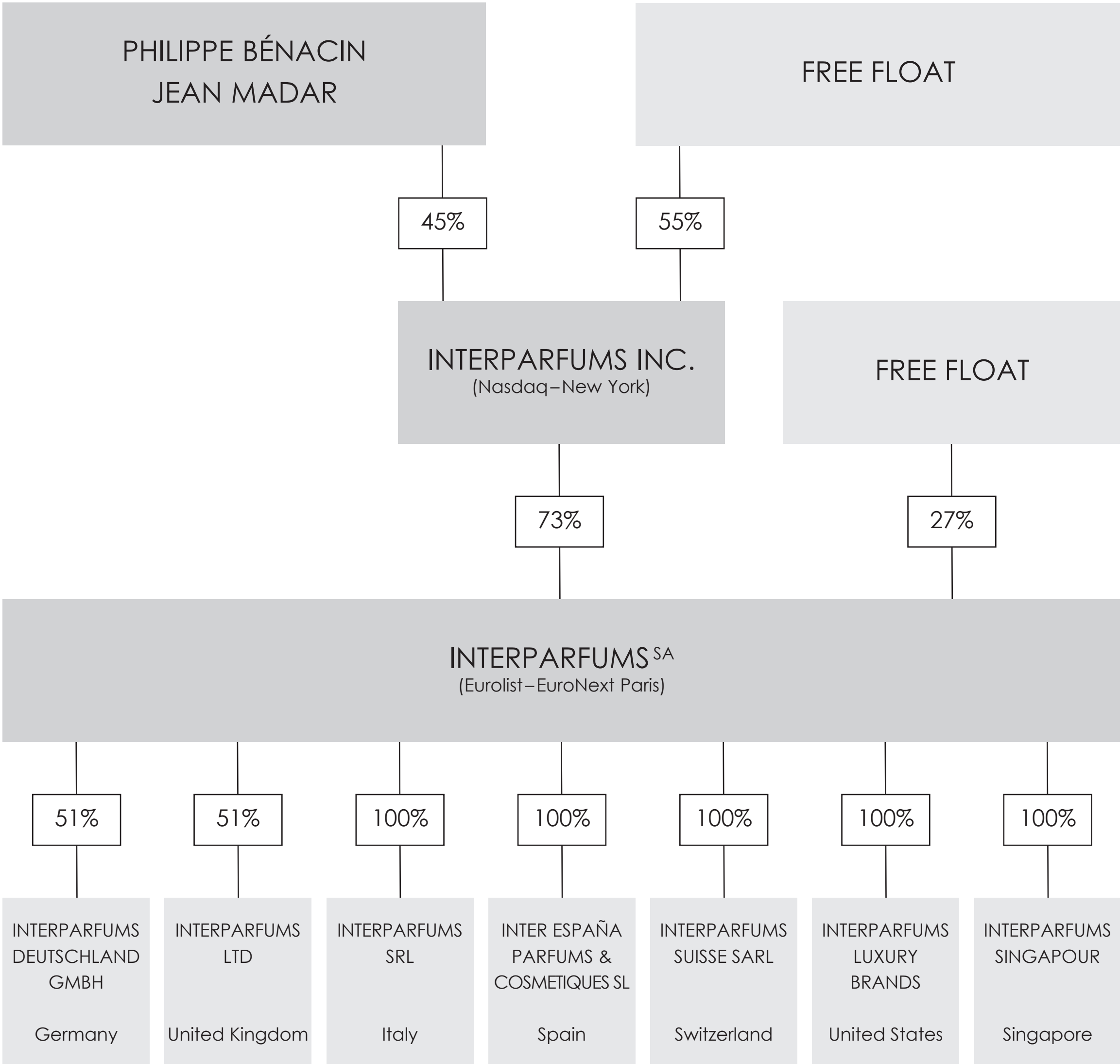
If one of the characteristics of the description of this program is modified during the period of its duration, the public shall be notified of this modification in accordance with the provisions set forth in article L. 212-13 of the AMF General Regulation.

## 6.4. Summary of the previous share buyback program

Transactions for 2013 under the share buyback program are described in note 3.9.3 "Treasury shares" to the consolidated financial statements.

# 7.
# GROUP ORGANIZATION

The shareholder base of Interparfums Inc. at December 31, 2013 was as follows:



# 8.
# REAL ESTATE PROPERTIES

Interparfums does not own any real estate properties. Both the headquarters in Paris and the warehousing site in Rouen are rented. The manufacturing and packaging sites are owned by subcontractors.

# 9.
# MARKET SHARE AND COMPETITION

## Market share

In France, Interparfums attained roughly a 2% share of the selective distribution market of prestige perfumes. In certain countries such as the United States, the United Kingdom, Russia or China, the company estimates its market share of total French perfume imports at between 1% and 4%.
Source: Internal estimates.

## Competition

Interparfums operates in a sector dominated by ten major historic players in the perfume and cosmetics market that have fragrance divisions with billions of euros in sales. There exist around ten mid-size players like Interparfums also operating in this segment with sales ranging between €100 million and €1 billion.

While Interparfums has also developed a brand portfolio in the luxury universe, it has adopted a markedly different approach with a business model based on methodical long-term development focused on creation and building customer loyalty rather than volume and advertising.

# 10.
# POST-CLOSING EVENTS

None.

# 11.
# 2014 OUTLOOK

In the 2013 fourth quarter, revenue rose 16.3% like-for-like (excluding Burberry) to €57.7 million, from continuing strong momentum by Montblanc, Jimmy Choo, Boucheron and Repetto fragrances.

For the 2013 full year, like-for-like sales reached in consequence €251.5 million, up 19.3% from the prior year. Total consolidated revenue for the year was €350.4 million.

The excellent first-half results made it possible to intensify marketing and advertising efforts in the second half, without impacting margins that registered an exceptionally high level for the 2013 full year.

2013 provided an opportunity to demonstrate the potential of Repetto and Boucheron fragrances. In 2014, the portfolio of leading brands will be further strengthened by the launch of Balmain and Karl Lagerfeld fragrances.

With this development strategy applied to the entire brand portfolio, the operating margin for 2014 as a more normative year may be expected to reach 10%-11%.

Philippe Bénacin, Chairman and CEO commented:
"*2012 demonstrated the growth potential of Montblanc and Jimmy Choo fragrances. In 2013, this same potential was demonstrated for Repetto and Boucheron fragrances. 2014 provided us with an opportunity to further strengthen our portfolio of leading brands with the launch of Balmain and Karl Lagerfeld fragrances.*"

Philippe Santi, Executive Vice President, added:
"*Our excellent first-half results allowed us to intensify our marketing and advertising efforts in the second half, and furthermore, without impacting our margins that registered an exceptionally high level for the 2013 full year. In 2014, we will pursue this development strategy for our entire brand portfolio. In this context, in a more normative year, the operating margin should reach 10%-11%.*"

# 2/





# CORPORATE SOCIAL RESPONSIBILITY

# 1. METHODOLOGY NOTE

## 1.1. Background

The 2013 CSR report provides a detailed presentation of Group corporate responsibility priorities and practices. It describes the challenges faced by the company in this area, the strategic approaches adopted in response and progress achieved in meeting its objectives.

This report is drawn up in accordance with CSR reporting requirements applicable in France (L.225-102-1 and R. 225-105-1 of the French Commercial Code). It provides a tool for measuring employment-related and societal impacts, governance and environmental performances.

Procedures for producing this report were reviewed by the firm Mazars, as an independent third-party.

## 1.2. Reporting boundary

The reporting boundary for employment, societal and environmental indicators is comprised of the subsidiaries controlled by Interparfums. These subsidiaries are consolidated according to the full consolidation method.

The reporting boundary for employment indicators for fiscal 2013 coincides with the Group' structure for consolidation (cf. note 1.4 to the consolidated financial statements).

For this defined reporting boundary, certain indicators are excluded due to the absence of information reported by certain Group entities. The information published concerns accordingly solely employees located in France (84.1% of Group headcount). These exclusions are identified in this report for the following quantitative data: occupational accidents, absenteeism, training and the organization of dialogue between employees and management.

## 1.3. Selection criteria for indicators

Analysis of employment-related, environmental and social impacts relating to Group activities made it possible to define relevant indicators in accordance with requirements resulting from the Grenelle II environmental law (article 225). Certain information not falling within the scope of the company's activity or its environmental and societal priorities due to its operating method and structure were not considered pertinent and on that basis excluded from the reporting boundary:

– training and employee information actions relating to environmental protection;

– environmental risk and pollution protection measures;

– amount of provisions and guarantees for environmental risks;

– the management of noise pollution and other forms of pollution specific to an activity;

– water consumption and supply in relation to local constraints;

– land use;

– adapting to the consequences of climate change;

– measures taken to preserve or develop biodiversity;

– impacts on neighboring or local populations.

## 1.4. Methodological limitations

Methodologies relating to certain employment-related, environmental and societal indicators may present limitations resulting from the non-significant weight of subsidiaries for these indicators.

# 2. EMPLOYMENT-RELATED RESPONSIBILITY

## 2.1. Employment

### 2.1.1. Headcount breakdown at the Group level

The headcount at the Group level includes full and part-time employees on fixed-term and permanent contracts. Temporary personnel and employees on parental leave are not included in this data.

**Headcount by gender**

Interparfums staff by gender breaks down as follows: women: 69%; men 31%. This breakdown has remained stable from one year to the next.

**Headcount by age**

| Number of employees at | 12/31/2012 | 12/31/2013 |
|---|---|---|
| Less than 25 years | 13 | 9 |
| Between 25 and 35 years | 89 | 97 |
| Between 36 and 45 years | 71 | 58 |
| Between 46 and 55 years | 30 | 36 |
| > 55 years | 2 | 8 |
| **Total** | **205** | **208** |

The average age for Interparfums employees is 38.

**Headcount by occupational category**

| Number of employees at | 12/31/2012 | 12/31/2013 |
|---|---|---|
| Managers | 119 | 124 |
| Supervisory staff | 7 | 6 |
| Employees | 79 | 78 |
| **Total** | **205** | **208** |

**Headcount by function/division**

| Number of employees at | 12/31/2012 | 12/31/2013 |
|---|---|---|
| Executive Management | 2 | 2 |
| Production & Logistics | 35 | 35 |
| Marketing | 36 | 32 |
| Export | 24 | 29 |
| France | 46 | 41 |
| Finance & Corporate Affairs | 36 | 36 |
| Subsidiaries | 26 | 33 |
| **Total** | **205** | **208** |

### Headcount by geographic region

| Number of employees at | 12/31/2012 | 12/31/2013 |
|---|---|---|
| France | 179 | 175 |
| Europe excluding France | 2 | 6 |
| North America | 14 | 18 |
| Asia | 10 | 9 |
| **Total** | **205** | **208** |

### 2.1.2. Recruitment and dismissals

| **Headcount at 12/31/2012** | **205** |
|---|---|
| Recruitment | 24 |
| Dismissals | (10) |
| Resignations | (5) |
| Expiration of contracts | (6) |
| **Headcount at 12/31/2013** | **208** |

Dismissals cover the following reasons: layoffs including on economic grounds, discontinuance of economic activities, contract terminations linked to the acquisition of the entity.

### 2.1.3. Remuneration and payroll trends

Interparfums has a compensation policy, a system of job classifications and performance evaluations uniformly applied to all employees. These procedures guarantee the principle of fairness and equal treatment of men and women employees. Employees of the company and its subsidiaries also benefit from variable incentive compensation benefits linked to the Group's performance.

Interparfums also promotes employee stock ownership through annual stock option plans available to all employees.

As required by French law, a statutory employee profit-sharing agreement was implemented on December 20, 2001. The amount paid for employee profit sharing for 2013 was €0.9 million (compared to €10.3 million in 2012).

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Total wages and benefits (including social charges) | 25,746 | 23,591 |
| of which Management Committee members – wages, bonuses & social charges | 4,266 | 4,314 |
| of which Management Committee members – share based payment expenses | 89 | 91 |

In addition €193 million in supplemental retirement benefits for Executive Management were paid in 2013.



## 2.2. Work organization

### 2.2.1. Working time organization

All French employees of the company work on the basis of a 35-hour workweek annualized according to a fixed number of 218 work days per year and are entitled to 9 "recuperation days" (RTT) per year.

In 2013, 91% of employees worked on a full-time basis.

At the end of 2013, 94% of employees in France were on permanent contracts and 6% on fixed term contracts.

### 2.2.2. Absenteeism

The rate of absenteeism in 2013 was 3.2% (4.7% in 2012), mainly attributable to sick and maternity leaves.

Information on absenteeism is disclosed exclusively for the workforce present in France.

The breakdown for days of absence by cause, excluding legal and contractual holidays is as follows:

| | Number of days of absence | Weight |
|---|---|---|
| Maternity and paternity leave | 600 | 41.4% |
| Sick leave | 846 | 58.6% |
| **Total** | **1,446** | **100%** |

## 2.3. Labor relations

### 2.3.1. The organization of dialogue between employees and management:

Information relating to labor relations published in this section concerns exclusively employees present in France.

As required by law, elections are held every four years to select a works' committee and employee representatives. The last elections, held in early 2011 resulted in the formation of a single body of employee delegates (*Délégation Unique du Personnel*) comprised of four salaried management employees and one non-management employee.

Destined to meet on a monthly basis, the Works committee is informed and consulted on strategic and organizational issues having an impact on Group employees. The minutes of works committee meetings are distributed to all staff and displayed in the company.

### 2.3.2. Assessment of collective agreements

Interparfums depends on the collective bargaining agreement for the wholesale distribution industry applicable in France.

In addition, an action plan promoting the employment of seniors has been in place by the company since 2009 and an action plan on gender equality in place since 2011.

## 2.4.
## Health and safety

As required by law, elections are held every four years to select members of the Health, Safety and Working Conditions Committee (CHSCT). The last elections, held at the end of 2012, resulted in the formation of a CHSCT committee comprised of two management-level employees.

The purpose of the meetings of this committee destined to be held at least once every quarter is to contribute to protecting the physical and psychological health, the safety and improved working conditions of employees of Interparfums, including temporary workers, and ensure that legal and regulatory provisions on occupational health and safety are respected. The minutes of CHSCT committee meetings are distributed to all staff and displayed in the company.

As Interparfums does not possess manufacturing sites, the risk of occupational accidents are minimized. Furthermore, the Company does not generate hazardous situations.

Accordingly, Interparfums recorded three occupational accidents in 2013 resulting in sick leave without impacting the company's operating activities. No occupation illness was reported.

In 2013, Interparfums put into place a workplace first-aid/safety team with six members whose mission consists in providing first-aid in the event of an accident at the company.

Furthermore, for the prevention of psycho-social risks, a platform providing counseling and psychological support has been available to employees since 2013 through a special toll-free number in partnership with a specialized organization (IAPR *Institut Permanent Psychologique et de Ressources*).

## 2.5.
## Training

### 2.5.1.
### Training policy

All Interparfums employees are offered training to develop technical, management or personal skills.

Employees also regularly exercise their rights to individual training benefits provided for under French law (*Droit Individuel à la Formation*).

All Interparfums' legal obligations with respect to continuing vocational training are delegated to its accredited body, Intergros (the joint commission for collective training or OPCA for wholesale and international trade) and Fongecif (the management fund for individual employee training rights) for the greater Paris region.

In 2013, Interparfums devoted €289,000 to continuing vocational training, higher than the amount required by law of €218,000 and representing approximately 2% of annual payroll.

### 2.5.2.
### Report on number of training hours

The objective of training programs is to both adapt the skills of staff to the needs of their actual position and prepare them for future assignments. In 2013, 66% of employees in France participated in at least one training program. Individual training benefits provided for under French law (*Droit Individuel à la Formation* or DIF) used in 2013 represented a total of 1,817 hours.

The subjects covered by training programs in 2013 concerned mainly personal development, computer skills, language skills, management and business function-specific training.

## 2.6.
## Equal opportunity and non-discrimination

### 2.6.1.
### Gender equality

The gender equality action plan adopted in 2011 sets forth notably measures destined to guarantee equal access to employment, equal access to professional training and improving the balance between professional and family life.

Women account for 69% of Interparfums' workforce with 60% in management positions.

### 2.6.2.
### Employees with disabilities

Interparfums does not employ any disabled workers. However, since 1998 it has used the services of sheltered workshops for disabled workers (*Centres d'Aide par le Travail* – CAT) for the packaging of fragrance products.

For this reason, the company qualifies for a 50% exemption from the Agefiph tax supporting employment for the disabled.

### 2.6.3.
### Combating discrimination

The company adheres to equal opportunity employment principles with respect to recruitment, career advancement, access to training and remuneration.

The Company has also adopted plans in favor of non-discrimination. These included a plan promoting the employment of older workers since 2009 followed by a second plan in favor of gender equality starting in 2011.

## 2.7.
## Promoting compliance with the core conventions of the International Labor Organization

In addition to items intrinsically related to collective bargaining rights and combating discrimination described above, all personnel of Interparfums are employed within a framework based on consensual relations where the working conditions are the result of negotiations between management and employees.

Interparfums respects the convention for the abolishment of child labor since all employees are of legal age at minimum at the time of their recruitment.

# 3. ENVIRONMENTAL RESPONSIBILITY

## 3.1. General environmental policy

### 3.1.1. Consideration of environmental issues

The Company has developed a business model built around creative and commercial services covering the creation of the concept, development and distribution of products. On this basis, it has decided not to engage in industrial activities with the entire production process outsourced to manufacturing partners with optimal expertise and accountable leadership in their respective areas. These include producers of juice, glass, caps and cardboard boxes and packaging companies. With no production activities of its own, Interparfums does not own laboratories or manufacturing sites.

However, even though the company operates in a sector considered less polluting than other industries, it remains committed to preserving the environment by adopting sustainable development processes. For this reason, it remains involved in the production process by responsibly selecting its suppliers and pursuing efforts to identify environmental priorities in order to reduce its environmental footprint in those areas where its activity may have an impact, and notably on energy consumption and $CO_2$ emissions.

The company has identified the key issues resulting from the main phases of its activities ranging from the sourcing of raw materials to managing logistics for transportation between production sites or to customers, and including controls of product packaging activities by subcontractors.

At each of these phases, the company applies action plans corresponding to the environmental issues identified, and relating in particular to the choice of materials used for components, waste management and reducing the carbon footprint.

The major priorities that are the focus of concrete measures and studies on continuing progress to be made are presented below.

The regulatory framework thus required represents an opportunity for the company by providing a means to reinforce its environmental and social dimension necessary for defining the framework of relations of the company with suppliers and customers. The company's environmental responsibility undoubtedly contributes to the quality of its performances and to the confidence of its stakeholders, suppliers, subcontractors and customers.

The sustainability of its business model is based not only on its extensive expertise but also long-term values that it seeks to share with its manufacturing partners, who in this way in turn contribute to promoting the company's environmental priorities.

### 3.1.2. Environmental risk and pollution protection measures – reducing air, water or ground emissions

These measures involve firstly the choice of techniques and materials. To further reduce the limited environmental impacts from its activities, the company selects partners using cutting-edge design techniques with a commitment to reduce the impact of manufacturing processes on the environment.

A water-soluble solution in part biodegradable that does not harm the environment is used in the coloring of some of its bottles. The coating process provides for the elimination of solvent-based coatings and the progressive adoption of hydro-coating for the remaining lines, in compliance with the law of 2005 for reducing emissions of Volatile Organic Compounds (VOC) in the air. In addition, sub-contractors for glass making have electrostatic air filters to reduce dust and smoke emissions in addition to wastewater recycling and emission control monitoring systems.

Reducing $CO_2$ rates (-4.5%), water consumption per pump (-23.4%), and the number of components are decisive factors in choosing sprayer pumps for products.

Furthermore, the company has eliminated thermosetting plastics from its line of bath and body care products in favor of recyclable plastic.

## 3.2. Pollution and waste management – Waste prevention, recycling and elimination measures

To balance product quality and aesthetics with environmental considerations, the company takes care to reduce packaging volumes at the source and select the appropriate materials at each stage of production to ensure optimal conditions for their recycling or disposal.

The bottles of its products are made of recyclable glass and the production process provides for a system of recuperation, grinding and recasting of certain bottle components, which generates savings in volume of materials used of 20%. In 2013 the company reinforced tracking and coordination oversight of rates of wastage by glass bottle decorators. Its first objective is to apply a continuous improvement approach and reduce rates of wastage over the long term. The second objective is to succeed in reducing this wastage and reintroduce bottles back into the normal manufacturing cycle. Furthermore, all cardboard packaging materials for our testers have been replaced by recycled cardboard.

The company ensures its subcontractors have systems for waste separation and recycling, involving in particular, installation by suppliers of perfume sets, of a system for the retrieval of collection bins.

Furthermore, international and European regulations impose environmental requirements with respect to the design and manufacture of packaging, and in particular limits on volumes and weight. Reducing packaging is clearly associated with the priorities with respect to transport as it contributes to reducing the cost and level of $CO_2$ emissions.

With this objective, at the end of 2012, the Company initiated a study on the optimization and rationalization of bulk and secondary packaging (product boxes and perfume sets). The goal of this study is to enable the Company to achieve the following objectives:

– optimization of palettes;

– reducing cardboard packaging materials;

– reducing the volumes transported by decreasing the amount of empty space for optimized transport.

In 2013, advances with this study led to the recruitment of a dedicated person responsible for its completion. Accordingly, in the fourth quarter, an in-depth study was drawn up focusing on analysis of company practices and possible solutions. This approach is being pursued by consulting with different external professionals in the cardboard packaging sector to determine options that can be eventually implemented. This study should be completed in the 2014 first half by implementing a test phase for selecting and approving the solution responding to optimization objectives and defined qualitative criteria.

Finally, the company actively contributes to the treatment and recycling of the packages, cardboard boxes and glass left once end customers have finished using its products. On this basis, through its participation in the "*Eco Emballages*" packaging recycling program, the company contributes to waste management and recycling/recovery.

In addition to treatment of product waste, the company has adopted an action plan for repurchasing damaged pallets that are reconditioned for reuse and reintegration back into the operating cycle.

## 3.3. Sustainable use of resources – Energy consumption

Consumption of water and energy by Interparfums' head office is limited to normal office usage in its administrative premises that house 175 employees.

The search for new more efficient logistics solutions adapted to the Company's needs has resulted in the construction of a HQE certified warehouse operating since the summer of 2011. This certification concerns notably improved insulation, a lighting system with presence-detectors, Ecolabel finishing materials, centralized technical management for energy controls, rainwater recovery, high-performance waste separation collection installations, etc.

## 3.4. Climate change – Greenhouse gas emissions

The company subcontracts 100% of its transport activities. The multi-modal transport method for its products, reducing transport distances and optimizing loads represent promising areas that are in line with the company's environmental priorities. Conscious of the environmental impact of logistics systems, and to limit the environmental footprint associated with transporting products, the company initiated an action plan to optimize transportation flows by reducing the number of kilometers and optimizing truck loads.

In this way, promotional materials manufactured in Asia are shipped directly to Asian distributors without being imported and stored in France.

Particular attention is furthermore paid to the efforts of its logistics service provider to optimize the transportation management through trucks with full loads to limit the number of trips. Finally, by establishing a warehouse strategically located at the crossroads for its subcontractors, the company has reduced distances for raw material shipments.

Measures undertaken in collaboration with the warehouse and trade goods shipping manager, within the framework of the improvement and optimization of shipments between production sites and transport from these sites to the logistics platform have contributed to reducing the number of back-and-forth trips for trucks.

In the area of transport, the Company's priority is in favor of road transport for France and Europe and maritime transport for Asia and the Americas. Use of air transport is very limited and reserved only for urgent situations where no other solutions are available.

The company's subcontracting strategy also focuses on systematically identifying local procurement solutions which contribute to reducing $CO_2$ emissions. In this way, 65% of the company's production originates from France and 20% from nearby countries. Similarly, to reduce the transfer of components which contributes to multiple shipments, the company prefers the use of service providers that cover several areas or integrate different production phases (for example glass design and plastic processing). By pursuing its policy for optimizing sourcing, the company's level of optimization for production originating from France has risen 8% to reach 70%.

# 4. SOCIAL RESPONSIBILITY IN FAVOR OF SUSTAINABLE DEVELOPMENT

## 4.1. Outsourcing and suppliers

Suppliers, subcontractors and various service providers unrelated to production activities are important partners for the company. With more than half of them, the company has maintained relations of confidence for more than ten years to meet its sourcing requirements for raw materials, packing and packaging activities for products and promotional items. By imposing requirements of quality and performance for its products, the selection process and conduct of relations with partners constitutes a major issue for the company in terms of purchasing and subcontracting as well as regulatory compliance and adapting to consumer expectations. Even if certain suppliers and subcontractors, at their own initiative, are already actively socially engaged, in addition to its priorities in terms of cost control efficiencies, quality and innovation, the company is committed to promoting lasting and responsible collaboration with them in accordance with the employment-related and environmental priorities guiding its operating practices.

In addition to its adhesion to conduct of business rules for companies, as owner of trademarks over which it holds exclusive worldwide rights for the use of their brand images and trademarks, the company is conscious of the societal issues linked to its activity and, in this context, has initiated work to identify the societal issues for its activity and relations with suppliers and subcontractors, in order to organize its CSR policy through reference documents destined to enhance transparency of its engagement exercising responsible behavior vis-à-vis them.

Starting from points of reference based on the codes of conduct of its licensors and procedures existing but not yet formalized, the company initiated in 2013 a study to translate the engagements of its CSR strategy and develop a coherent global organization through an approach of exchanges with partners. This approach will first result in the development of a code of ethical conduct for the company incorporating existing practices and its contractual commitments with licensors, a true base of reference put into practice through a supplier Charter and a responsible purchasing guide to be signed by concerned parties with an implementation plan for 2014. These codes of conduct and charters will be based on mechanisms incorporating particular priorities for employment-related responsibility, respect of human rights, preserving the environment and combating corruption. These documents will furthermore be accompanied by methods conducting assessments and social audits. The year ahead will constitute an important phase in rolling out the approaches launched in 2013.

## 4.2. Fair trade practices: Consumer health and safety measures

### 4.2.1. REACH regulation

The company has an obligation for assuring consumer safety by implementing procedures for the verification of the use of rigorous quality control processes and compliance with applicable constraints.

Even though the company does not manufacture its products itself, it nevertheless ensures their introduction on the market. As such it is responsible for ensuring the safety for use of cosmetic products it distributes. To this purpose, the company conducts tests that include ensuring the innocuous nature for the skin and eyes. In addition, in compliance with the European Cosmetic Directive (and the new regulation 1223/2009 that will enter into force on July 11, 2013), its products are not subject to any tests on animals. In accordance with the European Cosmetics Directive, its products are not subject to any tests on animals. Tests for skin irritation are conducted on healthy voluntary adult subjects and ocular irritantancy testing through cell cultures.

The company has taken measures for the application of the new European Community Regulation on chemicals and their safe use concerning the Registration, Evaluation, Authorization and Restriction of Chemical substances (EC Directive 1907/2006 of December 18, 2006) or REACH with its suppliers. All technical and organizational measures to be applied following the adoption of REACH have been implemented by the company.

The pre-registration phase of REACH ended on December 1, 2008. During this period, importers and manufacturers of "phase-in" substances were required to register the substances once volume exceeded one ton per year. Pre-registration makes it possible to obtain additional delays in connection with the registration procedure.

The company, as a downstream user of chemical substances, is not subject to the registration requirement. However, it has sought to maintain an active role by ensuring that the registration process proceeds effectively and that there exists a continuous supply for sourcing chemical substances contained in its products.

The company took the initiative to contact its different subcontractors to ensure they and those further down the supply chain effectively comply with registration, notification or authorization request procedures. Interparfums has thus asked all its suppliers to provide commitments that they will not supply articles containing substances listed in appendix XIV (Substances of Very High Concern). To date, no supplier has declared the presence in articles provided to Interparfums of substances subject to authorization.

Information relating to REACH including notably risk management measures transmitted through security data files will be taken into account by the company or its suppliers as they are issued.

For information, the deadlines for the implementation of REACH are spread over the period from June 1, 2008 to June 1, 2018.

### 4.2.2. ISO 22716 international standard for Good Manufacturing Practices (GMP)

The ISO 22716 international standard for Good Manufacturing Practices establishes guidelines standard for the manufacturing, packaging, testing, storage, and transportation of cosmetic products. It represents the practical application of quality assurance concepts based on a description of plant manufacturing practices.

As from July 2013, this standard imposes an obligation on all participants in the cosmetics product cycle to comply with the Good Manufacturing Practices required by the standard for the manufacturing, packaging, testing, storage, and transportation of cosmetic products.

The Company is conscious of the advantages this standard offers by contributing in particular to:

– managing potential risk factors affecting the quality of cosmetic products;

– reducing the risk of confusion, deterioration, contamination and error;

– contributing to greater vigilance by personnel in the performance of their activities;

– guaranteeing quality products.

In 2013, the company tasked a service provider to launch an ISO 22716 quality audit campaign of the manufacturing plants of subcontractors. These audits are destined to assess quality risk management and to measure the efficacy of rules implemented by plants for addressing each of its requirements.

This campaign audited 19 manufacturing plants according to the ISO 22716 standard. All plant activities were reviewed: receiving raw materials and packaging materials, manufacturing, packaging and quality controls. Each activity is assessed according to its acceptance or not of major criteria. The results of this assessment are formalized in an audit report. Generally speaking, these reports demonstrated that the company's subcontractors comply with ISO 22716 Good Manufacturing Practices or are in the process of complying after completing marginal corrective measures.

The quality systems of our subcontractors are overall in compliance with requirements imposed by ISO 22716.

Quality action plans implemented by the manufacturing sites lead to many areas for improvement and work such as for example producing specifications.

Accordingly, these avenues for improvement raise the level of quality of manufacturing plants and the cosmetic products they produce.

## 4.3. Relations with stakeholders

As a responsible corporate citizen, the company contributes to associations intervening in the areas of solidarity, childhood, combating exclusion and promoting health, by providing financial assistance to support their projects and initiatives:

– **Mission Enfants 2000**: a not-for-profit association intervening on behalf of disadvantaged children, particularly in Khartoum, and by organizing medically-equipped mission in Cambodia launched in 2012;

– **AEM – Les Amis des Enfants du Monde**: an association providing financial support to local initiatives in favor of children. Projects are initiated managed by partners present on-site with whom relations of confidence have been developed over the years. All AEM's interventions respond to a demand by local populations, in a manner that respects their culture and according to a negotiated local partnership agreement;

– **Little Dream**: an association assisting disadvantaged children by providing opportunities for self-fulfillment in a stimulating environment with an emphasis on Jewish culture and heritage;

– **Les Puits du Désert**: an NGO intervening in favor of populations in North Niger to improve access to water, education and healthcare;

– **Resto du Cœur**: a French food aid NGO offering access to free meals and measures in favor of social and economic integration in addition to initiatives seeking to combat all forms of poverty;

– **La Fondation Motrice**: a not-for-profit association promoting and supporting research in the area of cerebral palsy;

– **CWF France**: a not-for-profit association providing beauty care to cancer patients as a means of assisting them in get back to a normal social life.

The company also intervenes as a sponsor of the arts through initiatives in favor of painting and music or culture at large through its support of for example the *Comité Français pour la Sauvegarde de Venise*.

# 3/





# CONSOLIDATED FINANCIAL STATEMENTS

# Consolidated income statement

| *(€ thousands, except per share data which is in units)* | **Notes** | **2012** | **2013** |
|---|---|---|---|
| **Sales** | **4.1** | **445,460** | **350,392** |
| Cost of sales | 4.2 | (163,535) | (140,890) |
| **Gross margin** | | **281,925** | **209,502** |
| *% of sales* | | *63.3%* | *59.8%* |
| Selling expenses [1] | 4.3 | (211,767) | (145,893) |
| Administrative expenses | 4.4 | (11,494) | (11,383) |
| **Current operating income** | | **58,664** | **52,226** |
| *% of sales* | | *13.2%* | *14.9%* |
| Other operating expenses | 4.5 | (26,550) | - |
| Other operating income | 4.5 | 181,200 | - |
| **Operating profit** | | **213,314** | **52,226** |
| *% of sales* | | *47.9%* | *14.9%* |
| Financial income | | 447 | 2,571 |
| Interest and similar expenses | | (1,084) | (1,050) |
| **Net finance costs** | | **(637)** | **1,521** |
| Other financial income | | 3,023 | 5,709 |
| Other financial expense | | (5,409) | (6,200) |
| **Net financial income/(expense)** | **4.6** | **(3,023)** | **1,030** |
| **Income before income tax** | | **210,291** | **53,256** |
| *% of sales* | | *47.2%* | *15.2%* |
| Income tax [1] | 4.7 | (74,268) | (18,433) |
| *Effective tax rate* | | *35.3%* | *34.6%* |
| **Net income before non-controlling interests** | | **136,023** | **34,823** |
| *% of sales* | | *30.5%* | *9.9%* |
| **Attributable to non-controlling shareholders** | | **(165)** | **(10)** |
| **Net income** | | **136,188** | **34,833** |
| *% of sales* | | *30.6%* | *9.9%* |
| Earnings per share [1] [2] | 4.8 | 6.17 | 1.50 |
| Diluted earnings per share [1] [2] | 4.8 | 6.16 | 1.50 |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

(2) Restated for bonus share grants.

# Consolidated statement of comprehensive income and expense

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| **Consolidated net profit for the period (1)** | **136,023** | **34,823** |
| Available-for-sale assets | 26 | (224) |
| Deferred tax arising from items that may be recycled | (9) | 81 |
| **Items able to be recycled in profit or loss** | **17** | **(143)** |
| Actuarial gains and losses | (489) | 135 |
| Deferred taxes on items unable to be recycled | 177 | (52) |
| **Items unable to be recycled in profit or loss** | **(312)** | **83** |
| **Other comprehensive income total** | **(295)** | **(60)** |
| **Comprehensive income for the period (1)** | **135,728** | **34,763** |
| Attributable to non-controlling shareholders | 165 | 10 |
| **Attributable to equity holders of the parent** | **135,893** | **34,773** |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

# Consolidated balance sheet

## Assets

| *(€ thousands)* | Notes | 2012 | 2013 |
|---|---|---|---|
| **Non-current assets** | | | |
| Net trademarks and other intangible assets | 3.1 | 79,025 | 73,339 |
| Goodwill, net | 3.2 | 599 | - |
| Net property, plant, equipment | 3.3 | 7,017 | 5,352 |
| Long-term investments | | 1,751 | 1,980 |
| Other non-current financial assets | 3.4 | 6,854 | 6,488 |
| Deferred tax assets (1) | 3.12 | 10,402 | 5,708 |
| **Total non-current assets** | | **105,648** | **92,867** |
| **Current assets** | | | |
| Inventory and work in progress | 3.5 | 87,199 | 61,937 |
| Trade receivables and related accounts | 3.6 | 106,179 | 45,045 |
| Other receivables | 3.7 | 5,621 | 5,371 |
| Corporate income tax | | 1,434 | 4,587 |
| Current financial assets | 3.8 | - | 131,736 |
| Cash and cash equivalents | 3.8 | 228,903 | 90,735 |
| **Total current assets** | | **429,336** | **339,411** |
| **Total assets** | | **534,984** | **432,278** |

## Shareholders' equity & liabilities

| *(€ thousands)* | Notes | 2012 | 2013 |
|---|---|---|---|
| **Shareholders' equity** | | | |
| Share capital | | 66,001 | 72,694 |
| Additional paid-in capital | | - | 280 |
| Reserves (1) | | 142,224 | 246,708 |
| Net income for the period (1) | | 136,188 | 34,833 |
| **Equity attributable to parent company shareholders** | | **344,413** | **354,515** |
| Non-controlling interests | | 118 | 370 |
| **Total shareholders' equity** | **3.9** | **344,531** | **354,885** |
| **Non-current liabilities** | | | |
| Provisions for non-current commitments (1) | 3.10 | 3,515 | 3,806 |
| Non-current borrowings | 3.11 | - | 121 |
| Deferred tax liabilities | 3.12 | 1,625 | 653 |
| **Total non-current liabilities** | | **5,140** | **4,580** |
| **Current liabilities** | | | |
| Trade payables and related accounts | 3.13 | 68,396 | 49,825 |
| Current borrowings | 3.11 | 62 | 100 |
| Bank facilities | 3.11 | 21,076 | - |
| Provisions for contingencies and expenses | 3.10 | 48 | 98 |
| Income tax | | 63,373 | 675 |
| Other payables | 3.13 | 32,358 | 22,115 |
| **Total current liabilities** | | **185,313** | **72,813** |
| **Total shareholders' equity and liabilities** | | **534,984** | **432,278** |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

# Statement of changes in shareholders' equity

| (€ thousands) | Number of shares | Common stock | Paid-in capital | Other Compre-hensive income items | Retained earnings & net income | Total equity | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Group share | Non-controlling interests | Total |
| **As of December 31, 2011 (reported basis)[1]** | **19,813,523** | **59,602** | **377** | **126** | **155,638** | **215,743** | **277** | **216,020** |
| Effect of IAS 19 amendment | - | - | - | - | (346) | (346) | - | (346) |
| **As of December 31, 2011 (restated)[1][2]** | **19,813,523** | **59,602** | **377** | **126** | **155,292** | **215,397** | **277** | **215,674** |
| Bonus share issue | 2,000,027 | 6,000 | (2,384) | - | (3,616) | - | - | - |
| Shares issued on exercise of stock options | 132,948 | 399 | 2,007 | - | - | 2,406 | - | 2,406 |
| Restated 2012 net income[2] | - | - | - | - | 136,188 | 136,188 | (165) | 136,023 |
| Change in actuarial gains and losses on provisions for retirement liabilities[2] | - | - | - | (312) | - | (312) | - | (312) |
| 2011 dividend paid in 2012 | - | - | - | - | (9,914) | (9,914) | - | (9,914) |
| Treasury shares | 22,220 | - | - | - | 458 | 458 | - | 458 |
| Cost of stock-based compensation | - | - | - | - | 171 | 171 | - | 171 |
| Remeasurement of investment securities at fair value | - | - | - | 17 | - | 17 | - | 17 |
| Currency translation adjustments | - | - | - | - | 2 | 2 | 6 | 8 |
| **As of December 31, 2012[1][2]** | **21,968,718** | **66,001** | **-** | **(169)** | **278,581** | **344,413** | **118** | **344,531** |
| Bonus share issue | 2,200,030 | 6,600 | - | - | (6,600) | - | - | - |
| Shares issued on exercise of stock options | 31,087 | 93 | 280 | - | - | 373 | - | 373 |
| 2013 net income | - | - | - | - | 34,833 | 34,833 | (10) | 34,823 |
| Change in actuarial gains and losses on provisions for retirement liabilities | - | - | - | 83 | - | 83 | - | 83 |
| 2012 dividend paid in 2013 | - | - | - | - | (23,725) | (23,725) | - | (23,725) |
| Treasury shares | 6,618 | - | - | - | 122 | 122 | - | 122 |
| Cost of stock-based compensation | - | - | - | - | 163 | 163 | - | 163 |
| Remeasurement of investment securities at fair value | - | - | - | (143) | (105) | (248) | - | (248) |
| Changes in Group structure of consolidated operations | | | | | (267) | (267) | 267 | - |
| Currency translation adjustments | | | | | (1,232) | (1,232) | (5) | (1,237) |
| **At December 31, 2013[1][2]** | **24,206,453** | **72,694** | **280** | **(229)** | **281,770** | **354,515** | **370** | **354,885** |

(1) Excluding treasury shares.

(2) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

# Statement of cash flows

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income (1) | 136,023 | 34,823 |
| Depreciation, amortization and other (1) | 26,452 | (33,450) |
| Capital (gains) losses on fixed assets disposals | 1,625 | 3,828 |
| Net finance costs | 637 | (1,521) |
| Tax charge of the period (1) | 74,268 | 18,433 |
| **Operating cash flows** | **239,005** | **22,113** |
| Interest expense payments | (1,373) | (1,146) |
| Tax payments | (13,377) | (77,409) |
| **Cash flow after interest expense and tax** | **224,255** | **(56,442)** |
| Change in inventory and work in progress | 1,996 | 44,817 |
| Change in trade receivables and related accounts | 22,381 | 63,921 |
| Change in other receivables | (190) | (2,903) |
| Change in trade payables and related accounts | (27,843) | (18,571) |
| Change in other current liabilities | 6,858 | 8,489 |
| **Change in working capital needs** | **3,202** | **95,753** |
| **Net cash flows provided by (used in) operating activities** | **227,457** | **39,311** |
| **Cash flows from investing activities** | | |
| Net acquisitions of intangible assets | (14,139) | 1,309 |
| Net acquisitions of property, plants and equipment | (5,585) | (2,650) |
| Net acquisitions of marketable securities (>3 months) | - | (131,636) |
| Changes in investments and other non-current assets | (7,018) | (352) |
| **Net cash flows provided by (used in) investing activities** | **(26,742)** | **(133,329)** |
| **Cash flow from financing activities** | | |
| Debt repayments | (3,347) | - |
| Dividends paid to shareholders | (9,914) | (23,725) |
| Capital increases | 2,406 | 373 |
| Treasury shares | 572 | 278 |
| **Net cash flows provided by (used in) financing activities** | **(10,283)** | **(23,074)** |
| **Change in net cash** | **190,432** | **(117,092)** |
| Cash and cash equivalents, beginning of year | 17,395 | 207,827 |
| **Cash and cash equivalents, end of year** | **207,827** | **90,735** |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

The reconciliation of net cash breaks down as follows:

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Cash and cash equivalents | 228,903 | 90,735 |
| Bank facilities | (21,076) | - |
| **Net cash at the end of the period** | **207,827** | **90,735** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Annual highlights

### January

**Launch of the *Flash* line of Jimmy Choo**

*Flash*, the second line of the Jimmy Choo brand is a solar floral composition, based around a bouquet of white flowers.

### March

**Discontinuation of the Burberry license**

In accordance with the terms of the transition agreement signed in October 2012 by Interparfums and Burberry, the partnership agreement between the two companies ended at March 31, 2013.

### April

**Launch of the *Me* line of Lanvin**

The new *Lanvin Me* line is a floral gourmand blend combining notes of liquorice and blueberry.

### May

**Exceptional dividend payment**

The General Meeting approved the distribution of an ordinary dividend of €0.54 per share and an exceptional dividend of the same amount, thus increasing the total dividend for fiscal 2012 to €1.08 per share.

### May

**Launch of the *Rêve* line of Van Cleef & Arpels**

Built around the universe of the *Rêve*, Interparfums launched a new women's fragrance, a majestic bouquet of lilies and osmanthus invigorated by fruity undertones, enriched with an intense trail of precious amber.

### June

**Bonus share distribution**

The company proceeded with its 14th bonus share issue on the basis of one new share for every ten shares held.

### July

**Launch of Repetto's first signature fragrance**

With its floral woody musky composition, blending essence of rose with orange blossom, followed by notes of vanilla pod and the warmth of amber wood to achieve a fully balanced composition for *Repetto*, the first fragrance developed around the theme of dance and elegance.

### August

**Launch of the *Portrait* line of Paul Smith**

Even though two fully distinct fragrances, different they are connected by no less than four key notes: bergamot, cardamon, myrrh, tea (black tea in the case of *Portrait for Women* and green tea in *Portrait for Men*).

### September

**Launch of the *Boucheron Place Vendôme* line**

This new fragrance was inspired by the mythical address of Maison Boucheron, a name that has shined as an incarnation of light and precious stones for more than 150 years. An Eau de Parfum like invisible finery, veiling skin with emotion, sensuality and addiction. *Boucheron Place Vendôme* conveys an elegant emotion through the statuesque intensity of a Woody Floriental creation.

### December

**Disposal of the Nickel brand**

Interparfums and L'Oréal Group executed the purchase and sale agreement for Nickel, the men's skin care business on November 27, 2013, with an effective date for the transfer of title of December 17, 2013.

# 1. SIGNIFICANT ACCOUNTING POLICIES

## 1.1. Basis of presentation and compliance statement

In accordance with EC regulations 1606/2002 of July 19, 2002 on international accounting standards, the 2013 consolidated financial statements of the Interparfums are established in compliance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) applicable since 2005 as endorsed by the European Union.

Financial information presented herein is 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.

The consolidated financial statements at December 31, 2013 were adopted by the Board of Directors on March 10, 2014. They will become definitive after having been approved by the ordinary general Meeting of April 25, 2014.

## 1.2. Changes in accounting standards

The following standards, amendments and interpretations that entered into force on July 1, 2012 were applied by the company in preparing its consolidated financial statements the period ending December 31, 2013:

– amendment to IAS 1 "Presentation of items of other comprehensive income".

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

The following standards, amendments and interpretations that entered into force on January 1, 2013 were applied by the company in preparing its interim consolidated financial statements for the six-month period ending December 31, 2013:

– amendment to IAS 19 "Employee benefits".

Its impact on the consolidated financial statements of the company is presented herein in note 1.3.

Furthermore no standards, amendments or interpretations currently under review by IASB and IFRIC were applied in advance in the financial statements for the period ending December 31, 2013.

## 1.3. Application of the amendment to IAS 19 "Employee benefits"

The amendment to IAS 19 "Employee benefits" was adopted by the European Union on June 5, 2012 by Regulation No. 475/2012. Its application is mandatory for periods commencing on or after January 1, 2013.

The main changes described in this amendment with an impact on the Group's financial statements are as follows:

All debt in connection with pension and other post-retirement obligations is now recognized in the balance sheet.
The mechanisms providing for deferring actuarial gains and past service costs are no longer authorized. Actuarial gains and losses are recognized immediately in full in equity and no longer in income, without the possibility of subsequently being recycled in profit or loss.

The effects of amendments of the plan with respect to past service costs are immediately recognized in profit or loss whether the rights are vested or not by employees. Unvested rights in connection with these plans are consequently no longer accounted for using deferred recognition.

The impact of the change in method on equity at January 1, 2012 and December 31, 2012 as well as 2012 net income breaks down as follows:

| *(€ thousands)* | **Shareholders' equity** | **Net income** |
|---|---|---|
| Provisions for non-current commitments | | |
| *(restatement of past service costs previously presented as off-balance sheet items)* | (542) | - |
| Deferred tax | 196 | - |
| **Impacts of amendment at January 1, 2012** | **(346)** | **-** |
| Allowances for contingencies and expenses | | |
| *(restatement of actuarial gains and losses not recognized under equity)* | - | 489 |
| Consolidated reserves | (489) | - |
| Deferred tax | 177 | (177) |
| Allowances for contingencies and expenses | | |
| *(cancellation of the amortization charge of past service costs)* | - | 22 |
| Deferred tax | - | (8) |
| **Impacts of the amendment at December 31, 2012** | **(658)** | **326** |

The balance sheet, income statement, statement of changes in shareholders' equity and notes presented in this report have been restated to eliminate the impacts of the retrospective application of the amendment to IAS 19.

## 1.4. Basis of consolidation

All Group subsidiaries are fully consolidated.

In April 2013, Interparfums also acquired the remaining 29% stake in its Italian subsidiary "Interparfums Srl", that is henceforth wholly-owned.

| **Interparfums SA** | | **Ownership interest** *(%)* | **Ownership interest** *(%)* |
|---|---|---|---|
| Interparfums Ltd | United Kingdom | 51% | 51% |
| Interparfums Deutschland GmbH | Germany | 51% | 51% |
| Interparfums Suisse Sarl | Switzerland | 100% | 100% |
| Inter España Parfums et Cosmetiques SL | Spain | 100% | 100% |
| Interparfums Srl | Italy | 100% | 100% |
| Interparfums Luxury Brands | United States | 100% | 100% |
| Interparfums Singapore | Singapore | 100% | 100% |

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.

## 1.5. Translation method

The company's operating currency and currency for the presentation of financial statements is the euro.

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the transaction. Foreign currency denominated payables and receivables are translated at the exchange rate in effect as of December 31, 2013. Translation losses and gains arising from the conversion of accounts denominated in foreign currencies on December 31, 2013 are recorded in the income statement. Hedged transactions are translated at the negotiated exchange rate.

The main exchange rates applied for the translation of subsidiary accounts in relation to the euro are as follows:

| **Currency** | **Closing exchange rate** | | **Average exchange rate** | |
|---|---|---|---|---|
| | **2012** | **2013** | **2012** | **2013** |
| US dollar (USD) | 1.3194 | 1.3791 | 1.2848 | 1.3281 |
| Pound sterling (GBP) | 0.8161 | 0.8337 | 0.8109 | 0.8493 |
| Singapore dollar (SGD) | 1.6111 | 1.7414 | 1.6055 | 1.6619 |
| Swiss franc (CHF) | 1.2072 | 1.2276 | 1.2053 | 1.2311 |

## 1.6. Use of estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions for the valuation of certain balance sheet and income statement balances. These concern primarily the valuation of intangible assets, amounts to be set aside for provisions for contingencies and expenses, provisions for inventory losses and deferred tax assets. Although these estimates are based on management's best knowledge of current events and situations, actual results may ultimately differ from these estimates.

## 1.7. Revenue recognition

Revenue includes principally ex-warehouse sales to distributors and agents and direct sales to retailers for the portion realized by Group subsidiaries.

Revenue from perfume and cosmetics products is presented net of all forms of discounts and rebates.

Revenue is recognized on the basis of conditions of transfer to the buyer of the risks and rewards incident to ownership. Amounts invoiced at year-end when the actual transfer of title occurs in the following year are not recognized under revenue of the year in progress.

## 1.8. Trademarks, other intangible assets and goodwill

### Trademarks and other intangible assets

Trademarks and other intangible fixed assets, including trademarks under licensing contracts and acquired trademarks are recorded at cost.

These trademarks that constitute well-established legally protected international brand names are classified as indefinite life intangible assets and are not amortized.

Finite life intangible assets such as upfront license fees are amortized on a straight-line basis over the duration of the license.

Rights on molds for bottles and related items are classified as finite life intangible assets and amortized over a period of between three and five years.

Licenses and upfront license fees are remeasured at least once a year or whenever there is an indication of impairment of value in use defined as the present value of estimated future cash flows expected to arise from the continuing use of these assets. Data used originates from the annual and multi-year budgets for duration of the license agreements drawn up by Management.

Proprietary brand names are remeasured at least once a year by comparing the net carrying value and the recoverable amount defined as the higher of value in use on the basis of the present value of estimated future cash flows derived from five year budgets discounted to infinity.

The discount rate before tax applied for remeasurement is the weighted average cost of capital (WACC) of 6.74% at December 31, 2013 compared to 7.60% at December 31, 2012. This ratio is determined on the basis of the long-term interest rate of 2.43% corresponding to the average rate for 10-year OAT French fungible treasury bonds of the last quarter, the rate expected by an investor in this sector and the specific risk premium for this sector. The perpetuity growth rate used is 0.9% at December 31, 2013 and 2% at December 31, 2012.

A provision for impairment is recorded if this value is lower than the carrying value.

Costs generated on acquisition analyzed as directly attributable costs are included in the cost of the acquired assets.

Other intangible assets are amortized over their useful lives and subject to impairment testing when an indication of impairment exists.

All license agreements provide for international rights of use. Other intangible assets, in particular rights on molds for bottles are mainly used in France by our subcontractors.

### Goodwill

Goodwill is defined as the difference between the purchase price of shares of consolidated companies and the Group's share in restated net assets after measurement of the fair value of assets and liabilities acquired.

Positive goodwill arising from the acquisition of Nickel has been recognized in the balance sheet.

This goodwill was canceled on December 31, 2013 following the disposal of the brand.

## 1.9.
## Property, plant and equipment

Tangible fixed assets are valued at cost (purchase price plus acquisition-related costs) and depreciated over their estimated useful lives on a straight-line basis (2 to 5 years). Tangible fixed assets include molds for caps. All tangible fixed assets are used in France.

## 1.10.
## Inventory and work in progress

Inventories are valued at the lower of cost or probable resale value. A provision for impairment is recorded when their probable resale value is lower than the carrying value.

The cost of inventories of raw materials and supplies is valued on the basis of average weighted prices.

The cost of finished products includes the cost of materials used, production expenses and a share of indirect costs valued at a standard rate.

At the end of every year, these standard rates are compared with the effective rate obtained based on actual figures at year-end.

Expenditure on advertising and promotional activities is recognized when received or produced in the case of goods or when rendered in the case of services.

## 1.11.
## Non-current financial assets

Marketable securities on initial recognition are recorded at cost and subsequently remeasured at fair value corresponding to the market value at the end of each period.

Because they are destined to be held for more than one year, all Group marketable securities have been classified as "available-for-sale financial assets" and presented in "Non-current financial assets."

Gains and losses on "available-for-sale financial assets" are recorded at year-end in equity. However, a significant or prolonged decline in fair value below the cost value of the securities is recognized in profit or loss.

## 1.12.
## Accounts receivable

Accounts receivable are recorded at face value. A provision for impairment is recorded on a case-by-case basis when the probable recovery value is deemed to be less than the carrying value.

## 1.13.
## Deferred tax

Timing differences between the tax base of consolidated assets and liabilities and tax on restatements on consolidation give rise to the recognition of deferred taxes under the liability method, taking the known year-end tax conditions into account.

Potential tax savings resulting from loss carry forwards are recorded under deferred tax assets only when their use in the short term is deemed likely, and subject to depreciation when appropriate, are maintained in the balance sheet.

## 1.14.
## Current financial assets

Current financial assets consist of investments in the form of certificates of deposits, term deposits, capital redemption contracts or any other vehicles having maturities of more than three months.

## 1.15.
## Cash and cash equivalents

The item "Cash and cash equivalents" includes marketable securities and cash at bank and in hand that consist of highly liquid investments with maturities of less than three months readily convertible to a known cash amount and subject to an insignificant risk of changes in value.

## 1.16.
## Treasury shares

Interparfums shares held by the Group are recorded as a deduction from equity at cost.

If sold, the proceeds are recorded directly under equity net of tax.

## 1.17.
## Provisions for contingencies and expenses

### Retirement severance benefits

This reserve is maintained to honor employee pension benefit commitments and corresponds to the present value of the payments to which employees are entitled, under the collective bargaining agreement, once they retire. For the measurement of retirement severance benefits, Interparfums has adopted the procedure for voluntary severance agreements introduced on July 23, 2008 extending the cross-industry agreement (*accord interprofessionnel*) of January 11, 2008. This procedure provides for the systematic signature of a severance agreement by the employer and the employee specifying the terms and conditions of the termination. Because the method in force prior to the end of the reporting period involved compulsory retirement, the impact of this change in the assumptions used for calculation was recognized under past service costs.
The projected unit credit was applied. This method takes into account rights and wages projected to term, the probability of payment as well as the prorated amount of seniority so that commitments correspond to the value of service already rendered by employees.

Accordingly, the calculation of commitments for severance benefits involves estimating the probable present value of projected benefit obligations (PBO), i.e. the rights of employees at the time of departure taking into account the probability of departure and death of the employees before term as well as the impact of revaluations and discounts. This projected benefit obligation is then prorated to take into account the seniority of the employees of the company on the calculation date.

The financial impacts resulting from the amendment to IAS 19 "Employee benefits", adopted by the European Union on June 5, 2012 through regulation No. 475/2012 whose application became mandatory for periods beginning on or after January 1, 2013 are described in note 1.3.

### Provisions for other contingencies and expenses

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event when it is probable that an outflow or resources embodying economic benefits will be required to settle an obligation and a reliable estimate can be made of the amount of the obligation.

## 1.18. Financial instruments

Derivative financial and hedging instruments are used by the Group to reduce exposure to interest rate and foreign exchange risks. Such instruments are not used for speculative purposes.

The company has recourse to forward exchange contracts and cash flow hedges put into place at the time receivables or payables are recognized. These contracts have maturities of three to six months according to the maturities of the corresponding receivables and payables in foreign currencies (primarily the US dollar and Sterling pound). Currency gains and losses from these instruments are recognized in the income statement when the receivables are booked.

## 1.19. Borrowings

On initial recognition, borrowings are measured at fair value to which are added transaction costs directly attributable to the issuance of the liability.

At year-end, borrowings are recognized at amortized cost according to the effective interest rate method.

## 1.20. Other liabilities

Other financial debt and operating liabilities are measured at fair value on initial recognition. This amount generally corresponds to the amount of the invoice in the case of short-term payables.

## 1.21. Stocks options

IFRS 2 requires that a charge be recorded in the income statement with a corresponding increase to reserves representing advantages granted to beneficiaries of stocks options.
For the measurement of these advantages, the company uses the Black & Scholes model. This model takes into account the characteristics of the plans (exercise price, exercise period), market data at time of grants (risk-free rate, share price, volatility, projected dividends) and assumptions with respect to the behavior of beneficiaries. Changes occurring after the grant date do not have an impact on this initial valuation. The value of the options is related notably to their expected lifespan. This expense is recognized over the duration of the vesting period.

## 1.22. Registration of trademarks

Under IAS 38, expenses incurred in connection with the registration of each trademark are not capitalized and are expensed under “research and consulting costs”.

## 1.23. Earnings per share

Basic earnings per share are calculated using the weighted average number of shares outstanding during the year after subtracting treasury shares.

Fully-diluted earnings per share are calculated based on the average number of shares outstanding in the period, after subtracting only treasury shares destined to be held on a long-term basis and adjusted for the effects of all potential diluted ordinary shares resulting from the exercise in stock options in the period.

To ensure the comparability of information, basic and diluted earnings per share of the prior year are systematically recalculated to take into account bonus share grants in the year in progress.

# 2. PRINCIPLES OF PRESENTATION

## 2.1. Presentation of the income statement

The consolidated income statement of the company is presented by function. Under this format, expenses and income are broken down by function (cost of sales, selling expenses, administrative expenses) and not according to the nature of the origin of expenses and income.

## 2.2. Presentation of the balance sheet

The balance sheet is presented based on a classification between current and non-current liabilities.

## 2.3. Segment reporting

Segment information presented in this report is based on the segments used by management to monitor Group operations.

### 2.3.1.
### Business lines

The company is organized and focused around two profit centers: "Perfumes" and "Skincare and Beauty".

Results from the "make-up" and "cosmetic" businesses are monitored by Executive Management as part of the same division. This segment that includes these two comparable activities is presented under the heading "Skincare and Beauty".

Details on these two segments for which the company possesses performance indicators are in consequence disclosed below.

### 2.3.2.
### Geographic segments

The company has a significant international dimension and analyses sales by geographic segment.

All assets necessary for the company's activity are located in France.

# 3.
# NOTES TO THE BALANCE SHEET

## 3.1.
## Trademarks and other intangible assets

### 3.1.1.
### Nature of intangible assets

| *(€ thousands)* | **2012** | **+** | **-** | **2013** |
|---|---|---|---|---|
| **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 |
| 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 |
| Balmain upfront license fee | 2,050 | - | - | 2,050 |
| Karl Lagerfeld upfront license fee | 12,877 | - | - | 12,877 |
| **Other intangible assets** | | | | |
| Rights on molds for bottles and related items | 10,447 | 1,087 | (4,081) | 7,453 |
| Registration of trademarks | 500 | - | - | 500 |
| Software | 2,186 | 150 | (37) | 2,299 |
| Other | 165 | - | (123) | 42 |
| **Total gross amount** | **102,150** | **1,237** | **(6,374)** | **97,013** |
| **Depreciation and impairment** | | | | |
| **Indefinite life intangible assets** | | | | |
| Nickel trademark | (384) | - | (384) | - |
| **Finite life intangible assets** | | | | |
| S.T. Dupont upfront license fee | (1,219) | - | - | (1,219) |
| Van Cleef & Arpels upfront license fee | (9,126) | (1,522) | - | (10,648) |
| Montblanc upfront license fee | (248) | (100) | - | (348) |
| Boucheron upfront license fee | (2,000) | (1,000) | - | (3,000) |
| Balmain upfront license fee | (171) | (171) | - | (342) |
| Karl Lagerfeld upfront license fee | (80) | (672) | - | (752) |
| **Other intangible assets** | | | | |
| Rights on molds for bottles and related items | (8,409) | (805) | 3,696 | (5,518) |
| Registration of trademarks | (460) | (12) | - | (472) |
| Software | (911) | (460) | 37 | (1,334) |
| Other | (117) | (1) | 77 | (41) |
| **Total amortization and impairment** | **(23,125)** | **(4,748)** | **4,194** | **(23,674)** |
| **Net total** | **79,025** | **(3,506)** | **(2,180)** | **73,339** |

**Nickel trademark**

The Nickel trademark was sold in December 2013 and the corresponding assets were derecognized.

**Lanvin trademark**

As Interparfums acquired ownership for the Lanvin trademark and brand name for class 3 products (perfumes) in July 2007 no amortization was recognized in its balance sheet. The brand is tested for impairment once a year on December 31.

**S.T. Dupont upfront license fee**

An upfront license fee of €869,000 paid on April 1, 1997 is amortized over the 11-year term of the S.T. Dupont license agreement. An additional license fee of €350,000 was paid in March 2006. The total upfront license fee of €1,219,000 has been fully amortized since June 30, 2011.

**Van Cleef & Arpels upfront license fee**

An upfront license fee of €18 million paid on January 1, 2007 is amortized over the 12-year term of the Van Cleef & Arpels license agreement.

**Montblanc upfront license fee**

The upfront license fee of €1 million paid on June 30, 2010 is amortized over the 10.5 year term of the Montblanc license agreement.

**Boucheron upfront license fee**

The upfront license fee of €15 million paid on December 17, 2010 is amortized over the 15 year term of the Boucheron license agreement.

**Balmain upfront license fee**

The upfront license fee of €2,050,000 was recognized in 2011 and is amortized over the term of the Balmain license agreement or 12 years commencing on January 1, 2012.

**Karl Lagerfeld upfront license fee**

The upfront license fee of €12,877,000 was recognized in 2012 and is amortized over the term of the Lagerfeld license agreement that commenced on January 1, 2012.

The upfront license fee includes the difference between the nominal value and the present value of the advance on royalties for €3,287,000 (See note 3.4 – Other non-financial assets).

**Rights on molds for bottles and related items**

Rights on molds for bottles and related items are amortized over 5 years. Design costs are amortized over 3 years.

### 3.1.2. Impairment tests

**Lanvin trademark**

A valuation was performed on December 31, 2013 by discounting future cash flows to infinity. No provision was recorded.

**Upfront license fees**

All upfront license fees were measured on December 31, 2013 using the discounted cash flow method. No provision was recorded.

For all discounts, the weighted average cost of capital (WACC) of 6.74% is applied.

**Analysis of sensitivity**

A one point increase in the discount rate before tax or the perpetuity growth rate would not result in an additional impairment charge on trademarks and other intangible assets.

## 3.2. Goodwill

Goodwill from the 100% shareholding in Nickel was recognized in the balance sheet at December, 31 2007. This goodwill was subsequently derecognized following the disposal of the brand in December 2013.

## 3.3.
## Property, plant and equipment

| *(€ thousands)* | **2012** | **+** | **-** | **2013** |
|---|---|---|---|---|
| Fixtures, improvements, fittings | 15,045 | 452 | (10 971) | 4,526 |
| Office and computer equipment and furniture | 1,680 | 64 | (133) | 1,611 |
| Molds for bottles and caps | 10,153 | 1,861 | (4,737) | 7,277 |
| Other [1] | 991 | 273 | (223) | 1,041 |
| **Total gross amount** | **27,869** | **2,650** | **(16,064)** | **14,455** |
| Accumulated depreciation and impairment [1] | (20,852) | (3,058) | 14,807 | (9,103) |
| **Net total** | **7,017** | **(408)** | **(1,257)** | **5,352** |

(1) Including fixed assets held under finance leases (vehicles) for a gross amount of €406,000 and an accumulated depreciation of 199,000.

The disposal of tangible fixed assets results mainly from the discontinuation of the Burberry license agreement.

## 3.4.
## Non-current financial assets

The signature of the Karl Lagerfeld license agreement resulted in an advance on royalty payments to be charged against future license fees of €9,589,000. This advance was discounted over the license agreement term and reduced accordingly to €6,296,000 at December 31, 2012.

The adjustment from discounting this amount to present value at December 31, 2013 brought this advance to €6,488,000 with the offset recognized by increasing the amortization of upfront license fees.

## 3.5.
## Inventory and work in progress

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Raw materials and components | 33,120 | 27,146 |
| Finished goods | 68,335 | 38,997 |
| **Total gross amount** | **101,455** | **66,143** |
| Allowances for raw materials | (5,214) | (721) |
| Impairment of finished goods | (9,042) | (3,485) |
| **Accumulated provisions for impairment** | **(14,256)** | **(4,206)** |
| **Net total** | **87,199** | **61,937** |

The decrease in finished goods is mainly attributable to the discontinuation of the Burberry license agreement.

The decrease in allowances for impairment of inventory (raw materials and components) reflects mainly the reversal of provisions recorded in 2012 for Burberry products.

## 3.6.
## Trade receivables and related accounts

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Total gross amount | 110,696 | 46,775 |
| Impairment | (4,517) | (1,730) |
| **Net total** | **106,179** | **45,045** |

The decrease in trade receivables is mainly due to a comparison base significantly impacted by 2012 year-end sales linked to the discontinuation of the Burberry license.

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

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Not due | 92,706 | 40,326 |
| 0 – 90 days | 13,925 | 4,852 |
| 91 – 180 days | 420 | 888 |
| 181 – 360 days | 126 | 76 |
| More than 360 days | 3,519 | 633 |
| **Total gross amount** | **110,696** | **46,775** |

# 3.7.
# Other receivables

| (€ thousands) | 2012 | 2013 |
|---|---|---|
| Prepaid expenses | 2,306 | 1,844 |
| Holding current accounts | 362 | 1,146 |
| CVAE business levy on added value | - | 283 |
| Value-added tax | 2,061 | 1,180 |
| Hedging instruments | 594 | 113 |
| Other | 298 | 805 |
| **Total** | **5,621** | **5,371** |

# 3.8.
# Current financial assets, cash and cash equivalents

| (€ thousands) | 2012 | 2013 |
|---|---|---|
| Current financial assets | - | 131,736 |
| Cash and cash equivalents | 228,903 | 90,735 |
| **Current financial assets, cash and cash equivalents** | **228,903** | **222,471** |

## 3.8.1.
## Current financial assets

Current financial assets, represented by investments with maturities greater than three months, break down as follows:

| (€ thousands) | 2012 | 2013 |
|---|---|---|
| Certificates of deposit | - | 42,763 |
| Capital redemption contracts | - | 20,552 |
| Term deposit accounts | - | 68,221 |
| Other current financial assets | - | 200 |
| **Current financial assets** | **-** | **131,736** |

## 3.8.2.
## Cash and cash equivalents

Cash in banks and cash equivalents having maturities of less than three months break down as follows:

| (€ thousands) | 2012 | 2013 |
|---|---|---|
| Certificates of deposit (less than 3 months) | 219,687 | 1,500 |
| Interest-bearing accounts | - | 66,636 |
| Term deposit accounts | - | 13,106 |
| Bank accounts | 9,216 | 9,493 |
| **Cash and cash equivalents** | **228,903** | **90,735** |

# 3.9.
# Shareholders' equity

## 3.9.1.
## Common stock

As of December 31, 2013, Interparfums' capital consisted of 24,231,418 shares fully paid-up with a par value of €3, 73.1%-held by Interparfums Holding.

For the period under review, capital increases result from the exercise of stock options for 31,087 shares and the capital increase in connection with the bonus issue of June 17, 2013 on the basis of one new share for every ten shares held for 2,200,030 shares.

## 3.9.2.
## Stock option plans

Employees of Interparfums and its subsidiaries benefit regularly from stock option plans.

Rules for the grant of stock options to Executive Officers are based on the level of responsibilities exercised and the performance of the company. The quantity of stock options granted to officers may vary from one year to another according to the performance of the company over the period.

On December 17, 2009 and October 8, 2010, the Board of Directors decided to grant options to corporate officers on that date whose exercise will be contingent on criteria of internal performance based on the company's sales. Under these terms, the number of options exercisable is based on the average rate of actual growth for the company's sales relative to the rate of attainment of the target for average growth. This objective is set by the Board of Directors for a period of reference corresponding to the 4 year tax waiting period that applies to the stock option plan established by this Board.

The Board of Directors has decided that these officers must retain 10% of the shares resulting from the exercise of stock options for the duration of their terms of office in accordance with the provision of article L. 225-185 of the French Commercial Code.

In 2013, no stock option plans were created.

The characteristics of plans currently in force are as follows:

| Plans | Number of beneficiaries | Number of shares granted/ exercised at inception | Grant date | Vesting period | Exercise price [1] |
|---|---|---|---|---|---|
| Plan 2008 (IP Inc.) | 96 | 84,500 | 02/14/2008 | 4 years | $11.30 |
| Plan 2009 | 135 | 87,000 | 12/17/2009 | 4 years | €12.00 |
| Plan 2010 | 143 | 114,700 | 10/08/2010 | 4 years | €17.20 |

(1) Subscription price adjusted for bonus issues.

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

| Plans | Options outstanding at 12/31/2012 | Conversions in the period | Grants in the period | Bonus share grants | Cancellations in the period | Options outstanding at 12/31/2013 |
|---|---|---|---|---|---|---|
| Plan 2009 | 113,097 | (31,087) | - | 11,168 | (1,871) | 91,307 |
| Plan 2010 | 134,079 | - | - | 12,479 | (10,044) | 136,514 |
| | **247,176** | **(31,087)** | **-** | **23,647** | **(11,915)** | **227,821** |

At December 31, 2013, the potential number of Interparfums SA shares that may be created was 227,821.

All employees of the Group benefited in February 2008 from a stock option plan created by the parent company Interparfums Inc. This plan was recognized in accordance with IFRIC 11 and is charged to Interparfums SA by the parent company.

Benefits granted to employees in the form of stock options, in accordance with IFRS 2, were calculated using the Black & Scholes model. The impact of this calculation, including the US plan, represents an expense that is recognized over the duration of the vesting period. This expense amounted to €263,000 for 2013 and €267,000 for 2012.

The estimation of the fair value of each stock option outstanding 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 rates | Dividend yield | Volatility rate | Share price retained for the calculation |
|---|---|---|---|---|---|
| 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.

### 3.9.3. Treasury shares

Within the framework of the share repurchase program authorized by the General Meeting of April 22, 2013, 24,965 Interparfums shares were held by the company as of December 31, 2013 or 0.10% of the share capital.

Changes in the period break down as follows:

| *(€ thousands)* | Average price | Number of shares | Book Value |
|---|---|---|---|
| **At December 31, 2012** | **-** | **31,583** | **626** |
| Acquisitions | 25.62 | 243,038 | 6,228 |
| Bonus share issue of June 17, 2013 | - | 2,167 | - |
| Sales | 24.19 | (251,823) | (6,097) |
| **At December 31, 2013** | | **24,965** | **757** |

Management of the share buyback 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 financial market professionals (AMAFI).

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 company's capital stock.

### 3.9.4.
### Non-controlling interests

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

| *(€ thousands)* | **12/31/2012** | **12/31/2013** |
|---|---|---|
| Reserves attributable to non-controlling interests | 283 | 380 |
| Earnings attributable to non-controlling interests | (165) | (10) |
| **Non-controlling interests** | **118** | **370** |

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

### 3.9.5.
### Information on equity

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 2013, a dividend of €0.54 per share was paid. An exceptional dividend of €0.54 per share was also paid on the same date. On that basis, the dividend payout for fiscal 2012 was €1.08 per share or €23.7 million.

Given its financial structure, the Group is able to secure financing for important projects from banks in the form of medium-term loans.

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.

## 3.10.
## Provisions for contingencies and expenses

| *(€ thousands)* | **2012** | **Allowances** | **Actuarial gains/losses** | **Provisions** Used in the period | **Provisions** Reversal of unused provisions | **2013** |
|---|---|---|---|---|---|---|
| Provisions for retirement severance payments [1] | 3,515 | 426 | (135) | | | 3,806 |
| **Total provisions for expenses > 1 year** | **3,515** | **426** | **(135)** | **-** | **-** | **3,806** |
| Provisions for contingencies < 1 year | 48 | 50 | | - | - | 98 |
| **Total provisions for contingencies and expenses** | **3,563** | **476** | **(135)** | **-** | **-** | **3,904** |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

Since 2008, for the measurement of retirement severance benefits, Interparfums has adopted the procedure for negotiated terminations introduced on July 23, 2008 extending the cross-industry agreement of January 11, 2008.

For 2013, the following assumptions were applied:

– a negotiated termination at age 65;

– a rate of 48% for employer payroll contributions for all employees;

– a 5% average rate for annual salary increases;

– a 5% annual rate of turnover for all employees under 55 years of age and nil above;

– the TH 00-02 mortality table for men and the TF 00-02 mortality table for women; and

– a discount rate for the 10 year IBOXX corporate bond index of 3%.

On the basis of these assumptions, the annual expense of €426,000 recorded under current income breaks down as follows:

– service costs: €315,000;

– financial expense: €111,000.

Pursuant to application of revised IAS 19, actuarial gains and losses are immediately recognized under other comprehensive income without subsequent reclassification in profit or loss. Past service costs not recognized of €520,000 were recorded as a charge to equity at December 31, 2012.

Actuarial losses €135,000 in 2013 recorded under reserves break down as follows:

– experience adjustments: €267,000;

– changes in financial assumptions: -€132,000.

A 0.5% increase in the discount rate would result in a €319,000 reduction in the present value of rights at December 31, 2013 versus a 0.5% decrease resulting in a €355,000 increase.

## 3.11.
## Borrowings

Since the end of September 2012, the full amount of medium-term financial debt had been reimbursed.

## 3.12.
## Deferred tax

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:

| *(€ thousands)* | **2012** | **Changes through reserves** | **Changes through income** | **2013** |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Timing differences between financial and tax accounting | 5,073 | - | (1,377) | 3,696 |
| Past service costs – pension liabilities [(1)] | 188 | (51) | 54 | 191 |
| Forward exchange hedges | 3 | - | (3) | - |
| Loss carryforwards | 448 | - | 45 | 493 |
| Intra-group inventory margin | 4,207 | - | (2,967) | 1,240 |
| Advertising and promotional costs | 850 | - | (343) | 507 |
| Other | 81 | - | (7) | 74 |
| **Total deferred tax assets before amortization** | **10,850** | **(51)** | **(4,598)** | **6,201** |
| Depreciation of deferred tax assets | (448) | - | (45) | (493) |
| **Net deferred tax assets** | **10,402** | **(51)** | **(4,643)** | **5,708** |
| **Deferred tax liabilities** | | | | |
| Timing differences between financial and tax accounting | - | - | - | - |
| Acquisition cost | 626 | - | 27 | 653 |
| Stocks options | - | 100 | (100) | - |
| Gains (losses) on treasury shares | - | 156 | (156) | - |
| Market value of securities | 81 | (140) | 59 | - |
| Remeasurement gains (losses) | 770 | - | (770) | - |
| Other | 148 | - | (148) | - |
| **Total deferred tax liabilities** | **1,625** | **116** | **(1,088)** | **653** |
| **Total net deferred tax** | **8,777** | **(167)** | **(3,555)** | **5,055** |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

The decrease in timing differences reflects mainly the sharp decline in the provision for employee profit sharing expenses.

The decrease in deferred tax relating to the intra-group margin on inventory reflects mainly the drop in inventories of subsidiaries after the discontinuation of the Burberry license.

Cancellation of the deferred taxes on the valuation adjustment is linked to the disposal of the Nickel brand.

# 3.13. Trade payables and other current liabilities

## 3.13.1. Trade payables and related accounts

| (€ thousands) | 2012 | 2013 |
|---|---|---|
| Trade payables for components | 27,531 | 18,751 |
| Other trade payables | 40,865 | 31,074 |
| **Total** | **68,396** | **49,825** |

The decline in trade payables stems mainly from the discontinuation of operations for Burberry at March 31, 2013.

## 3.13.2. Other payables

| (€ thousands) | 2012 | 2013 |
|---|---|---|
| Accrued credit notes | 4,924 | 2,516 |
| Tax and employee-related liabilities | 20,328 | 13,622 |
| Accrued royalties | 6,242 | 5,458 |
| Other payables | 864 | 519 |
| **Total** | **32,358** | **22,115** |

The change in tax and employee-related liabilities is mainly due to the non-recurring nature in 2013 of profit sharing expenses and the corresponding fixed amount for social charges, and linked to the discontinuation of the Burberry license.

# 3.14. Financial instruments

## 3.14.1. Breakdown of financial assets and liabilities by category

Financial instruments according to IAS 39 classifications for measurement break down as follows:

| (€ thousands)<br>At December 31, 2013 | Notes | Carrying value | Fair value | Fair value through profit or loss | Available-for-sale assets | Loans & receivables or payables | Derivatives |
|---|---|---|---|---|---|---|---|
| Long-term investments | | 1,980 | 1,980 | - | - | 1,980 | - |
| Other non-current financial assets | 3.4 | 6,488 | 6,488 | - | - | 6,488 | - |
| Trade receivables and related accounts | 3.6 | 45,045 | 45,045 | - | - | 45,045 | - |
| Other receivables | 3.7 | 5,371 | 5,371 | - | - | 5,258 | 113 |
| Current financial assets | 3.8 | 131,736 | 131,736 | | | 131,736 | |
| Cash and cash equivalents | 3.8 | 90,735 | 90,735 | - | - | 90,735 | - |
| **Assets** | | **281,355** | **281,355** | **-** | **-** | **281,242** | **113** |
| Borrowings and financial liabilities | 3.11 | 221 | 221 | - | - | 221 | - |
| Trade payables and related accounts | 3.13 | 49,825 | 49,825 | - | - | 49,825 | - |
| Other payables | 3.13 | 22,115 | 22,115 | - | - | 22,115 | - |
| **Liabilities** | | **72,161** | **72,161** | **-** | **-** | **72,161** | **-** |

| (€ thousands)<br>At December 31, 2012 | Notes | Carrying value | Fair value | Fair value through profit or loss | Available-for-sale assets | Loans & receivables or payables | Derivatives |
|---|---|---|---|---|---|---|---|
| Long-term investments | | 1,751 | 1,751 | - | - | 1,751 | - |
| Other non-current financial assets | 3.4 | 6,854 | 6,854 | - | 458 | 6,396 | - |
| Trade receivables and related accounts | 3.6 | 106,179 | 106,179 | - | - | 106,179 | - |
| Other receivables | 3.7 | 5,621 | 5,621 | - | - | 5,027 | 594 |
| Cash and cash equivalents | 3.8 | 228,903 | 228,903 | - | - | 228,903 | - |
| **Assets** | | **349,308** | **349,308** | **-** | **458** | **348,256** | **594** |
| Borrowings and financial liabilities | 3.11 | 62 | 62 | - | - | 62 | - |
| Trade payables and related accounts | 3.13 | 68,396 | 68,396 | - | - | 68,396 | - |
| Bank facilities | 3.11 | 21,076 | 21,076 | - | - | 21,076 | - |
| Other payables | 3.13 | 32,358 | 32,358 | - | - | 32,358 | - |
| **Liabilities** | | **121,892** | **121,892** | **-** | **-** | **121,892** | **-** |

### 3.14.2.
### 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.

| *(€ thousands)*<br>**At December 31, 2013** | **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)** |
|---|---|---|---|---|---|
| Long-term investments | 1,980 | 1,980 | - | 1,980 | - |
| Other non-current financial assets | 6,488 | 6,488 | - | 6,488 | - |
| Trade receivables and related accounts | 45,045 | 45,045 | - | 45,045 | - |
| Other receivables | 5,371 | 5,371 | - | 5,371 | - |
| Current financial assets | 131,736 | 131,736 | - | 131,736 | - |
| Cash and cash equivalents | 90,735 | 90,735 | - | 90,735 | - |
| **Assets** | **281,355** | **281,355** | **-** | **281,355** | **-** |
| Borrowings and financial liabilities | 221 | 221 | - | 221 | - |
| Trade payables and related accounts | 49,825 | 49,825 | - | 49,825 | - |
| Other payables | 22,115 | 22,115 | - | 22,115 | - |
| **Liabilities** | **72,161** | **72,161** | **-** | **72,161** | **-** |

| *(€ thousands)*<br>**At December 31, 2012** | **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)** |
|---|---|---|---|---|---|
| Long-term investments | 1,751 | 1,751 | - | 1,751 | - |
| Other non-current financial assets | 6,854 | 6,854 | 458 | 6,396 | - |
| Trade receivables and related accounts | 106,179 | 106,179 | - | 106,179 | - |
| Other receivables | 5,621 | 5,621 | - | 5,621 | - |
| Cash and cash equivalents | 228,903 | 228,903 | - | 228,903 | - |
| **Assets** | **349,308** | **349,308** | **458** | **348,850** | **-** |
| Borrowings and financial liabilities | 62 | 62 | - | 62 | - |
| Trade payables and related accounts | 68,396 | 68,396 | - | 68,396 | - |
| Bank facilities | 21,076 | 21,076 | - | 21,076 | - |
| Other payables | 32,358 | 32,358 | - | 32,358 | - |
| **Liabilities** | **121,892** | **121,892** | **-** | **121,892** | **-** |

## 3.15.
## 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.

### 3.15.1.
### Interest rate risks

The Group's policy for reducing its interest rate exposure risk seeks to ensure a stable level of financial expense by making use of all financial instruments such as hedges in the form of fixed rate swaps and the use of floor and caps.

This policy will be implemented, without adopting a speculative approach, when the company obtains loans.

## 3.15.2.
## Liquidity risk

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

| *(€ thousands)* | < 1 year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|
| Other non-current financial assets | - | - | 6,488 | 6,488 |
| Current financial assets | 93,111 | 38,625 | - | 131,736 |
| Cash and cash equivalents | 90,735 | - | - | 90,735 |
| **Total financial assets** | **183,846** | **38,625** | **6,488** | **228,959** |
| Borrowings and financial liabilities | 100 | 121 | - | 221 |
| **Total financial liabilities** | **100** | **121** | **-** | **221** |
| **Net position before hedging** | **183,746** | **38,504** | **6,488** | **228,738** |
| Hedging of assets and liabilities | - | - | - | - |
| **Net position after hedging** | **183,746** | **38,504** | **6,488** | **228,738** |

## 3.15.3.
## Foreign exchange risk

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

| *(€ thousands)* | USD | GBP | YEN | CAD |
|---|---|---|---|---|
| Assets | 13,627 | 2,849 | 801 | 247 |
| Liabilities | (3,950) | (696) | (147) | - |
| **Net position before hedging at the closing price** | **9,677** | **2,153** | **654** | **247** |
| Hedging instruments | (3,701) | (1,127) | - | - |
| **Net position after hedging** | **5,976** | **1,026** | **654** | **247** |

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 (38.7% of sales) and to a lesser extent the Pound sterling (7.4% of sales) and the Japanese yen (1.6% of sales).

**Foreign exchange risk management policy**

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

To this purpose, the Group has recourse to forward exchange sales, according to procedures that prohibit speculative trading. All forward currency hedging must be backed in terms of amount and maturity by an identified economic underlying asset.

At December 31, 2013, the Group had hedged nearly 55% of its receivables and 37% of its payables in US dollars and 88% for trade receivables booked in Pound sterling.

**Sensitivity to foreign exchange risk**

The Group considers that a 10% fluctuation in the exchange rate of the US dollar in relation to the euro represents a pertinent risk factor that may reasonably occur within a given year. An immediate upswing in the exchange rate (US dollar and Pound sterling) of 10% would result in a maximum positive currency effect of €16.3 million on sales and €13.2 million on operating income. A 10% decrease of these same exchange rates would have an equivalent negative currency effect for the same amounts.

## 3.15.4.
## Counterparty risk

Financial instruments used by the Group to manage interest rate and foreign exchange risks are obtained from counterparties with benchmark ratings. At December 31, 2013, counterparties (according to Standard & Poor's) were rated A.

Cash is deposited with financial institutions with a rating issued by a specialized agency. At December 31, 2013, 100% of counterparties (according to Standard & Poor's) were rated A.

# 4.
# NOTES TO THE INCOME STATEMENT

## 4.1.
## Breakdown of consolidated sales by brand

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Burberry | 234,664 | 98,875 |
| Lanvin | 60,407 | 64,885 |
| Montblanc | 46,146 | 62,727 |
| Jimmy Choo | 40,096 | 54,581 |
| Van Cleef & Arpels | 17,838 | 19,193 |
| Boucheron | 16,437 | 17,441 |
| S.T. Dupont | 13,772 | 10,098 |
| Repetto | - | 9,042 |
| Paul Smith | 11,589 | 8,973 |
| Balmain | 1,463 | 2,468 |
| Nickel | 1,878 | 1,814 |
| Other | 1,170 | 295 |
| **Total** | **445,460** | **350,392** |

## 4.2.
## Cost of sales

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Raw materials, trade goods and packaging | (148,694) | (110,240) |
| Changes in inventory and allowances | (812) | (23,084) |
| POS advertising | (7,546) | (2,180) |
| Staff costs | (3,326) | (3,044) |
| Subcontracting | (626) | - |
| Transportation costs | (788) | (525) |
| Other expenses related to the cost of sales | (1,743) | (1,817) |
| **Total cost of sales** | **(163,535)** | **(140,890)** |

## 4.3.
## Selling expenses

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Advertising | (98,052) | (64,452) |
| Royalties | (40,855) | (26,752) |
| Staff costs | (17,154) | (16,929) |
| Subcontracting | (27,829) | (17,849) |
| Transportation costs | (5,791) | (3,713) |
| Commissions | (2,216) | (1,372) |
| Travel expenses | (3,078) | (2,855) |
| Allowances and reversals | (9,405) | (5,333) |
| Other selling expenses (1) | (7,387) | (6,638) |
| **Total selling expenses (1)** | **(211,767)** | **(145,893)** |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

Selling expenses and in particular, the "advertising", "royalties" and "subcontracting" line items decreased significantly in 2013 in response to the discontinuation of the Burberry license.

## 4.4.
## Administrative expenses

| *(€ thousands)* | 2012 | 2013 |
|---|---|---|
| Purchases and external costs | (3,550) | (3,975) |
| Staff costs | (4,670) | (4,454) |
| Tax and related expenses | (739) | (112) |
| Allowances and reversals | (823) | (788) |
| Travel expenses | (449) | (592) |
| Other administrative expenses | (1,263) | (1,462) |
| **Total administrative expenses** | **(11,494)** | **(11,383)** |

## 4.5.
## Other operating income and expenses

Other operating income and expenses of December 31, 2012 included impacts on operations linked to the discontinuation of the Burberry license. At December 31, 2013, no items were recorded under this heading.

## 4.6.
## Net financial expense

| *(€ thousands)* | 2012 | 2013 |
|---|---|---|
| Financial income | 447 | 2,571 |
| Interest and similar expenses | (1,084) | (1,050) |
| **Net finance costs** | **(637)** | **1,521** |
| Currency losses | (4,193) | (4,317) |
| Currency gains | 1,815 | 3,434 |
| **Net currency gains (losses)** | **(2,378)** | **(883)** |
| Other financial income and expenses | (8) | 392 |
| **Net financial income/(expense)** | **(3,023)** | **1,030** |

The increase in financial income is linked mainly to interest income on investments valued at more than €220 million.

The change in the net currency gains (losses) reflects mainly US dollar and Pound sterling impacts in the second half of 2013. Furthermore, exchange rate impacts were limited by hedges on currency purchases.

## 4.7.
## Income taxes

### 4.7.1.
### Analysis of income taxes

| *(€ thousands)* | 2012 | 2013 |
|---|---|---|
| Current income tax – France | (75,023) | (11,151) |
| Current income tax – Foreign operations | (3,549) | (3,725) |
| **Total current income tax** | **(78,572)** | **(14,876)** |
| Deferred tax – France [(1)] | 4,660 | (3 240) |
| Deferred tax- Foreign operations | (356) | (317) |
| **Total net deferred tax [(1)]** | **4,304** | **(3,557)** |
| **Total income taxes [(1)]** | **(74,268)** | **(18,433)** |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

The change in the tax expense is mainly the result of the €181.2 million exit fee paid by Burberry that was included in operating income on December 31, 2012.

### 4.7.2.
### Reconciliation of the effective tax expense and theoretical tax expense

The difference between the effective tax and theoretical tax expenses calculated by applying the tax rates applicable for fiscal 2013 and 2012 of respectively 38.11% and 36.10% to pretax income reflects the following.

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| **Tax base** (1) | **210,291** | **53,256** |
| Theoretical tax calculated at the parent company rate (1) | (75,916) | (20,296) |
| Effect of tax rate differences | 1,275 | 2,536 |
| Recognition of tax income not previously classified as tax assets | 215 | 28 |
| Deferred tax not recognized on losses of the period | (177) | (73) |
| Permanent non-deductible differences | 335 | (628) |
| **Income tax** (1) | **(74,268)** | **(18,433)** |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

The change in permanent differences is mainly due to the additional 3% contribution for dividends paid in 2013.

The change in tax rate differences is mainly due to the exceptional increase of 10.7% in the corporate income tax on companies in France.

## 4.8.
## Earnings per share

| *(€ thousands, except number of shares and earnings per share in euros)* | **2012** | **2013** |
|---|---|---|
| Consolidated net income (2) | 136,188 | 34,833 |
| Average number of shares | 22,081,215 | 23,182,575 |
| **Basic earnings per share** (1) (2) | **6.17** | **1.50** |
| **Dilutive effect of stock options:** | | |
| Potential additional number of fully diluted shares | 35,621 | 89,241 |
| Potential fully diluted average number of shares outstanding | 22,116,836 | 23,271,815 |
| **Diluted earnings per share** (1) (2) | **6.16** | **1.50** |

(1) Adjusted for bonus shares granted in 2012 and 2013.

(2) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

# 5.
# SEGMENT INFORMATION

## 5.1.
## Business lines

| *(€ thousands)* | | | 2012 (1) | | | 2013 |
|---|---|---|---|---|---|---|
| | **Perfumes** | **Skincare and Beauty** | **Total** | **Perfumes** | **Skincare and Beauty** | **Total** |
| Sales | 437,264 | 8,196 | 445,460 | 344,988 | 5,404 | 350,392 |
| Current operating income | 67,124 | (8,460) | 58,664 | 53,035 | (809) | 52,226 |
| Impairment | - | (1,411) | (1,411) | - | - | - |
| Trademarks, licenses and goodwill | 77,227 | 2,397 | 79,624 | 73,339 | - | 73,339 |
| Inventories | 84,980 | 2,219 | 87,199 | 61,937 | - | 61,937 |
| Other segment assets | 366,688 | 1,473 | 368,161 | 297,002 | - | 297,002 |
| **Total segment assets** | **528,895** | **6,089** | **534,984** | **432,278** | **-** | **432,278** |
| **Segment liabilities** | **185,275** | **38** | **185,313** | **72,813** | **-** | **72,813** |

(1) Restated to eliminate the impact of amended IAS 19 as presented in note 1.3.

Sales for makeup lines developed under the Burberry brand ended at the end of March 2013 following termination of the license agreement.

Sales for men's skincare lines developed under the Nickel brand ended at the end of December 2013 following the disposal of this brand.

In consequence, at December 31, 2013, no operations were recorded under "Skincare and Beauty" business segment.

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

## 5.2. Geographic segments

Sales by geographical sector break down as follows:

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| North America | 103,583 | 79,084 |
| South America | 35,433 | 27,212 |
| Asia | 72,903 | 54,361 |
| Eastern Europe | 38,108 | 37,383 |
| Western Europe | 108,540 | 82,642 |
| France | 35,116 | 34,739 |
| Middle East | 46,605 | 30,056 |
| Africa | 5,172 | 4,915 |
| **Total** | **445,460** | **350,392** |

# 6. OTHER INFORMATION

## 6.1. Off balance sheet commitments

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

### 6.1.1. Summary of off-balance sheet commitments

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Off-balance sheet commitments in connection with the company's operating activities | 167,473 | 165,927 |
| Off balance sheet commitments | 520 | 600 |
| **Total commitments given** | **167,993** | **166,527** |

### 6.1.2. Off-balance sheet commitments in connection with the company's operating activities

| *(€ thousands)* | **Main characteristics** | **2012** | **2013** |
|---|---|---|---|
| Guaranteed minima on trademark royalties | Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period. | 130,000 | 120,170 |
| Headquarters rental payments | Rental payments due over the remainder of the lease period (3, 6 or 9 years). | 2,652 | 7,402 |
| Guaranteed minima for warehousing and logistics | Contractual minima for remuneration of warehouses regardless of sales volume for the period. | 10,065 | 8,723 |
| Firm component orders | Inventories of components on stock with suppliers that the company undertakes to purchase as required for releases and which the company does not own. | 24,756 | 29,633 |
| **Total commitments given in connection with operating activities** | | **167,473** | **165,928** |

### 6.1.3.
### Off-balance sheet commitments in connection with financing activities

Commitments with respect to forward currency sales at December 31, 2013 amounted to US$10,340,000 and £2,100,000.

Commitments with respect to forward currency purchases for US dollar hedges at December 31, 2013 amounted to €1,465,000.

### 6.1.4.
### Other off-balance sheet commitments

| *(€ thousands)* | **Main characteristics** | **2012** | **2013** |
|---|---|---|---|
| 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 | 520 | - |
| Nickel guarantee commitment | Maximum amount for events incurred by the buyer of Nickel for an operation preceding the Nickel brand transfer the (18 months) | - | 600 |
| **Total other commitments given** | | **520** | **600** |

Application of the amendment to IAS 19 "Employee benefits" for periods commencing on or after January 1, 2013 resulted in the recognition of financial liabilities in connection with pension and other post-retirement obligations. The mechanisms providing for deferring past service costs are no longer authorized. In consequence, the portion of past service costs subject to deferred recognition as off-balance sheet items following the application of the decision of 07/23/2008 and amortized over 28 years are recognized at the opening of the period (January 1, 2012) under equity and no longer in consequence recognized under off-balance sheet items (see note 1.3).

Act No. 2004-391 of May 4, 2005 on lifelong vocational training and social dialogue established an individual training benefit for employees in France (*Droit Individuel à la Formation* or DIF). Pursuant to this measure, the company provides for training benefits of the basis of 21 hours per year and per employee. The number of such training benefits vested by Group employees totaled 12,198 hours at December 31, 2013 with 1,817 training hours under this provision used by Group employees in the year.

### 6.1.5.
### Commitments given by maturity at December 31, 2013

| *(€ thousands)* | **Total** | **Up to 1 year** | **1 to 5 years** | **5 years or more** |
|---|---|---|---|---|
| Guaranteed minima on trademark royalties | 120,170 | 11,415 | 50,555 | 58,200 |
| Headquarters rental payments | 7,402 | 1,269 | 3971 | 2,162 |
| Guaranteed minima for warehousing and logistics | 8,723 | 1,342 | 5,368 | 2,013 |
| Firm component orders | 29,633 | 29,633 | - | - |
| **Commitments given in connection with operating activities** | **165,928** | **43,659** | **59,894** | **62,375** |
| Bank guarantees | - | - | - | - |
| **Commitments given in connection with financing activities** | **-** | **-** | **-** | **-** |
| **Nickel guarantee commitment** | **600** | | **600** | |
| **Total commitments given** | **166,528** | **43,659** | **60,494** | **62,375** |

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

### 6.1.6.
### Commitments received

Commitments received in connection with forward currency purchases at December 31, 2013 amounted to €7,648,000 for US dollar hedges and €2,496,000 for Pound sterling hedges representing total commitments of €10,144,000.

Commitments with respect to forward currency sales at December 31, 2013 amounted to US$2 million.

# 6.2. License agreements

| | Nature of license | License inception date | Duration | Expiration date |
|---|---|---|---|---|
| Burberry | Original | July 1993 | 13 years and 6 months | - |
| | Renewal | July 2004 | 12 years and 6 months | Before term December 2012 |
| 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 |
| 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 |
| Boucheron | Original | January 2011 | 15 years | December 2025 |
| Balmain | Original | January 2012 | 12 years | December 2023 |
| Repetto | Original | January 2012 | 13 years | December 2024 |
| Karl Lagerfeld | Original | November 2012 | 20 years | October 2032 |

In accordance with the terms of the transition agreement signed in October 2012 by Interparfums and Burberry, the partnership agreement between the two companies ended at March 31, 2013.





# 6.3. Proprietary brands

## Lanvin

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

Interparfums and Lanvin concluded a technical and creative assistance agreement in view of developing new perfumes based on net sales and effective 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

Interparfums and L'Oréal Group executed the purchase and sale agreement for Nickel, the men's skin care business, with an effective date for the transfer of title of December 17, 2013.

# 6.4. Insurance

Interparfums SA is named as beneficiary under a €15 million life insurance policy for Philippe Bénacin, the company's Chairman-CEO.

# 6.5. Employee-related data

## 6.5.1. Employees by category

| Number of employees at | 12/31/2012 | 12/31/2013 |
|---|---|---|
| Managers | 119 | 124 |
| Supervisory staff | 7 | 6 |
| Employees | 79 | 78 |
| **Total** | **205** | **208** |

## 6.5.2. Employees by department

| Number of employees at | 12/31/2012 | 12/31/2013 |
|---|---|---|
| Executive Management | 2 | 2 |
| Production & Operations | 35 | 35 |
| Marketing | 36 | 32 |
| Export | 24 | 29 |
| France | 46 | 41 |
| Finance & Corporate Affairs | 36 | 36 |
| Subsidiaries | 26 | 33 |
| **Total** | **205** | **208** |

### 6.5.3.
### Wages and benefits

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Staff costs | 16,832 | 16,629 |
| Social security charges | 8,647 | 6,699 |
| Profit-sharing | 10,323 | 903 |
| Stock option costs | 267 | 263 |
| **Total wages and benefits** | **36,069** | **24,494** |

In addition €193 million in supplemental retirement benefits for Executive Management were paid in 2013.

## 6.6.
## Information on related parties

Agreements and commitments governing relations between the parent company, on the one hand, and subsidiaries, on the other hand, are described in chapter 7 in the "Corporate governance" section presenting the "Statutory Auditors' special report on regulated agreements and commitments".

### 6.6.1.
### Management Committee

Management Committee members exercise responsibilities in the areas of strategy, management and oversight. They have employment contracts and receive compensation as follows:

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Wages, bonuses & social charges | 4,266 | 4,314 |
| Share based payment expenses | 89 | 91 |

The Executive Officers Philippe Bénacin and Jean Madar, co-founders of Interparfums SA are also Executive Officers and majority shareholders of the parent company Interparfums Inc.

### 6.6.2.
### Board of Directors

Board of Directors members exercise responsibilities in the areas of strategy, management, consulting, acquisitions and oversight. Only outside Directors are paid attendance fees that break down as follows:

| *(€ thousands)* | **2012** | **2013** |
|---|---|---|
| Attendance fees (1) | 66 | 129 |

(1) Calculated on the basis of actual Board meeting attendance.

### 6.6.3.
### Relations with the parent company

The accounts of Interparfums SA and its subsidiaries, through Interparfums Holding, are fully consolidated into the accounts of Interparfums Inc., whose registered office is located at 551 Fifth Avenue, New York, NY 10176, United-States. No material transaction exists between Interparfums SA and Interparfums Inc. or Interparfums Holding.

## 6.7.
## Auditors' fees

Total auditors' fees expensed in the income statement relating to their engagement as Statutory Auditors break down as follows:

| *(€ thousands)* | | | **Mazars** | | | | **SFECO & Fiducia Audit** | |
|---|---|---|---|---|---|---|---|---|
| | **2013** | **%** | **2012** | **%** | **2013** | **%** | **2012** | **%** |
| **Statutory and contractual auditing, certification, review of separate and consolidated accounts** | | | | | | | | |
| For the issuer | 249 | 62% | 284 | 65% | 95 | 100% | 100 | 100% |
| For fully consolidated subsidiaries | 139 | 35% | 153 | 35% | - | - | - | - |
| **Other services provided related directly to missions performed by the auditors** | | | | | | | | |
| For the issuer (CSR) | 11 | 3% | - | - | - | - | - | - |
| For fully consolidated subsidiaries | - | - | - | - | - | - | - | - |
| **Total** | **399** | **100%** | **437** | **100%** | **95** | **100%** | **100** | **100%** |

## 6.8.
## Post-closing events

None.

# 4/





# CORPORATE GOVERNANCE

# 1. BOARD OF DIRECTORS

Interparfums adopted the form of a *société anonyme*, the French equivalent of a joint stock company, when it was created in 1989. It is governed by a Board of Directors and a Management Committee.

On March 8, 2010, the Board of Directors of the company decided to refer to the Middlenext Code of December 2009 designed for Small and Mid Caps, after reviewing the points requiring special attention ("*points de vigilance*") set forth therein, duly noting the main issues relating to effective corporate governance.

## 1.1. Composition of the Board of Directors

To strengthen the Board of Directors initially with four members by drawing on an expanded range of expertise and experience, new members originating from the luxury industry sector were appointed in 2004.

On December 31, 2013, the Board of Directors had nine members instead of 11 following the resignations of Jean Levy and Catherine Bénard-Lotz. These resignations were duly enacted by the Board who decided in its meeting of June 4, 2013 not to appoint new Directors by co-optation in replacement of those having resigned.

The General Meeting of April 23, 2010 decided to set terms of office at four years to comply with recommendations of the Middlenext Code. This decision seeks to reconcile the objective of assuring the independence of the Directors by preventing terms that are too long, and their commitment to the company by preventing terms that are too short.

The Board ensures that at least 30% of its members are independent Directors. A Director is considered to be independent according to the criteria of the Middlenext Code when there exists no material financial, contractual or family relationship that could compromise his or her free exercise of judgment whereby the Director may not:

– be a current employee or corporate officer (*mandataire social*) of the company or a company of its group or have been so within the past three years;

– be a significant customer or supplier of the company or its group, or for which the company or its group represents a significant part of its business;

– be the main shareholder of the company;

– be related by close family ties to a corporate officer or a main shareholder;

– have been an auditor of the company within the previous three years.

On the basis of these criteria, the Board includes four independent Directors, Dominique Cyrot, Chantal Roos, Maurice Aladhève and Michel Dyens.

To date, the Board has two members with the status of employee resulting from an employment contracts predating their appointment as Directors and Executive Vice President.

As a general rule, members of the Board of Directors have an in-depth or multidisciplinary experience of the business world in international markets. They are subject to conduct of business rules, specified in the Board Charter (*Règlement Intérieur*) that includes notably obligations of secrecy and due diligence in the performance of their duties ensuring the effective collegial work of the Board. Directors are provided not only with information before each meeting but also on a permanent basis concerning all strategic and financial matters necessary to perform their duties in the most effective manner.

The Board Charter adopted on March 3, 2009 has been revised to incorporate the recommendations of the Middlenext Code of December 2009 and is reproduced below in full.

## 1.2. Composition of the Board and profiles

As of December 31, 2013 the composition of the Board of Directors was as follows:

### Philippe Bénacin

Chairman and Chief Executive Officer of Interparfums

Date of 1st appointment: January 3, 1989.

Date of last reappointment: April 23, 2010.

Professional address: Interparfums, 4, rond-point des Champs Élysées, 75008 Paris, France.

Philippe Bénacin, 55, a graduate of the ESSEC Business School and co-founder of the company with his partner Jean Madar, has served as Chairman-CEO of Interparfums SA since its creation in 1989.

Other offices and directorships: Chairman of the Board of Directors of Interparfums Holding, President and Vice Chairman of the Board of Interparfums Inc. (United States), Director of Interparfums Luxury Brands (US), Inter España Parfums et Cosmétiques SL (Spain) and Interparfums Srl (Italy).

Term of office expiring at the close of the Annual General Meeting of April 25, 2014.

### Jean Madar

Director

Date of 1st appointment: December 23, 1993.

Date of last reappointment: April 23, 2010.

Professional address: Interparfums, 4, rond-point des Champs Élysées, 75008 Paris, France.

Jean Madar, 53, a graduate of the ESSEC Business School, is the co-founder of the company with his partner Philippe Bénacin.

Other offices and directorships: Chief Executive Officer and Director of Interparfums Holding, Chief Executive Officer and Vice Chairman of the Board of Interparfums Inc. (United States).

Term of office expiring at the close of the Annual General Meeting of April 25, 2014.

### Maurice Alhadève

Independent Director

Date of 1st appointment: April 23, 2004.

Date of last reappointment: April 23, 2010.

Professional address: 16 rue de Molitor 75016 Paris, France.

Other officers in directorships: none.

Term of office expiring at the close of the Annual General Meeting of April 25, 2014.

### Patrick Choël
Director

Date of 1st appointment: December 1, 2004.

Date of last reappointment: April 23, 2010.

Professional address: 7 rue de Talleyrand 75007 Paris, France.

Other officers and directorships: Director of Interparfums Inc. (United States), Director of Parfums Christian Dior, Director of Guerlain, Director of SGD, Director of ILEOS.

Previous appointments (5 years): Director of Modelabs.

Term of office expiring at the close of the Annual General Meeting of April 25, 2014.

### Dominique Cyrot
Independent Director

Date of 1st appointment: April 27, 2012.

Professional address: 8 rue de la Pompe, 75016 Paris, France.

Other appointments: Director of Séché Environnement.

Term of office expiring at the close of the Annual General Meeting of April 25, 2016.

### Michel Dyens
Independent Director

Date of 1st appointment: April 23, 2004.

Date of last reappointment: April 23, 2010.

Professional address: Michel Dyens & Co, 17 avenue Montaigne, 75008 Paris, France.

Other appointments: Chairman of Michel Dyens & Co., Managing Partner of Varenne Entreprises.

Previous appointments (5 years): Director of Direct Panel.

Term of office expiring at the close of the Annual General Meeting of April 25, 2014.

### Frédéric Garcia-Pelayo
Director and Executive Vice President

Date of 1st appointment: April 24, 2009.

Date of last reappointment: April 23, 2010.

Professional address: Interparfums, 4, rond-point des Champs Élysées, 75008 Paris, France.

Frédéric Garcia Pelayo, 55, EPSCI international exchange program graduate of the ESSEC Business School, has been Vice President for Export Sales of Interparfums since 1994 and Executive Vice President since 2004.

Other officers in directorships: none.

Chairman of the Board of Directors of Interparfums Srl (Italy) and Director of Inter España SL (Spain).

Term of office expiring at the close of the Annual General Meeting of April 25, 2014.

### Chantal Roos
Independent Director

Date of 1st appointment: April 24, 2009.

Date of last reappointment: April 23, 2010.

Professional address: CREA, 177 avenue Achille Peretti, 92200 Neuilly sur Seine, France.

Other appointments: Managing Partner of CREA, Managing Partner of ROOS&ROOS.

Previous appointments (5 years): Chairman and Chief Executive Officer of Yves Saint Laurent Beauté.

Term of office expiring at the close of the Annual General Meeting of April 25, 2014.

### Philippe Santi
Director and Executive Vice President

Date of 1st appointment: April 23, 2004.

Date of last reappointment: April 23, 2010.

Professional address: Interparfums, 4, rond-point des Champs Élysées, 75008 Paris, France.

Philippe Santi, 52, graduate of the Ecole Supérieur de Commerce of Reims and a public accountant has served as the Chief Financial and Administrative Officer of Interparfums SA since 1995 and as Executive Vice President since 2004.

Other appointments: Director of the parent company Interparfums Inc.

Term of office expiring at the close of the Annual General Meeting of April 25, 2014.

## 1.3. Absence of condemnations

To the best of the Company's knowledge, in the last five years, none of the members of the Board of Directors have been:

– convicted for fraud or penalties for infractions rendered by statutory or regulatory authorities;

– been a party in a bankruptcy, receivership or liquidation proceeding as a Director or officer;

– disqualified from serving as a Director or officer or participating in the management of the operations of an issuer.

## 1.4. Absence of potential conflicts of interest

To the best of the Company's knowledge, there exist no potential conflicts of interest between the duties towards the company and the personal interests and/or other duties of one of the members of the Board.

## 1.5. Absence of service contracts with Board members

To the best of the Company's knowledge, none of the Board members is bound by service agreements with the company or one of its subsidiaries providing for the grant of benefits under its terms.

## 1.6. Restrictions on holding shares by Directors

Article 12 of the bylaws imposes on Directors an obligation to hold at least one share for the duration of their term.

# CHARTER OF THE BOARD OF DIRECTORS

This Charter or ‘Rules of Procedure’ (*Règlement Intérieur*), previously entitled “Charter of the Board of Directors” adopted by the Board on March 3, 2009, was updated by the Board on March 8, 2010, in order to take into account the provisions of the Middlenext Code of December 2009 to which the Board has opted to refer instead of the AFEP/MEDEF Code previously used.

The full text of the Middlenext Code is attached to this Charter.

Applicable to all current and future Directors, and in line with the Middlenext Code, this Charter is destined to supplement the provisions of the law, regulations and the company’s bylaws, in the interest of the company and its shareholders in order to specify:

– the composition of the Board/member independence criteria;
– the role the Board in the performance of its duties and powers;
– board procedures (meetings, discussions, information provided to members);
– board procedures (meetings, discussions, information provided to members);
– the duties of Board members (code of conduct: loyalty, confidentiality, abstention, etc.).

## 1. COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors includes a maximum of 18 members with at least three selected from independent persons having no ties of interest with the company so that they are entirely free in the exercise of their judgment.

### 1.1. Independent Directors

A Director is considered to be independent according to the criteria of the Middlenext Code when there exists no material financial, contractual or family relationship that could compromise his or her free exercise of judgment whereby the Director may not:

– be a current employee or corporate officer (*mandataire social*) of the company or a company of its group or have been so within the past three years;

– be a significant customer or supplier of the company or its group, or for which the company or its group represents a significant part of its business;

– be the main shareholder of the company;

– be related by close family ties to a corporate officer or a main shareholder;

– have been an auditor of the company within the previous three years.

The Board may consider that one of its members, even though fulfilling the above criteria, should not be considered as independent, in light of his or her particular situation or that of the company, with respect to its shareholder structure or for any other reason. Conversely, the Board may also consider that one of its members not fulfilling these criteria to be independent.

### 1.2. Balanced Board representation of men and women

In accordance with the French law No.°2011-103 of January 27, 2011 on the balanced representation of men and women on Boards of Directors and professional gender equality, the Board must respect a timetable having been set to reach certain quotas and if not met, any new appointment of a male Director shall be considered void and the attendance fees suspended:

– within six months of the enactment of this law, the Board must include one woman. At the end of 2013, the Board of Directors of Interparfums counted two women among its nine members;

– no later than the Annual General Meeting approving the financial statements for the fiscal year ending December 31, 2014, the number of women serving on the Board must represent at least 20% of its members;

– no later than the Annual General Meeting approving the financial statements for the fiscal year ending December 31, 2017, the number of women serving on the Board must represent at least 40% of its members.

## 2. ROLE OF THE BOARD OF DIRECTORS

### 2.1. Strategic body

The Board of Directors’ mission is to determine the strategy of the company and ensure that this strategy is implemented. Subject to the powers granted to shareholders’ meetings and within the limits of the company’s corporate purpose, the Board may address any matter pertaining to the proper management of the company and settle all items of business relating thereto.

In addition to the attributes provided for by law and regulations, the Board may be called to address and grant its approval for, in particular, the following matters:

– assess the environment of the company and analyze opportunities for external growth through acquisitions;

– the creation of a company or acquiring controlling interest in all forms in any company or undertaking outside the group;

– review projects involving material investments or not relating to the company’s ordinary operating activities;

– analyze major strategic projects presented to Executive Management and their impact on the economic and financial situation of the company;

– analyze the annual budget submitted by Executive Management;

– implement procedures for control or verification it considers appropriate.

And in general, the Board ensures the merits of any measure adopted for the strategic development of the company and the solidity of the company’s balance sheet.

## 2.2. Audit Committee function

On March 3, 2009 the Board of Directors decided that in light of the company's organization and structure, an independent Audit Committee would not be established and that in consequence, in accordance with the provisions provided for under article L. 823-20 of the French Commercial Code, it would exercise the functions of Audit Committee in plenary session.

In connection with a performance of the functions of Audit Committee, the Board of Directors' primary tasks are to:

– ensure compliance with accounting regulations and the correct application of the principles for preparing the company's accounts;

– ensure that the process for producing financial information is based on internal procedures for the collection and control of information that guarantee its quality and exhaustive nature;

– assess the performance of internal control systems by evaluating the organization principles and functioning of Internal Audit and by verifying the process for identifying risks; Review the audit missions and evaluations of the internal control system carried out by the Finance Department;

– monitor the application of the rules of independence and objectivity of the Auditors in the performance of their duties, the conditions for the renewal of their appointments and setting their fees.

# 3. PROCEDURES FOR EXERCISING EXECUTIVE MANAGEMENT

## 3.1. The Chairman of the Board of Directors

The Chairman, appointed by the Board of Directors from among its members, organizes and manages the work of the Board on which he reports to the shareholders' Meeting. He ensures that management bodies of the company are effectively run and, in particular, that Directors are able to perform their duties. The Chairman may request any documents or specific information to assist the Board of Directors in connection with preparing its meetings.

The Chairman actively contributes to the performance of the duties of Directors by serving as an intermediary between the latter and the main parties involved in implementing the company's strategic objectives.

## 3.2. Executive Management

The Board of Directors determines the manner that Executive Management is exercised, under its responsibility, either by the Chairman of the Board of Directors, or by a person appointed by the latter with the title of Chief Executive Officer (*Directeur Général*).

The Board of Directors' meeting of December 19, 2002 decided not to separate the functions of Chairman of the Board of Directors from those of Chief Executive Officer. In this respect, and subject to the powers granted by law to General Meetings and the limitations provided for by the provisions of the Charter, the Chairman of the Board of Directors exercises the functions of Chief Executive Officer. In this capacity, he is vested with the broadest powers to act in all circumstances in the name of the company with the exception of the following strategic decisions that are submitted for approval to the Board of Directors:

– any financial commitment (immediate or deferred) for an amount exceeding €10 million per transaction and having a material impact on the company's scope of consolidation, including mainly the acquisition or disposal of assets or equity investments in companies;

– any decision, regardless of the amount involved, that could potentially materially affect the strategy of the company or materially modify the scope of its normal activity.

On proposals by the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer with the title of Executive Vice President (*Directeur Général Délégué*).

# 4. FUNCTIONING OF THE BOARD OF DIRECTORS

## 4.1. Calling and holding of Board meetings

Notice of meetings may be issued by any means including orally and may be transmitted by the Secretary of the Board within at least eight days before each meeting.

The Board meets as often as the interests of the company require, and in general, at least five times a year, with three of these meetings devoted to reviewing the budget, strategy and the activity of the company. Decisions by the Board are adopted on the basis of a simple majority. In the case of split vote, the Chairman of the meeting has the casting vote.

The Board establishes for the year according to the proposal of the Chairman a schedule for its meetings, with the exception of extraordinary meetings.

## 4.2. Meeting participation through videoconferencing or telecommunications media

In accordance with applicable regulations and article 14 of the company's bylaws, Directors who participate in Board meetings through videoconferencing or telecommunications technology are considered present for calculating the *quorum* and majority.

The Chairman ensures that videoconferencing and telecommunications technologies used guarantee the effective participation of all parties in the meetings.

The proceedings must be broadcast without interruption. Measures necessary to identify each party and verify the *quorum* must be assured. Failing this, the Board meeting may be adjourned.

The attendance register and the minutes must indicate the names of Directors having participated through videoconferencing or telecommunications means

Remote participation using the technologies is expressly prohibited for proceedings concerning the following decisions:

– the approval of the company's statutory and consolidated financial statements;

– preparing the management report to be included in the Group's management report.

## 4.3. Transmission of information to Directors

All Directors are provided with the documents and information required to make informed decisions on the items of business on the agenda.

It is the responsibility of all Directors to ensure that they possess all information they consider necessary for the effective conduct of proceedings of the Board and, when applicable, request this information when they consider that it has not been made available.

Furthermore, Directors are kept regularly informed, outside of these meetings of all events or transactions of a material nature with respect to the Company's strategic priorities and provided with all relevant information when warranted by events concerning the Company.

## 4.4. Evaluation of Board work

Once a year, the Chairman of the Board invites the Board members to express their views on the functioning of the Board and on the preparation of its work for the purpose of:

– preparing a report on the Board's work;

– examining the composition of the Board;

– ensuring the quality and effective conduct of discussions on matters of importance.

The evaluation is recorded in the minutes of the meeting.

# 5. CODE OF CONDUCT OF DIRECTORS

## 5.1. Obligations of discretion and secrecy

Concerning non-public information acquired in connection with their duties, Directors shall be considered subject to a true obligation of professional secrecy that exceeds the obligation of discretion provided for by article L. 225-37 subsection 5 of the French Commercial Code.

In general, Directors shall refrain from speaking individually outside the collegial framework of the Board of Directors about matters considered therein. Outside the company, Directors undertake to respect the collegial nature on any oral or written communication that they may issue.

## 5.2. Duties of independence

Directors have a duty to act in all circumstances in the interest of the company and all shareholders. To this purpose, they are subject to an obligation of informing the Board of any situation involving a conflict of interest, even a potential conflict of interest, and must refrain from voting in the proceedings relating thereto, and if necessary, resign. Absence of information thereon constitutes confirmation of that no conflict of interest exists.

And in general, Directors shall be prohibited from engaging in transactions in the shares of the company and/or the group if they possess privileged information. Each party is personally responsible for assessing the privileged nature of information in his or her possession, and, in consequence, to authorize or prohibit any use or transmission of such information, and to engage in any transactions in the company's shares.

And in any case, Directors undertake to comply with their obligation prohibiting any dealings in the company's shares for a period of 15 days prior to:

– the publication of the interim consolidated or annual results, according to the calendar available to the Director;

– the publication of quarterly, interim and annual sales, according to the calendar available to the Director.

## 5.3. Obligations of due diligence

At the time they assume their appointment, every Board member duly notes the obligations resulting therefrom and notably those relating to legal rules governing holding multiple appointments and before accepting, signs the Board Charter. To this purpose, it is recommended that a Director, when exercising the function of "Executive Officer", does not accept more than three appointments as a Director of listed companies, including companies outside of his or her own group.

Directors must devote to their duties the necessary time and attention. To this purpose, they will limit the appointments that they hold to a reasonable number to ensure their regular participation in the meetings of the Board.

Directors have an obligation to obtain and request from the Chairman within the appropriate delays information necessary to effectively participate in the items of business to be addressed by the Board of Directors' meetings.

## 5.4. Obligation to report dealings in the company's shares

Directors and persons with whom they have close relations must report to the AMF the purchase, sale, subscription or exchange of shares of the Company when the amount exceeds €5,000 for the calendar year progress.

To this purpose, they will send their declaration to the AMF by electronic means within five trading days following the transactions and send at the same time a copy of the declaration to the Secretary of the Board of Directors of the company.

# 6. COMPENSATION

## 6.1. Attendance fees

The Board of Directors freely sets the amount of fees for attendance for which the General Meeting fixes the annual amount. It allocates this amount equally among members on basis of their attendance and the amount of time they devote to their duties.

By express waiver of the Directors concerned, attendance fees are allocated exclusively to Directors selected from outside the company.

## 6.2. Compensation of Directors for special assignments

The Board of Directors may entrust one of its members with a mission, for which it determines the conditions and terms that are subject to approval by the Board, except by the Board member designated for this mission. The Board will determine notably the amount of compensation, the duration of the mission as well as the procedures for payment and the reimbursement of expenses incurred in the performance of this mission. The Chairman is responsible for ensuring that this mission is properly carried out according to the conditions approved by the Board to whom it regularly reports thereon.

# 7. MODIFICATION THE BOARD CHARTER

This Charter may be adapted or modified by decision of the Board of Directors.

Every new member of the Board of Directors shall be provided with a copy of this Charter as well as the company's bylaws (*statuts*).

**Note:**

This Board Charter under no circumstances replaces the company's bylaws but rather translates its provisions into practice. This Charter is destined for internal use for the purpose of ensuring the effectiveness of the work of the Board. As such it cannot be considered binding on the company in respect to claims by third parties.

# 2. MANAGEMENT COMMITTEE

## Mission

The purpose of the Management Committee, led by the Chairman and Chief Executive Officer, is to address operational issues related to the development of the company.

## Composition as of December 31, 2013

**Philippe Bénacin,** Chairman and Chief Executive Officer.

**Philippe Santi,** Executive Vice President, Chief Financial Officer.

**Frédéric Garcia-Pelayo,** Executive Vice President, Chief International Officer.

**Catherine Bénard-Lotz,** Legal Officer.

**Angèle Ory-Guénard,** Export Sales Officer.

**Jérôme Thermoz,** French Distribution Officer.

**Axel Marot,** Production & Logistics Officer.

**Pierre Desaulles,** Marketing Officer.

**Delphine Pommier,** Marketing Officer.

The Management Committee met seven times in 2013 (ten times in 2012) and discussed the following items of business:

**February:** 2012 results, transition agreement for the Burberry license, 2013 salary policy, year-end employee assessments, 2013 launches;

**March:** transition agreement for the Burberry license, 2012 year-end results, 2013/2014 launches, first-quarter sales, subsidiaries, negotiations with suppliers;

**June:** 2013 first-half sales, 2013/2014 launches, internal organization, Italian subsidiary, external growth;

**July:** 2013 first-half sales, 2013 annual sales forecasts, 2014/2015 launches, communications calendar, new cosmetics sector regulation;

**September:** summary of 2013 first-half results, 2013 second-half launches, external growth, orders;

**October:** 2013 third-quarter sales, 2013 annual sales, 2014 budgets, 2014/2015/2016 launches, Repetto results for France;

**November:** 2014 outlook, advertising budgets, Montblanc and Karl Lagerfeld launches, new cosmetics sector regulation and "juice" reformulation, rationalization of production, 2014 distributor's seminar.

# 3. COMPENSATION OF EXECUTIVE OFFICERS

In connection with the preparation of this registration document, the Board of Directors has analyzed the different components of compensation and benefits for corporate officers in light of the principles set forth in the Middlenext Code recommendations of December 2009. It reviewed the procedures in place for determining cash compensation and benefits of all kinds granted to corporate officers that are presented below in detail.

In general, the Board of Directors sets the compensation policy for officers both in reference to market practice in comparable sectors and the size of the company notably in respect to sales and the number personnel.

On this basis, information is provided below on compensation paid to executives as officers or salaried employees in connection with employment contracts concluded prior to becoming officers in accordance with French regulations (AMF recommendation of December 22, 2008 pertaining to information on executive compensation to be disclosed in the registration document, updated on December 20, 2010).

## 3.1. Summary of compensation and options/shares granted to each Executive Officer

| | Fiscal 2012 | Fiscal 2013 |
|---|---|---|
| **Philippe Bénacin** | | |
| Chairman – CEO | | |
| Compensation due for the year | €656,500 | €480,000 |
| Valuation of options granted in the period (Interparfums Inc. plan) | $105,260 | $174,800 |
| Valuation of performance shares granted in the period | N/A | N/A |
| **Philippe Santi** | | |
| Director – Executive Vice President | | |
| Compensation due for the year | €536,900 | €554,100 |
| Valuation of options granted in the period (Interparfums Inc. plan) | $16,620 | $58,480 |
| Valuation of performance shares granted in the period | N/A | N/A |
| **Frédéric Garcia-Pelayo** | | |
| Director – Executive Vice President | | |
| Compensation due for the year | €543,740 | €560,940 |
| Valuation of options granted in the period (Interparfums Inc. plan) | $16,620 | $58,480 |
| Valuation of performance shares granted in the period | N/A | N/A |
| **Jean Madar** | | |
| Director | | |
| Compensation due for the year | $380,000 | $630,000 |
| Valuation of options granted in the period (Interparfums Inc. plan) | $105,260 | $174,800 |
| Valuation of performance shares granted in the period | N/A | N/A |

## 3.2.
## Summary of compensation for each Executive Officer

| | Fiscal 2012 | | Fiscal 2013 | |
|---|---|---|---|---|
| | Compensation due for the year | Compensation paid in the year | Compensation due for the year | Compensation paid in the year |
| **Philippe Bénacin** | | | | |
| Chairman-CEO | | | | |
| Fixed compensation | €271,200 | €271,200 | €271,200 | €271,200 |
| Variable compensation | €254,500 | €229,500 | €78,000 | €248,000 |
| Exceptional compensation | - | - | - | - |
| Attendance fees | - | - | - | - |
| Benefits in kind (vehicle, housing) | €130,800 | €130,800 | €130,800 | €130,800 |
| **Total** | **€656,500** | **€631,500** | **€480,000** | **€650,000** |
| **Philippe Santi** | | | | |
| Director – Executive Vice President | | | | |
| Fixed compensation | €278,400 | €278,400 | €285,600 | €285,600 |
| Variable compensation | €258,500 | €248,500 | €268,500 | €258,500 |
| Exceptional compensation | - | - | - | - |
| Attendance fees | - | - | - | - |
| Benefits in-kind | - | - | - | - |
| **Total** | **€536,900** | **€526,900** | **€554,100** | **€544,100** |
| **Frédéric Garcia-Pelayo** | | | | |
| Director – Executive Vice President | | | | |
| Fixed compensation | €278,400 | €278,400 | €285,600 | €285,600 |
| Variable compensation | €258,500 | €248,500 | €268,500 | €258,500 |
| Exceptional compensation | - | - | - | - |
| Attendance fees | - | - | - | - |
| Benefits in kind (vehicle) | €6,840 | €6,840 | €6,840 | €6,840 |
| **Total** | **€543,740** | **€533,740** | **€560,940** | **€550,940** |
| **Jean Madar** | | | | |
| Director | | | | |
| Fixed compensation | $380,000 | $380,000 | $630,000 | $630,000 |
| Variable compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Attendance fees | - | - | - | - |
| Benefits in-kind | - | - | - | - |
| **Total** | **$380,000** | **$380,000** | **$380,000** | **$380,000** |

Compensation of officers consists of both fixed and variable components. Fixed compensation takes into account the level of responsibilities, experience and performance. Variable compensation is determined in relation to the company's achievement of overall performance objectives and events related to each fiscal year.

One half of variable compensation is determined in accordance with net sales, operating income and net profit, and half in relation to qualitative criteria of performance. This latter criteria is evaluated in respect to the contribution of corporate officers to achieving the objectives of the company and results actually obtained.

## 3.3.
## Attendance' fees paid to non-executive Directors

Attendance fees are allocated to the Board of Directors by the shareholders' Meeting and distributed to non-executive Directors on the basis of a fixed flat amount and Board meeting attendance criteria. The maximum amount for these fees decided by the ordinary general Meeting of April 20, 2013 was €180,000. The Board exceptionally decided for the sole year of 2013 to increase the amount allotted for attendance fees in consideration of important contributions of Directors to the outcome of discussions on the Burberry license agreement. On that basis, the Board set a flat amount applicable for 2013 at €6,000.

On this basis, for fiscal 2013 a total of €129,000 was paid to the five non-executive Directors for their attendance at meetings. The other Directors expressly waived their rights to receive attendance fees.

No other form of compensation is paid to non-executive Directors.

| Directors | Attendance fees paid in 2012 | Attendance fees paid in 2013 |
|---|---:|---:|
| Maurice Alhadève | €15,000 | €33,000 |
| Patrick Choël | €12,000 | €24,000 |
| Dominique Cyrot | €9,000 | €21,000 |
| Michel Dyens | €6,000 | €9,000 |
| Jean Levy | €12,000 | €18,000 |
| Chantal Roos | €12,000 | €24,000 |

## 3.4.<br>Options to subscribe for or purchase shares

Information on grants of options to subscribe for or purchase shares is described in the chapter on "Corporate governance" under section 4 entitled "Special report of the Board of Directors on stock options".

Rules for the grant of options to subscribe for shares to officers are based on the level of responsibilities and the performance of the company's share. The quantity of options to subscribe for shares granted to officers may vary from one year to another according to the performance of the company over this period.

On December 17, 2009 and October 8, 2010, the Board of Directors decided to grant options to corporate officers on that date whose exercise will be contingent on criteria of internal performance based on the company's sales. Under these terms, the number of options exercisable is based on the average rate of actual growth for the company's sales relative to the rate of attainment of the target for average growth. This objective is set by the Board of Directors for a period of reference corresponding to the 4 year tax waiting period that applies to the stock option plan established by this Board.

The Board of Directors has decided that these officers must retain 10% of the shares resulting from the exercise of stock options for the duration of their terms of office in accordance with the provision of article L.225-185 of the French Commercial Code.

## 3.5.<br>Bonus share grants

No plans for the grant of bonus shares were specifically implemented for Directors and officers of the company.

## 3.6.<br>Summary of executive compensation

| | Employment contract | | Supplemental retirement plan | | Compensation or benefits that may be due on termination or following a change of position | | Compensation resulting from a non-compete clause | |
|---|---|---|---|---|---|---|---|---|
| | yes | no | yes | no | yes | no | yes | no |
| **Philippe Bénacin**<br>Chairman-CEO<br>Commencement of term: 04/23/2010<br>End up of term: 2014 AGM | | X | X | | | X | | X |
| **Philippe Santi**<br>Director –<br>Executive Vice President<br>Commencement of term: 04/23/2010<br>End up of term: 2014 AGM | X | | X | | | X | | X |
| **Frédéric Garcia-Pelayo**<br>Director –<br>Executive Vice President<br>Commencement of term: 04/23/2010<br>End up of term: 2014 AGM | X | | X | | | X | | X |
| **Jean Madar**<br>Director<br>Commencement of term: 04/23/2010<br>End up of term: 2014 AGM | | X | X | | | X | | X |

Philippe Bénacin does not have an employment contract with the company. He exercises his functions as Chairman and Chief Executive Officer pursuant to his appointment as a corporate officer by the Board of Directors. No attendance fees are paid to him for the performance of his functions as Director.

Philippe Santi receives compensation in the form of salary under an employment contract as Director of Finance and Corporate Affairs. This employment contract predates his appointment as Executive Vice President (*Directeur Général Délégué*) and Director of the Company and has been maintained as is. Philippe Santi does not receive any attendance fees paid in connection with his office as Director.

Frédéric Garcia-Pelayo receives compensation in the form of salary under an employment contract as Chief International Officer. This employment contract predates his appointment as Executive Vice President (*Directeur Général Délégué*) and has been maintained as is. Frédéric Garcia-Pelayo does not receive any attendance fees paid in connection with his office as Director.

Compensation is paid to Jean Madar by the parent company of the Group, Interparfums Inc. (United States) as the Chief Executive Officer of this company. Jean Madar receives no compensation of any nature from Interparfums SA.

Senior executives benefit from a supplemental retirement plan in the form of a defined contribution annuity fund. The benefits of this defined benefit plan were subsequently extended to senior management of the company. This contribution to a private defined contribution pension fund is paid in part by the beneficiaries and in part by the employer for an amount equal four times French Social Security ceiling. The annual contribution per beneficiary is approximately €11,110. The supplemental retirement plan is part of the overall compensation policy adopted by the company for senior executives and managers.

No executives benefit from forms of remuneration, indemnities or benefits owed or which could be owed resulting from the assumption, termination or change of functions of corporate officer of the company or subsequent to these events.

# 4. SPECIAL REPORT OF THE BOARD OF DIRECTORS ON STOCK OPTIONS

In compliance with article L.225-184 of the French Commercial Code, this report is produced by the Board of Directors to inform the combined shareholders' Meeting of April 25, 2014 of transactions carried out in fiscal 2013 by virtue of the provisions under articles L.225-177 to L.225-186 of said code.

## Options granted on inception by Interparfums SA under plans in force to each corporate officer in connection with operational responsibilities exercised in the company

| | Plan 2009 | Plan 2010 |
|---|---|---|
| Grant date | 12/17/2009 | 10/08/2010 |
| Expiration date | 12/17/2015 | 10/08/2016 |
| Subscription price | 17.60 | 22.95 |
| Adjusted subscription price (1) | 12.00 | 17.20 |
| Valuation of options granted (2) | 4.27 | 6.55 |
| **Options granted at inception** | | |
| Philippe Bénacin | 6,000 | 7,000 |
| Jean Madar | 6,000 | 7,000 |
| Philippe Santi | 6,000 | 7,000 |
| Frédéric Garcia-Pelayo | 6,000 | 7,000 |
| **Options outstanding at December 31, 2013 (1)** | | |
| Philippe Bénacin | - | 9,317 |
| Jean Madar | 8,785 | 9,317 |
| Philippe Santi | 8,785 | 9,317 |
| Frédéric Garcia-Pelayo | 8,785 | 9,317 |

(1) Adjusted for bonus share grants.

(2) Valuation applied in the consolidated financial statements according to the Black-Scholes model (see note 3.9.2 to the consolidated financial statements).

## Options granted on inception by Interparfums Inc. under plans in force to each corporate officer in connection with operational responsibilities exercised in the company

| | Plan 2008-1 | Plan 2008-2 | Plan 2009 | Plan 2010-1 | Plan 2010-2 | Plan 2011 | Plan 2012 | Plan 2013-1 | Plan 2013-2 |
|---|---|---|---|---|---|---|---|---|---|
| Grant date | 02/13/2008 | 12/30/2008 | 12/30/2009 | 03/28/2010 | 12/30/2010 | 12/29/2011 | 12/30/2012 | 01/30/2013 | 12/30/2013 |
| Subscription price | $16.95 | $6.93 | $12.14 | $15.62 | $19.03 | $15.59 | $19.33 | $22.20 | $35.75 |
| Adjusted subscription price (1) | $11.30 | $6.93 | $12.14 | $15.62 | $19.03 | $15.59 | $19.33 | $22.20 | $35.75 |
| Valuation of options granted (2) | $3.96 | $3.36 | $4.40 | $5.77 | $5.59 | $4.59 | $5.54 | $6.24 | $9.20 |
| **Options granted at inception** | | | | | | | | | |
| Philippe Bénacin | 9,250 | 19,000 | 19,000 | - | 19,000 | 19,000 | 19,000 | - | 19,000 |
| Jean Madar | 9,250 | 19,000 | 19,000 | - | 19,000 | 19,000 | 19,000 | - | 19,000 |
| Philippe Santi | 8,500 | - | - | 3,000 | 3,000 | 3,000 | 3,000 | 2,000 | 5,000 |
| Frédéric Garcia-Pelayo | 8,500 | - | - | 3,000 | 3,000 | 3,000 | 3,000 | 2,000 | 5,000 |
| **Options outstanding at December 31, 2013** | | | | | | | | | |
| Philippe Bénacin | 13,875 | 19,000 | 19,000 | - | 19,000 | 19,000 | 19,000 | - | 19,000 |
| Jean Madar | 13,875 | 19,000 | 19,000 | - | 19,000 | 19,000 | 19,000 | - | 19,000 |
| Philippe Santi | - | - | - | 3,000 | 3,000 | 3,000 | 3,000 | 2,000 | 5,000 |
| Frédéric Garcia-Pelayo | - | - | - | 3,000 | 3,000 | 3,000 | 3,000 | 2,000 | 5,000 |

(1) Adjusted for bonus share grants.

(2) Valuation applied in the consolidated financial statements of Interparfums Inc. according to the Black-Scholes model.

## Valuation of options granted

| | | | In fiscal 2012 | | | In fiscal 2013 |
|---|---|---|---|---|---|---|
| **IPSA** | **Options granted** | **Black & Scholes valuation** | **Value of options** | **Options granted** | **Black & Scholes valuation** | **Value of options** |
| Philippe Bénacin | - | - | - | - | - | - |
| Jean Madar | - | - | - | - | - | - |
| Philippe Santi | - | - | - | - | - | - |
| Frédéric Garcia-Pelayo | - | - | - | - | - | - |
| Catherine Bénard-Lotz | - | - | - | - | - | - |
| **Total.** | **-** | **-** | **-** | **-** | **-** | **-** |
| **IP Inc.** | | | | | | |
| Philippe Bénacin | 19,000 | $5.54 | $105,260 | 19,000 | $9.20 | $174,800 |
| Jean Madar | 19,000 | $5.54 | $105,260 | 19,000 | $9.20 | $174,800 |
| Philippe Santi | - | - | - | 2,000 | $6.24 | $12.480 |
| Philippe Santi | 3,000 | $5.54 | $16,620 | 5,000 | $9.20 | $46,000 |
| Frédéric Garcia-Pelayo | - | - | - | 2,000 | $6.24 | $12.480 |
| Frédéric Garcia-Pelayo | 3,000 | $5.54 | $16,620 | 5,000 | $9.20 | $46,000 |
| **Total** | | | **$243,760** | | | **$466,560** |

## Options exercised by each corporate officer of the company in 2013 received in connection with operational responsibilities exercised in the company

| | Number of shares exercised | Subscription price | Expiration date |
|---|---|---|---|
| **IP Inc. options exercised in the period by officers** | | | |
| Philippe Bénacin | - | - | - |
| Plan of December 26, 2007 | 28,500 | $12.58 | 12/26/2013 |
| Jean Madar | - | - | - |
| Plan of December 26, 2007 | 28,500 | $12.58 | 12/26/2013 |
| Philippe Santi | | | |
| Plan of February 13, 2008 | 12,750 | $11.30 | 02/13/2014 |
| Frédéric Garcia-Pelayo | | | |
| Plan of February 13, 2008 | 12,750 | $11.30 | 02/13/2014 |
| **IPSA options exercised in the period by officers (1)** | | | |
| Philippe Bénacin | | | |
| Plan of December 17, 2009 | 8,785 | €12.00 | 12/17/2015 |

(1) Number and subscription price adjusted for the grant of new bonus shares (1 for 10) of June 17, 2013.

Stock options granted to the top 10 employed beneficiaries of the company who are not officers and options exercised by the 10 employees of the company having exercised the greatest number in 2013

| | Number of shares granted/exercised | Subscription price | Expiration date |
|---|---|---|---|
| **Options exercised by the ten employees exercising the greatest number** | | | |
| Plan of December 17, 2009 | 16,846 | €12.00 | 12/17/2015 |
| **Total** | **16,846** | | |

# 5. CHAIRMAN' REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Pursuant to the provisions of article L. 225-37 of the French Commercial Code the Chairman of the Board of Directors hereby reports on the:

– the Board's composition and application of the principle with respect to the representation of women and men;

– preparation and organization of the Board's work;

– limitations on the powers of the Chief Executive Officer (*Directeur Général*) that may exist;

– internal controls and risk management procedures implemented by the company.

This report has been produced on the basis of work undertaken by the Finance and Corporate Affairs Department, in collaboration with the operating departments of the company and in consultation with Executive Management and the Board of Directors as well as exchanges with the Statutory Auditors.

This report was submitted for approval to the Board of Directors on March 10, 2014.

## 5.1. Preparation and organization of the Board's work

### 5.1.1. The company's corporate governance code

On March 8, 2010 the Board of Directors decided to adopt as reference the Middlenext corporate governance code of December 2009 for Small and Mid Caps. Board members also duly noted the points requiring special attention set forth therein highlighting the main questions that must be raised to ensure effective governance. The full text of this corporate governance code may be consulted at Middlenext's website: www.middlenext.com

Among the 15 recommendations proposed under the Middlenext Code and followed by the company, it has been decided to partially apply the provisions of recommendation No. 12. on the adoption of committees for reasons set forth below in the section devoted to this topic.

### 5.1.2. Procedures for exercising Executive Management – Limitations on the powers of the Chief Executive Officer

To effectively take into account the changing and highly competitive environment of the sector in which the company operates, on December 29, 2002, the Board decided not to separate the functions of Chairman of the Board of Directors from that of Chief Executive Officer (*Directeur Général*): Philippe Bénacin is the Chairman-Chief Executive Officer (*Président-Directeur Général*) of Interparfums SA. His active participation in running company operations combined with his in-depth knowledge of the company since its creation and that he co-founded with his partner, Jean Madar, CEO of the US company, Interparfums Inc. was a decisive factor in the Board's choice. This option has contributed to efficient corporate governance by promoting an alignment between the strategy and operating functions that is necessary for a responsive and efficient decision-making process.

The Chairman-Chief Executive Officer is vested with all powers in respect to third parties to act under all circumstances in the name of the Company and within the limitations expressly provided by law granted to the Board of Directors or shareholders meetings, and in compliance with the general and strategic orientations defined by the Board of Directors.

On the proposal of the Chairman-Chief Executive Officer, on July 15, 2004 the Board of Directors appointed two Executive Vice Presidents (*Directeurs Généraux Délégués*) vested with the same powers with respect to third parties as the Chief Executive Officer.

Decisions having a material impact on the scope of consolidation or that could materially affect the company's strategy must be submitted to the Board of Directors for approval or subject to a delegation of authority for this purpose by the Board. This limitation is specified in the Board Charter as subject to the following conditions:

– any financial commitment (immediate or deferred) for an amount exceeding €10 million per transaction and having a material impact on the company's scope of consolidation, including mainly the acquisition or disposal of assets or equity investments in companies;

– any decision, regardless of the amount involved, that could potentially materially affect the strategy of the company or materially modify the scope of its normal activity.

## 5.1.3. Composition of the Board of Directors

Under the company's bylaws, the Board of Directors may have three to eighteen members.

At December 31, 2013, the company's management was entrusted to a Board of Directors with nine members, four of which are considered independent in accordance with the criteria set forth in recommendation 8 that defines independence as the absence of a material financial, contractual or family relationship that could compromise his or her free exercise of judgment and whereby the Director may not:

– be a current employee or corporate officer (*mandataire social*) of the company or a company of its group or have been so within the past three years;

– be a significant customer, supplier or banker of the company or its group, or for which the company or its group represents a significant part of its business;

– be the main shareholder of the company;

– be related by close family ties to a corporate officer or a main shareholder;

– have been an auditor of the company within the previous three years.

In addition to their financial, commercial and managerial expertise and their extensive experience in the area of corporate strategy, their knowledge of the luxury sector contributes to the quality and professionalism of the Board's discussions. Detailed information on the composition of the Board of Directors and their offices is disclosed in Section 5 of the registration document (annual report) under the heading "Corporate governance".

Pursuant to the General Meeting of April 23, 2010 that voted to reduce the terms of Directors when their appointments were renewed at that meeting, Directors are appointed for terms of office of four years. This term of office complies with recommendation 10 of the Middlenext Code.

## 5.1.4. Gender diversity in Board membership

The French law of January 27, 2011 on the balanced representation of men and women on Boards of Directors and Supervisory Boards and professional gender equality requires that listed companies meet a quota target for the number of women on Boards of Directors. At the end of 2013, following Catherine Bénard-Lotz's resignation from her office as Director, the Board of Directors had two woman members representing a rate above the 20% required by this law for the first quota target to be reached by 2014.

## 5.1.5. Independence of Directors and rules of business conduct

The Company adheres to the criteria of independence of recommendation 8 of the Middlenext Code defined as the absence of any material financial, contractual or family relationship that could affect independence of judgment. The Middlenext Code recommends that the Board has at least 2 independent members. On the basis of these criteria, four members of the Board of Directors are considered to meet the definition of independent Directors, namely Dominique Cyrot, Chantal Roos, Maurice Aladhève and Michel Dyens.

In accordance with recommendation No. 7 of the Middlenext Code, each Director is made aware of the responsibilities arising from his or her appointment and informed of his or her obligation to comply with rules of conduct relating to his or her appointment and set forth in the Board Charter. To this purpose, a Board Charter has been drawn up that describes in particular the Rules of Procedure and provisions of the bylaws that apply to them.

The company adheres to recommendation 9 of the Middlenext Code by providing at shareholders' meetings information on the experience and skills of each Director at the time of their appointment or the renewal of their terms of office. The appointment of each Director and the renewal of their terms of office are the subject of a distinct resolution.

## 5.1.6. Charter of the Board of Directors

In compliance with recommendation 6 of the Middlenext corporate governance code, the Board of Directors established a Charter (Rules of Procedure) defining the operating rules of the Board and the terms of a code of conduct for Directors that supplement the provisions provided for by law and the company's bylaws. The main provisions of this Charter are as follows:

– the composition, role, organization and operating procedures of the Board of Directors;

– the functions of Audit Committee exercised by the Board of Directors in plenary session;

– the rules of conduct applicable to members of the Board of Directors;

– compensation of Directors;

– rules governing transactions involving the company's shares in accordance with the provisions of the French Monetary and Financial code and the AMF General Regulation.

This Board Charter is destined to regularly evolve to take account into the application of new regulations and recommendations in force and in response to proposals by Directors in order to ensure the optimal effectiveness of the Board's work. Revisions were made to this Charter for the first time by the Board of Directors on March 8, 2010, and subsequently on March 11, 2013 in order to incorporate the provisions of the law of January 27, 2011 on the balanced representation of men and women on company boards.

The full text of this Board Charter is reproduced in the registration document of the company.

# 5.2. Charter of the Board of Directors

## 5.2.1. Meetings

The number of meetings held is in compliance with the provisions of recommendation No. 13 of the Middlenext Code. It meets as often as the interests of the company require and at least five times a year at the request of the Chairman and according to a calendar jointly established that may be modified at the request of Directors or when justified by unforeseen events.

The Chairman represents the Board of Directors. He organizes the work of the Board and reports on this work to the General Meeting. The work of the Board is carried out in a collegial framework and in a manner that complies with the laws, regulations and recommendations. Accordingly, the Chairman of the Board of Directors ensures Directors are provided with information in advance and on a regular basis, that constitutes an essential condition for the performance of their duties.

For the fiscal year ended December 31, 2013, the Board of Directors met six times with an attendance rate of 80% for meetings lasting on average three hours and addressing the following items of business:

– review of the parent company statutory and consolidated financial statements for the fiscal year ended December 31, 2012 and the interim financial statements and the notice of the Annual General Meeting;

– review of the fiscal year 2013 budget and outlook;

– forward-planning documents;

– the capital increase through the capitalization of reserves resulting from new bonus share grants;

– compensation of the Chairman;

– analysis of financial information disclosed by the company to shareholders and the market;

– analysis of the major strategic, economic and financial priorities of the company;

– review and authorization of external growth projects;

– discussions on workplace and wage equality policy.

Auditors attend Board of Directors' meetings held to consider the company's accounts or any other matters regarding which they may provide Board members an informed opinion.

## 5.2.2. Committees

Having duly noted recommendation 12 Board of the Middlenext called, in this context, has not deemed it necessary to date to form special committees, notably a nominating or compensation committee, in part because of the company's size and organization, and in part because of the extensive in-depth experience Directors have in the world of business and the international markets of competitors. Their input is thus solicited on a collective basis for all significant items relating to the company's management.

With respect to the Audit Committee, the new article L 823-20 resulting from the ordinance of December 8, 2008 provides for an exemption to create an independent Audit Committee for companies with a corporate body that fulfills the functions of this committee "that may be the Board of Directors, on condition that use of this option is made public along with the composition of its membership".

To maintain its flexibility and decision-making processes and the consultation of financial information and internal controls, the Company's Board of Directors, decided to apply the provisions for an exception under article L. 823-20 as amended, and on that basis assume itself the tasks normally exercised by an independent Audit Committee. In light of their responsibilities in this area, this will allow the Directors to remain more responsive and efficient in monitoring the production of financial information and the effectiveness of internal control systems.

The exercise of the functions of Audit Committee by the Board is assured by three members specifically appointed whose task is to lead the discussions within the framework of monitoring the preparation of accounting and financial information. Patrick Choël, Director, serves as the Chairman, assisted by two independent Directors, Maurice Alhadève and Dominique Cyrot. The latter possesses expertise in finance acquired from having exercise for many years responsibility for managing French and European Mid Caps for Allianz France.

Within the framework of its Audit Committee functions in plenary session in 2013 the Board of Directors reviewed the following points relating to the audit of the annual and interim consolidated financial statements:

– review of implementation of the financial statement audit programs and financial information defined with respect to risks identified in connection with the evaluation of accounting and internal control systems;

– accounting treatment of financial items pursuant to the discontinuation of the Burberry license;

– monitoring risk management on the basis of Group risk mapping and analysis of internal control tests;

– validation and review of separate and consolidated financial information;

– valuation tests for the company's assets;

– accounting treatment for currency hedges;

– review of the separate financial statements of subsidiaries;

– change in accounting method pursuant to the IAS 19 amendment.

## 5.2.3. Evaluation of the Board's work

In accordance with recommendation No. 15 of the Middlenext Code, since 2011, Board members perform their self-evaluation on the functioning of the Board and its work through a questionnaire sent to each Director on notably:

– the missions assigned to the Board;

– the workings and composition of the Board;

– the meetings and quality of the discussions;

– directors' access to information;

– the functions of the Board of Directors.

Based on the information received in response to this annual self-evaluation questionnaire, on March 10, 2014 the Board reviewed its membership and evaluated the organizational and operating effectiveness. The questionnaires completed by the Directors and comments exchanged indicated a favorable assessment of the functioning of the Board, in line with the spirit of Middlenext recommendations and the environment in which the Directors actually exercise their functions and responsibilities.

## 5.3.
## Powers and missions of the Board of Directors

The Board of Directors determines strategic, economic, social and financial priorities of the company and ensures that they are implemented. Subject to the powers granted to shareholders' meetings and within the limits of the company's Charter, the Board considers any matter relating to the proper management of the company.

It issues decisions concerning the holding of multiple appointments or the separation of the appointments of Chief Executive Officer (*Directeur Général*) and Chairman of the Board, appoints corporate officers, imposes possible limits on the authorities of the Chief Executive Officer, approves the draft report of the Chairman, performs controls and verifications it considers appropriate, in respect to management control and the fair presentation of accounts, reviews and approves the financial statements, and ensures the quality of financial information provided to shareholders and the market.

## 5.4.
## Transmission of information to Directors

Directors are provided with all relevant documents and information to effectively perform their duties. Before each Board meeting, Directors receive:

– a meeting agenda established by the Chairman in coordination with General Management and, when applicable, Directors proposing items to be discussed;

– an information file concerning issues to be addressed under the agenda requiring particular analysis for the purpose of an informed discussion, during which Directors may ask relevant questions to ensure their adequate understanding of the matters addressed;

– and, when useful, press releases that have been published by the company as well as significant press articles and reports of financial analysts.

In compliance with Middlenext Code recommendation No. 11, outside of Board meetings, and when justified by events of the Company, Directors are regularly provided with all important information about the company that could have an impact on its commitments and financial position. They may request any explanation or the issuance of additional information, and in general, formulate any requests for access to information they may consider useful. In connection with Board self-assessment work, Directors considered that information provided was clear and precise and enabled them to engage in constructive debate and formulate an opinion and complete independence.

## 5.5.
## Attendance' fees

Attendance' fees are allocated exclusively to outside non-Executive Officers of the Board of Directors, namely, Chantal Roos, Dominique Cyrot, Patrick Choël, Maurice Alhadève and Michel Dyens. The total amount granted by the General Meeting is freely allocated by the Board of Directors to each member on the basis of their rate of attendance. For fiscal 2013, €180,000 was thus allocated by the General Meeting of April 22, 2013.

## 5.6.
## Shareholder participation in General Meetings

Under the terms of article 19 of the company's bylaws all shareholders have a right to participate in General Meetings, personally or through a proxy, regardless of the number of shares they hold, upon simple justification of their identity and ownership of the shares.

## 5.7.
## Disclosures provided for under article L. 225-100-3 of the French Commercial Code

To the best of the company's knowledge there exist no items that could have a potential impact in the event of a public offering:

– the structure of the share capital as well as direct or indirect equity interests brought to the company's attention and any other information relating thereto are described in chapter 2 of the section on shareholder information of this registration document;

– no restrictions on voting rights are imposed by provisions of the bylaws;

– there are no shareholders agreements or other undertakings concluded between shareholders;

– no securities exist that carry special control rights. However, a double voting right is granted to all fully paid up shares registered in the name of the same shareholder for at least three years. (article 11 of the bylaws);

– no control procedure is provided for in the event of the existence of an employee stock ownership scheme with control rights not exercised by participating employers;

– rules concerning the appointment and revocation of members of the Board of Directors are subject to the rules of common law;

– modifications to the bylaws are made in accordance with procedures provided for by laws and regulations;

– with respect to the Board of Directors' powers, delegations of authority in progress are described in chapter 2 in the section on shareholder information of this registration document.
No particular agreement exists providing for payment of compensation in the event of termination in the functions of members of the Board of Directors.

## 5.8.
## Internal control and risk management

### 5.8.1.
### Definition

The Company has implemented internal control and risk management procedures in large part been based on the guidelines established by article 404 of the Sarbanes Oxley Act that applies to the US parent company because it is listed on a New York Stock Exchange. The principles determined therein are in part provided for under the AMF guidelines of 2007 and updated in July 2010 and completed by the guidelines for Small and Mid Caps of January 9, 2008.

The Company has defined and implemented comprehensive internal control and risk management systems that include a combination of resources, rules of conduct and procedures adapted to the Company's organization to enable it to:

– limit risk to an acceptable and reasonable level to ensure its continuing operation;

– better identify material operating and financial risks;

– manage its activities and ensure an efficient use of its resources.

## 5.8.2. Definition and objectives of risk management and internal control

Risk is defined as the possibility of the occurrence of an event with potential consequences affecting:

– the employees, assets, environment or reputation of the company;

– the Company's values and ethical commitments and laws and regulations;

– the achievement of the Company's objectives.

The purpose of risk management procedures is to therefore:

– safeguard the value, assets and reputation of the Company and its brand licenses;

– secure the decision-making process and other processes of the Company to achieve its objectives through an objective analysis of potential threats and opportunities;

– promote the coherence the Company's actions and values;

– deploy and motivate the Company's staff around a common vision of the main risks.

The processes for defining and implementing internal control procedures seek to ensure:

– compliance with laws and regulations and respect of the Company's internal values;

– the application of instructions and priorities set by general management;

– the effective application of internal processes notably concerning the protection of corporate assets;

– the reliability of financial information.

However, no system of internal control can provide an absolute guarantee of achieving these objectives. The probability of achieving such objectives is subject to limits inherent in any system of internal control, related notably to uncertainties concerning the external environment, the exercise of judgment or problems that may arise in response to human error or simple error, and the need to perform cost-benefit analysis before implementing any controls.

## 5.8.3. Components of the risk management and internal control system

### 5.8.3.1. The risk management system

The risk management system is based on processes including three steps:

– identifying risks in order to determine and rank those which are the most important. A risk is characterized by as an event originating from one or several internal sources or consequences. This identification process constitutes an ongoing approach of the Company;

– analyzing risks in order to examine the potential consequences of the main risks that may be in particular financial, human and legal in nature and assess their occurrence. This analysis is performed by the company on an annual basis;

– handling the risk with the objective of defining action plans most adapted to the Company and in particular by trade-off between the opportunities and the cost of measures for handling the risk. These action plans are accompanied by the appropriate measures for prevention and reinforcing existing controls relating to internal control processes.

Risk management responsibilities are exercised at every reporting level of the Company. Staff, line management and support function management actively intervene as participants with a direct stake in an approach focused on internal controls of the processes they supervise, within the framework of missions defined by Executive Management, their organization and contributions to critical decisions. Furthermore, the limited number of levels in the decision-making process and the contribution of line management to strategic considerations facilitate the identification and handling of risks. To this purpose, they possess the knowledge and information necessary to establish, operate and oversee the internal control procedures in relation to the objectives that have been set for them. An in-depth analysis of the separation of operational and control tasks was undertaken to effectively address the objectives of control.

The mapping of Group risks launched in 2004 and regularly updated since, has made it possible to classify risks into four categories: operating risks, risks related to international operations, environmental and employee-related risks and risks related to the financial environment, that are presented in detail in Chapter 3 of the management report under the heading "Risk Factors". These regular updates keep pace with the Company's activity and evolving organizational changes.

This mapping constitutes the basis for an analysis required to verify the relevance of measures taken to improve and strengthen the internal control system. This has made it possible to highlight risk areas, and for each of these areas, risks with a potential financial impact. Risks thus identified are then evaluated to determine their potential impact and likelihood of occurrence. Each risk identified and tested is monitored to ensure that all action plans destined to reduce its scope are correctly implemented.

The Board of Directors is informed of the features of this risk mapping as well as the remedial action plans.

This risk management system is regularly reviewed to improve the methodology for managing risks by drawing on the information obtained about risks that have been identified, analyzed and addressed.

### 5.8.3.2. Coordination of risk management and internal control systems

The base management system seeks to identify and analyze the main risks. The risk management and internal control systems both contribute in a complementary manner in effectively managing the Company's operations. In effect, within the framework of internal control processes, action plans are implemented to address risks identified as having a material impact on the Company's assets, image and reputation.

### 5.8.3.3. Components of the internal control system

The Company's internal control system is deployed by a team of managers and officers under the authority of the Executive Management who in turn reports to the Board of Directors. It is based on a combination of the following actions and measures:

– clearly defined responsibilities in preparing, implementing and ensuring the management of internal control procedures;

– risk mapping: identifying, analyzing and handling risks;

– ad hoc tests conducted on a periodic basis of the effectiveness of internal controls.

**Organization of the Company**

The Company is organized around two divisions.

– the operational division encompasses the line management departments for Export Sales and French Sales, Marketing and Production and Development;

– whereas the division for support functions is organized through the Finance, Human Resources, Information Technology and Legal Affairs departments.

The line management departments, assisted by the technical expertise provided by the support functions, coordinate the implementation of objectives and achievement of the operating results set by Executive Management. To this purpose, they participate in the internal control procedures and risk management when key operating processes associated with sales to distributors and the management of the company's image have an impact on assets and/or results.

Support function departments cover all processes relating to the management of resources (cash management, human resources, compliance with tax obligations, settlement of trade payables, the processing and communication of accounting and financial information, information systems, monitoring legal and regulatory developments, etc.). They also have a role in defining and communicating policies and information about good practices for the Company's activity and ensure their effective application, maintaining a safe and secure environment, the reliability of financial information and compliance with laws and regulations. The reliability of information is in particular guaranteed by the Information Technology department. This department is organized into two units: Systems and Networks responsible for maintaining and securing information technology infrastructure (hardware) and Information Systems responsible for managing applications (software).

This organization has demonstrated its strength and relevance based through its success in achieving real synergies between the Operational and Support Service departments. It is based on the staff's knowledge and understanding of the processes for operating and overseeing the internal control system in relation to the objectives having been set for them. Its strength is also the result of the convergence of the resources of the different divisions involved and a decentralized organization that combines the advantages of flexibility and the delegation of responsibilities necessary for ensuring the optimal and coherent application of the strategic objectives set by general management.

The Company also consolidates seven foreign subsidiaries that apply the Group's internal procedures relating to the preparation and processing of accounting and financial information. The US subsidiary Interparfums Luxury Brand Inc., formed in September 2010, in light of the size of its operating entity, has been included in the scope of tests conducted on the effectiveness of the internal control system in 2011.

**Key components of the internal control system**

These features are based on documentary tools, a set of rules and procedures as well as awareness raising initiatives for management bodies and staff about the internal control and risk management principles adopted within the Company. These rules and procedures make it possible to ensure that the instructions of Executive Management are concretely implemented at the level of the operating and support function activities.

**The Internal Procedures Manual**

This tool formalizes a certain number of internal procedures considered essential for the effective operations of the company in a secure environment. This manual details the main operating and financial processes covering notably sales/customers, sourcing/suppliers, inventory, cash management/budget, accounting procedures, IT systems and personnel/payroll. This manual also describes the procedure for expense requests and bank accounts signature authorizations. The Internal Procedures Manual is accompanied by guidelines for key controls specific to the company that are subject to annual self-assessments according to procedures described below.

**Code of Good Conduct**

A priority for managing human resources is to ensure that profiles effectively match the corresponding responsibilities while adhering to the key values: prudence, pragmatism, responsiveness, high standards, transparency and loyalty. Contributing to the expertise and know-how of a team of men and women sharing a common culture of commitment to integrity and high standards that distinguish the Company thus constitutes an important part of internal control. These values are set forth in a Code of Good Conduct that provides guidelines on professional conduct to be adopted, notably in the areas of compliance with laws and regulations, preventing conflicts of interest and financial transparency in order to prevent situations of fraud. This Code is signed by employees and remitted to each new employee when joining the Company.

**Information System Charter**

This document defines the rights and obligations of employees, users of the information system, to ensure that the information technology resources are used in a secure environment complying with the procedures of internal control. It is signed by all users and made available to all new employees who undertake to comply with its provisions.

**Alert procedure**

Under this procedure, each employee considering to have legitimate doubts about company practices in areas relating to finance, accounting, banking and combating corruption is invited to contact an independent Director as specified therein. It also provides that no sanctions of any nature can be taken against the employee having made use of this professional alert procedure in good faith.

## 5.8.4.
## Key participants in internal control procedures

### 5.8.4.1.
### The Board of Directors

In connection with information provided to the Board, its members review all characteristics of the internal control and risk management systems and more particularly examine them in accordance with their Audit Committee functions exercised in plenary session. The Board is kept regularly informed about internal control and risk management methodologies The Board may exercise its authority to request verifications and controls it considers appropriate to ensure the transparency, effectiveness and security of the internal control environment.

### 5.8.4.2.
### Executive Management

This includes the Chairman and Chief Executive Officer, assisted by two Executive Vice Presidents. They define the major strategic priorities, discussed and approved by the Board of Directors, to achieve the commercial and financial objectives of the company. This is done by providing clearly defined internal procedures and an internal control system for which they are directly responsible. They define the general principles, oversee their coordination and ensure that measures to implement the different components are effectively taken.

### 5.8.4.3.
### Management Committee

This Committee includes management from the operating and support function departments who report directly to the Chairman and Chief Executive Officer. This corporate governance body focuses on strategic issues through medium-term plans, monitors budgets and addresses important issues relating to the company's organization and projects. It is informed on internal control policy's implementation and monitors the work carried out for this purpose as well as the corresponding action plans. Each Management Committee member is responsible for ensuring that the common rules and principles comprising the framework of the internal control system are applied and understood in the departments under his or her responsibility.

### 5.8.4.4.
### The Finance and Corporate Affairs Department

Operating under the responsibility of Executive Management, this Division includes several departments and notably Consolidation, Accounting, Management Control, Information Systems, Human Resources and Legal Affairs. As the corporate treasury management function has significantly evolved in line with the growing needs of the company, in 2013 a special department was created to manage liquid assets, secure financial flows in an environment marked by the occurrence of attempted fraud, hedging transactions and the company's banking policy. The corporate treasury department reports to the Finance Department.

The Finance and Corporate Affairs Department is responsible for implementing the internal control to prevent and manage risks resulting from the Company's activities, and notably risks of accounting errors and fraud in the area of accounting and finance. To this purpose, it must ensure that the ongoing controls having been defined and implemented are necessary and adequate and are correctly applied and effective in safeguarding the Company's assets against all potential incidents.

It also provides technical support to operating departments by establishing operating procedures, defining and promoting the use of information tools, procedures and good practices essential for the effective application of the objectives defined by Executive Management.

It centralizes and consolidates financial and accounting information for all Group entities. It furthermore ensures the consistent nature of this information in relation to the budget approved by Executive Management and the Board of Directors and that such information is adequately supported.

It is also responsible for ensuring that Executive Management and the operating departments are aware of legal issues.
To this purpose, it monitors legal and regulatory developments and takes measures to avoid exposure to potential criminal risks and risks related to commercial law and intellectual property rights. It is also responsible for managing litigation and disputes in close collaboration with outside legal counsel and attorneys, as well as drawing up and reviewing the main contracts of the Company.

### 5.8.4.5.
### Internal Audit

The Company has implemented a flexible organization for its internal control system and risk management processes adapted to the needs and organization of its operational and support function divisions. To ensure the continuing relevance and effectiveness of this methodology and with the objective of maintaining the processes adopted in consequence, the Company has not considered it useful to create an independent audit department which could potentially disrupt the proper functioning of internal control processes in place.

The evaluation of the internal control system is assured by an Internal Control manager, with the assistance of an outside consulting firm and in coordination with the Finance Department operating under the authority of Executive Management that defines the general principles and objectives. This manager performs ad hoc missions that consist in examining the internal control system and proposing recommendations for improving its effectiveness both with regards to purely financial aspects as well as operational issues relating to processes for purchasing, sales and the management of the Company's image.
In addition to these missions, this manager spearheads and coordinates risk management by producing a risk map that is monitored by implementing an action plan. Within the framework of these responsibilities, this manager coordinates, harmonizes and optimizes the methodology for internal control and risk management processes, drawing on information obtained from self-evaluation procedures to validate or reassess existing controls, and the analysis and recommendations provided by the outside consulting firm intervening in this area.

## 5.8.5.
## Internal control procedures

Internal control procedures, spearheaded and coordinated by the Finance Department in cooperation with Executive Management, are designed to secure the different processes used to achieve the objectives set by the Company. To this purpose, controls performed at every level of responsibility, are based primarily on the application of standards and procedures. Since 2011, internal control procedures have been significantly modified following the implementation of a new SAP ERP that has permitted the automation of certain controls and in this way strengthened their effectiveness.

These procedures are organized around the following key areas identified as areas of potential risk:

### 5.8.5.1.
### Operating processes

**Sales/trade receivables management/collection:**
This process ensures that all deliveries made and/or services rendered are invoiced within the specified period and invoices are properly recorded in the trade receivables accounts.
It also determines procedures for issuing credits which must be justified and controlled before being booked. This procedure makes it possible to identify potential doubtful trade receivables and anticipate risks of default.

**Purchasing/management of trade payables:**
This process is formalized by procedures based, on the one hand, on the separation of the functions for placing orders and for authorizing orders, acceptance, the recording of the transactions in the accounts and payment of suppliers, and on the other hand a process for monitoring and reconciling purchase orders, receiving slips and invoices (quantity, price, terms of payment) supplemented by a procedure for preventing dual recognition/payment of supplier invoices. Anomalies that may be identified are analyzed and monitored;

### 5.8.5.2.
### Accounting and financial processes

**Cash management:**
Controls in place are destined to ensure that bank accounts are reconciled on a regular basis with information received from the banks and reviewed periodically in order to document and explain eventual variances; The Company has also implemented a system for hedging foreign exchange risk related notably to transactions conducted in US dollars and pounds sterling. The amount of hedges as well as the exchange rate targets are the subject of regular discussions between the Finance Department and Executive Management are reported to the Board of Directors.

**Budget process:**
Control, in this context, consists of ensuring that annual budget is established according to the instructions of Executive Management and that actual performances are monitored through regular reporting tools based on data obtained from the operating departments with the primary objective of analyzing actual performances in relation to forecast and prior periods. This review of "forecasts versus actual" makes it possible to identify potential inconsistencies, errors or omissions and make the appropriate management decisions to correct the corresponding data (revenue, operating expenses, etc.).

**Preparing financial and accounting information:**
This process consists in reviewing the fair presentation and consistency of account closing procedures to ensure a reliable consolidation consistent with data collected and submitted to the Finance Department.

**Information systems management:**
The Company has an ERP-type management system that permits integrated information management for the purchasing, sales, logistics and finance processes. This tool is supplemented by other applications with which it interfaces, such as the tools for cash management, payroll administration as well as applications of our partners (suppliers, warehouse logistics, customers). In addition, the Company is equipped with fully independent applications such as the accounting consolidation tool.

These different applications have been configured to guarantee an effective separation of tasks which is the foundation for any internal control system. In effect, user access to these applications is rigorously managed to ensure that access is strictly limited to the scope required for the performance of its functions.

In 2012, SAP, the Company's main software application was subject to a thorough audit which identified no material weaknesses in terms of access management for the separation of tasks. Furthermore, a thorough and automated analysis was performed of the general ledger to identify irregularities based on tests involving transactions qualified as abnormal. This review did not identify any errors whose nature could call into question the effectiveness of the Company's internal control systems.

### 5.8.5.3.
### Oversight of internal control and risk management procedures

This oversight is ensured through an internal procedures self-assessment plan that is necessary for a better understanding and appropriation of internal control procedures, ensure their correct application and, if necessary, improve procedures currently in force.

These periodic reviews make it possible to measure progress in implementing programmed actions, changes since the previous self-assessment and adopt new procedures that may be identified as necessary through this process.

This self-assessment process is performed annually with the assistance of an independent outside consulting firm. This involves identifying assets of key importance for the company, analyzing potential risks, existing or emerging, by type of task assigned to each department concerned and meetings with the operating departments concerned.

Internal control procedures have been carried out in accordance with the provisions of US law of the Sarbanes Oxley Act.

If processes and the associated controls are not formalized or are considered insufficient, a remediation plan or corrective actions are implemented and monitored by the manager concerned.

At the end of this self-evaluation process, the results were provided both to the Finance Department and Executive Management who provided a summary to the Board of Directors. Executive Management also communicates these results to the Management Committee so its members can ensure that management of the respective divisions is aware of the results of the work and the issues at stake in implementing remediation plans in response to the dysfunctions identified or those that could result from inadequate controls.

The new tools available to the company to perform these tests of internal control procedures made it possible to strengthen methods for carrying out its work in 2013. On this basis, 128 controls were carried out focusing on 45 areas of risk relating to sales and purchasing activity, license royalties, advertising expenses, inventory, cash management, closing activities, payroll management and information systems. In 2013, the scope for this evaluation was the same as the prior year.

For its US subsidiary, Interparfums Luxury Brands, 44 checkpoints were subject to these same tests. The guidelines for internal control and evaluation for the subsidiary were implemented in collaboration with an outside US consulting firm.

Self-evaluations carried out within the Company did not indicate any incidents of a significant or noteworthy nature that might call into question the relevance of internal controls. In line with its policy of strengthening internal control procedures, the Company has continued to analyze priorities for improving existing procedures and developing remediation plans.

This work also concerns the organization of the Information Systems Department, the evaluation of general IT controls, the management of operations, projects and security and the policy for ensuring the availability and continuity of service of systems.

# 5.9. Internal control procedures relating to accounting and financial information

## 5.9.1. Process for managing the accounting and financial organization

### 5.9.1.1. Organization

Internal control procedures applicable to accounting and financial data are prepared and implemented under the responsibility of the Finance Department and the oversight of General Management in the following areas: financial communications, accounting, consolidation, management control, cash management, information systems and compliance with laws and regulations. To achieve this objective, it is supported by the managers of the different teams of the Finance Department (Finance, Accounting, Management Control, Consolidation, Human Resources, Cash Management, Information Systems and Legal Affairs).

### 5.9.1.2. Application of accounting standards

The accounting department has a process for identifying and processing changes in accounting standards and the approval of the resulting procedures for accounting treatment. Similarly, there exist procedures to ensure the accounting department is informed of changes in Group practices that could affect the methodology or procedures for recording transactions. The scope of accounting management is constantly updated.

### 5.9.1.3. Organization and security of information systems

The organization of the Information Systems Department was designed to ensure in particular management of authorization for access to Information Systems through a rigorous control of compliance of the principle of the separation of tasks and the management of infrastructure services and governance of the information technology department.

The company uses an ERP application that integrates sales management, logistics, purchasing management, financial accounting, subsidiary accounts and cost accounting information. The organization and operating of the entire information system is subject to measures that limit the conditions of access to the system, the validation of processing and closing procedures, conservation of data, and verification of entries.

To ensure continuity in processing accounting data, backup systems and a continuity plan have been implemented in the event of a sudden dysfunction. In addition, all data is backed up daily. In terms of conservation and protection of data, a procedure for secure access to accounting and financial data has been developed involving the designation of individual and personal rights assigned to specific persons accompanied by passwords.

In 2009, a Business Continuity Planning (BCP) was implemented involving the use of virtualization technology on internal servers in order to ensure efficient backup system in the event of any equipment failure. In 2010 and early 2011, an IT recovery plan was deployed to strengthen these measures to secure the information system, duplicating computer data at an external "secure dormant site" as a precaution in the event of malfunctions.

The revamping the information system by integrating the SAP enterprise application responds to needs related to the Company's growth and covers virtually all the operational and functional processes of its business (finance, sales, inventory and production planning). This application that has been operational since May 2011 meets the following objectives:

– systematize internal procedures; By way of example, a customer order cannot be processed until it has been validated within the system by authorized persons;

– shortening the logistics cycle for improved customer service. For example, because information flows are automated and transit through the computer system, the logistics warehouse receives all information from Interparfums in real time;

– strict monitoring of flows for the sourcing, inventories and real-time access to physical inventory;

– reinforcing the decision-making processes and cost accounting for optimized management accounting;

– ensuring compliance with the rules of traceability and security through the harmonization of information processing tools. All users log onto the information system with a unique identifier that permits them to execute a limited number of tasks. In this way, a user can be linked to each transaction generated by the application.

## 5.9.2.
## Process contributing to the preparation of accounting and financial information

**5.9.2.1.**
**Operating process for producing the accounting information**

Internal control processes at this level have been implemented through the following measures based on previously defined procedures and approval mechanisms:

– a planned program for account closings subsequently communicated to operating departments;

– close collaboration between the different managers of the support function and operating departments;

– analysis of the relevance of information reported particularly concerning sales, orders and the examination of margins;

– a detailed review of the accounts by Executive Management in view of their approval before the final closing.

Meetings are organized to coordinate activity with the different departments concerned in order to ensure the exhaustive nature of information provided to prepare the accounts.

**5.9.2.2.**
**Process for account closings and the production of consolidated financial statements**

Account cut-off procedures are subject to precise instructions provided by the Finance Department in respect to the closing process, indicating information to be entered, restatements required, the timetable of activity as well as the planning for precise tasks for each party participating in this process. These procedures are accompanied by a process for validating key items of the consolidation process and notably the reconciliation of separate financial statements with restated financial statements included in consolidation, the consistency of management data and accounting, the identification and analysis of changes in consolidated net equity.

Procedures for producing interim and annual financial consolidated financial statements are based on IFRS guidelines.

At the level of subsidiaries, local management provides detailed reporting that includes financial statements, audited by local outside auditors, and analysis of business performances. This information is in turn subject to in-depth analysis by Executive Management with the technical support of the Finance Department.

**5.9.2.3.**
**Financial communications**

The financial communications process is subject to a clearly defined reporting schedule for information destined for financial markets and market authorities. This schedule ensures that communications complies with the requirements of applicable laws and regulations relating to financial disclosures both concerning the nature of information to be disclosed, the required deadlines and compliance with the principle of equal access to information by all shareholders.

# 5.10.
# Relations with Statutory Auditors

In connection with the half yearly and annual closings of the accounts, the Statutory Auditors organize their work by undertaking:

– a prior review of procedures and internal control tests;

– a meeting prior to the approval of the accounts to define the program of reviews and the calendar and organization of their work;

– a limited review or audit of the financial statements prepared by the Finance Department;

– a meeting presenting a summary of their work to General Management.

On this basis, the Statutory Auditors certify the fair presentation of the separate parent company and consolidated financial statements.

# 5.11.
# Trend forecasts for 2014

The company assures permanent oversight of all organizational changes to anticipate, adapt and optimize internal control procedures in real time and to facilitate the appropriation of these procedures by operational teams. Its internal control procedures are also designed to respond to both regulatory requirements and future issues facing the company.

Priorities for the Company for the year 2014 include implementing:

– electronic invoicing for suppliers. This project seeks to automate data entry, the recording and approval of invoices, guaranteeing in this way optimal security at the level of accounts payable processes;

– implementing an internal control tool to analyze the exhaustive nature of accounting transactions for a given period in order to detect eventual exceptions (duplicate invoice payments, unusual or erroneous accounting trails, etc.).

# 5/





# SHAREHOLDER INFORMATION

# 1. STATUTORY INFORMATION

## 1.1. The company

### 1.1.1. General information

**Company name:** Interparfums

**Registered office:** 4, rond-point des Champs Élysées 75008 Paris, France.
Tel.: +33 (0)1 53 77 00 00
Date of incorporation April 5, 1989
Company term The Company is incorporated for a period of ninety-nine years (99) effective from its date of entry in the Trade and Companies Register (*Registre du Commerce et des Sociétés*), barring early liquidation or extension.

**Legal form:** a French corporation (*société anonyme*) with a Board of Directors.

**Corporate Charter:** the company's business purpose in France and all other countries includes:

– the purchase, sale, manufacture, import and export of all products related to perfumes and cosmetics;

– the use of license agreements;

– providing all services related to the above-mentioned activities;

– the company's participation by all means, directly or indirectly, in all transactions that may relate to its business purpose through the creation of new companies, the contribution, subscription or purchase of company shares or rights, mergers or other, through the creation, acquisition, rental or lease management of all rights to conduct business or establishments, and through the acquisition, operation or disposal of all procedures and patents related to these activities;

– and, generally, all commercial, industrial, financial, civil, securities and real estate transactions that relate directly or indirectly to the company's business purpose or to any similar and related activities.

**Fiscal year:** The fiscal year is a twelve-month period starting on 1 January and ending 31 December.
Siret: N°. 350 219 382 00032
Trade register N°. (RCS): 1989 B 04913
Place of registration: Registrar of the Commercial Court of Paris
Activity code: 46.45 Z Wholesale perfume and beauty products.

### 1.1.2. Legal form of the shares – identification of shareholders (article 9 of the bylaws)

At the option of their owners, shares in France are registered in a standard personal account (*compte nominatif pur*), an administered personal account (*compte nominatif adiministré*) or to the bearer identifiable at an authorized intermediary.

The Company may request at any time, from the entity providing clearing services for its securities, in accordance with applicable laws and regulations, and in return for payment at its expense, disclosure of information regarding the identity of holders of securities issued by it, which give immediate or future rights to vote in shareholders meetings, their identity, their address as well as the number of shares held by each and, where appropriate, any restrictions attaching to such securities.

## 1.2. Main legal provisions and bylaws

### 1.2.1. Shareholders' meetings (article 19 of the bylaws)

All shareholders have the right to participate in shareholders' meetings or to be represented, regardless of the number of shares owned, provided the shares are fully paid up and registered in the shareholder's name for at least three days prior to the shareholders' Meeting upon presentation of a certificate filed by an approved intermediary at the sites mentioned in the Meeting notice, confirming that the shares are not available up until the date of the Meeting.

All shareholders may be represented by a spouse or another shareholder. All shareholders may vote by correspondence using a proxy statement that complies with legal provisions and is obtainable by returning the Meeting notice.

### 1.2.2. Special shareholder disclosure obligations (article 20 of the bylaws)

In accordance with the provisions of L.233-7 of the French Commercial Code (*Code de Commerce*), all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the company, must notify the Company by registered mail with return receipt of the number of shares and voting rights they hold within five trading days. The disclosure requirement referred to in the preceding paragraph is also mandatory within the same time limits whenever the percentage of capital or voting rights held falls below one of the thresholds mentioned above.

Under article L.233-7 subsection VII of the French Commercial Code, shareholders subject to the above disclosure obligations must also state their intentions with regard to share ownership for the next twelve months whenever the thresholds of one tenth or one fifth of the capital or voting rights have been crossed.

### 1.2.3. Appropriation and distribution of earnings (article 24 of the bylaws)

If the financial statements approved by the shareholders' Meeting show a distributable profit as defined by law, the shareholders' Meeting decides whether to make appropriations to one or more retained earnings or reserve accounts under its control, to carry it forward or to distribute it. The shareholders' Meeting may grant shareholders the choice of receiving a dividend in cash or in shares for all or part of the dividend or interim dividends to be distributed, subject to the applicable legal provisions.

Following the approval of the financial statements by the General Meeting of the shareholders, any losses that may occur are carried forward to be offset against future earnings until these losses have been fully used.

### 1.2.4.
### Documents on display

The bylaws, accounts, reports and other information destined for shareholders can be consulted at the company's headquarters by appointment.

### 1.2.5.
### Legal jurisdiction

In the event of litigation, the courts having jurisdiction are those of the registered office in cases where the company is a defendant. They are designated according to the nature of the litigation, barring any contrary provisions of the new Civil Procedure Code.

# 2.
# CAPITAL STOCK

## 2.1.
## Five-year history of capital stock transactions

| Year | Transaction type | Number of shares | Shares created | Total shares | Share capital *(in €)* |
|---|---|---|---|---|---|
| 2009 | Exercise of 2002 stock options | 51,368 | 51,368 | 13,443,348 | 40,330,044 |
| | Exercise of 2003 stock options | 99,828 | 99,828 | 13,543,176 | 40,629,528 |
| | Exercise of 2004 stock options | 987 | 987 | 13,544,163 | 40,632,489 |
| | Exercise of 2005 stock options | 408 | 408 | 13,544,571 | 40,633,713 |
| | Bonus share issue | 2,678,942 | 2,678,942 | 16,223,513 | 48,670,539 |
| 2010 | Exercise of 2004 stock options | 148,464 | 148,464 | 16,371,977 | 49,115,931 |
| | Exercise of 2005 stock options | 68,347 | 68,347 | 16,440,324 | 49,320,972 |
| | Exercise of 2006 stock options | 4,723 | 4,723 | 16,445,047 | 49,335,141 |
| | Capital decrease | (157,150) | (157,150) | 16,287,897 | 48,863,691 |
| | Bonus share issue | 1,638,298 | 1,638,298 | 17,926,195 | 53,778,585 |
| 2011 | Exercise of 2005 stock options | 96,076 | 96,076 | 18,022,271 | 54,066,813 |
| | Exercise of 2006 stock options | 41,204 | 41,204 | 18,063,475 | 54,190,425 |
| | Bonus share issue | 1,803,851 | 1,803,851 | 19,867,326 | 59,601,978 |
| 2012 | Exercise of 2006 stock options | 132,948 | 132,948 | 20,000,274 | 60,000,822 |
| | Bonus share issue | 2,000,027 | 2,000,027 | 22,000,301 | 66,000,903 |
| **2013** | **Exercise of 2009 stock options** | **31,087** | **31,087** | **22,031,388** | **66,094,164** |
| | **Bonus share issue** | **2,200,030** | **2,200,030** | **24,231,418** | **72,694,254** |

As of December 31, 2013, Interparfums' capital was composed of 24,231,418 shares with a par value of €3.

## 2.2.
## Authorized capital

### 2.2.1.
### Previous authorizations

The shareholders' Meeting of April 27, 2012 authorized the Board of Directors to increase the capital stock by issuing ordinary shares with or without shareholders' preemptive rights for maximum nominal amounts respectively of €25 million. These authorizations are valid for a period of 26 months. To date, the Board of Directors has not made use of these authorizations.

The shareholders' Meeting of April 22, 2013 also authorized the Board of Directors to increase the capital by an amount not exceeding €25 million through the capitalization of earnings, additional paid-in capital and reserves. The Board of Directors made use of this authorization:

– pursuant to its decisions of May 22, 2013 to increase the capital stock by €6,600,090 through the creation of 2,200,030 new bonus shares granted to shareholders on the basis of one new share for every ten shares held.

The maximum amount of present or future capital increases that may result from all issuances authorized by the shareholders' Meeting of April 22, 2013 is €75,500,000 that includes the €500,000 authorized in connection with the capital increase reserved for employees proposed in the resolution that was rejected by this meeting.

### 2.2.2.
### Breakdown of option holders as of December 31, 2013

| | Plan 2009 | Plan 2010 |
|---|---|---|
| Management Committee members | 33,972 | 47,518 |
| Employees | 57,335 | 88,996 |
| **Total** | **91,307** | **136,514** |

## 2.3.
## Ownership of Interparfums capital stock and voting rights

### 2.3.1.
### Situation at February 28, 2014

| | Shares held | % of capital | Theoretical voting rights | % of theoretical votes | Voting rights exercisable at the AGM | % of voting rights at the AGM |
|---|---|---|---|---|---|---|
| Interparfums Holding SA | 17,695,761 | 72.9% | 35,364,904 | 84.2% | 35,364,904 | 84.3% |
| French investors | 1,919,478 | 7.9% | 1,921,778 | 4.6% | 1,921,778 | 4.6% |
| Foreign investors | 3,135,053 | 12.9% | 3,135,053 | 7.5% | 3,135,053 | 7.5% |
| Individuals | 1,498,042 | 6.2% | 1,529,322 | 3.6% | 1,529,322 | 3.6% |
| Treasury shares | 36,132 | 0.1% | 36,132 | 0.1% | - | - |
| **Total** | **24,284,466** | **100.0%** | **41,987,189** | **100.0%** | **41,951,057** | **100.0%** |

Based on a survey of shareholder ownership, there were 6,403 shareholders at February 28, 2014. Excluding Interparfums Holding, Interparfums' shareholder base breaks down as follows:

– 171 French institutional investors and mutual funds owning 7.9% of the capital stock compared with 200 in 2012 owning 10.4%;

– 124 foreign investors located mainly in the U.K., Switzerland, the U.S., Luxembourg and Belgium, who own 12.9% of the capital stock compared with 100 in 2012 with 9.5%;

– 6,108 individual shareholders owning 6.2% of the capital stock compared with 6,200 in 2012 owning 6.9%.

To the Company's knowledge, there are no other shareholders that possess directly, indirectly or together, 5% or more of the capital or voting rights.

Four independent Directors serve on the Board of Directors providing a mechanism for preventing an abusive exercise of control of the company.

### 2.3.2.
### Changes in Interparfums Holding's ownership structure

| At February 28 | 2012 | 2013 | 2014 |
|---|---|---|---|
| Interparfums Holding | 73.6% | 73.1% | 72.9% |
| French investors | 9.4% | 10.4% | 7.9% |
| Foreign investors | 9.2% | 9.5% | 12.9% |
| Individuals | 7.6% | 6.9% | 6.2% |
| Treasury shares | 0.2% | 0.1% | 0.1% |
| **Total** | **100.0%** | **100.0%** | **100.0%** |

## 2.4.
## Breakdown of Interparfums Holding's capital stock as of December 31, 2013

Interparfums Holding, whose sole equity holding is Interparfums, is itself wholly owned by Interparfums Inc., listed on NASDAQ in the United States with approximately 6,370 shareholders. As of December 31, 2013 it had the following ownership structure:

– Philippe Bénacin and Jean Madar: 45.08%;
– Free float: 54.92%.

## 2.5.
## Dividend

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 2013, a dividend of €0.54 per share was paid. An exceptional dividend of €0.54 per share was also paid on the same date. On that basis, the dividend payout for fiscal 2012 was €1.08 per share or €23.7 million.

## 2.6.
## Shareholders' agreements

No shareholders' agreements exist at the level of Interparfums Holding.

## 2.7.
## Double voting right

In accordance with the provisions of article L.225-123 of the French Commercial Code, the extraordinary shareholders' Meeting of September 29, 1995 created shares with double voting rights. These shares must be fully paid up and recorded in the company's share register in registered form for at least three years.

## 2.8.
## Special shareholder disclosure obligations

Thresholds are defined by article 20 of the bylaws whereby in accordance with the provisions of article L.233-7 of the French Commercial Code (*Code de commerce*) all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the company, must inform the company by registered mail with return receipt of the number of shares and voting rights they hold within four trading days thereafter before the close of trading.
This notification must also be sent to the AMF no later than the fifth trading day before the close of trading following the day this threshold was crossed.

In 2013, no incidents of the crossing of such share ownership or voting right thresholds were reported to the company.

## 2.9.
## Key stock market data

| *(Number of shares and euros)* | **2009** | **2010** | **2011** | **2012** | **2013** |
|---|---|---|---|---|---|
| Shares outstanding as of December 31 | 16,223,513 | 17,926,195 | 19,867,326 | 22,000,301 | 24,231,418 |
| Market capitalization as of December 31 | €292m | €490m | €325m | €510m | €720m |
| High (1) | 20.49 | 27.84 | 28.12 | 23.45 | 32.25 |
| Low (1) | 13.06 | 17.19 | 16.25 | 16.00 | 21.10 |
| Average (1) | 16.67 | 23.05 | 23.41 | 19.72 | 25.85 |
| Year-end (1) | 18.01 | 27.35 | 16.38 | 23.16 | 31.35 |
| Average daily volume (1) | 6,022 | 10,146 | 19,414 | 15,016 | 18,101 |
| Earnings per share (1) | 1.52 | 1.57 | 1.69 | 6.48 | 1.50 |
| Dividend per share (1) | 0.39 | 0.48 | 0.50 | 0.54 | 0.49 |
| Average number of shares outstanding (2) | 14,880,583 | 17,089,880 | 17,956,051 | 20,957,788 | 23,182,575 |

(1) Historical data (not restated for bonus share issues undertaken each year).
(2) Excluding treasury shares.

## 2.10.
## Share price

For the year to date, trends for Interparfums' share price in 2013 can be divided into three distinct phases:

– a relatively stable performance over the first half above the €20 level during a transitional phase following the discontinuation of the partnership with the Burberry group;

– an upward movement before and after the publication of first-half results in July;

– an acceleration in this rise with the publication of good results in September, third-quarter sales in October and the 2014 full-year outlook in November, pushing the share price to above €31 at December 31, 2013.

On that basis, the market capitalization now exceeds €750 million. Trading volume has improved to reach an average of 20,000 shares per day.

## 2.11.
## Share price and trading activity trends since 2011

| *(euros)* | **High** | **Low** | **Trading volume** *(number of shares)* | **Trading volume** *(€ millions)* |
|---|---|---|---|---|
| **2011** | | | | |
| January | 28.12 | 23.83 | 1,255,044 | 1,254 |
| February | 26.27 | 24.45 | 446,906 | 11,431 |
| March | 25.45 | 22.63 | 350,561 | 8,519 |
| April | 27.18 | 24.70 | 248,530 | 6,455 |
| May | 27.83 | 26.30 | 240,610 | 6,517 |
| June | 27.62 | 23.43 | 287,176 | 7,428 |
| July | 26.43 | 24.10 | 393,953 | 10,015 |
| August | 24.10 | 19.27 | 248,758 | 5,172 |
| September | 21.50 | 18.90 | 240,598 | 4,954 |
| October | 22.28 | 18.80 | 319,309 | 6,724 |
| November | 21.99 | 18.85 | 281,591 | 5,783 |
| December | 19.96 | 16.25 | 676,414 | 12,041 |
| **2012** | | | | |
| January | 17.75 | 16.00 | 593,682 | 10,144 |
| February | 19.24 | 17.90 | 269,187 | 5,090 |
| March | 21.71 | 19.17 | 401,751 | 8,231 |
| April | 21.51 | 20.00 | 281,325 | 5,929 |
| May | 22.00 | 20.26 | 282,431 | 6,011 |
| June | 22.23 | 21.17 | 226,008 | 7,070 |
| July | 20.10 | 16.99 | 318,156 | 5,747 |
| August | 18.19 | 17.19 | 354,644 | 6,264 |
| September | 19.44 | 17.90 | 253,758 | 4,675 |
| October | 21.14 | 18.98 | 351,064 | 6,945 |
| November | 22.63 | 20.45 | 275,919 | 5,954 |
| December | 23.45 | 22.69 | 239,167 | 5,523 |
| **2013** | | | | |
| January | 24.48 | 23.50 | 361,281 | 8,697 |
| February | 25.08 | 24.08 | 245,002 | 6,008 |
| March | 26.39 | 24.20 | 438,328 | 11,087 |
| April | 25.21 | 24.05 | 253,800 | 6,237 |
| May | 24.52 | 23.21 | 1,055,277 | 24,944 |
| June | 25.95 | 21.15 | 250,656 | 5,996 |
| July | 24.90 | 22.51 | 240,837 | 5,704 |
| August | 26.49 | 25.20 | 431,741 | 11,209 |
| September | 26.50 | 24.84 | 367,913 | 9,427 |
| October | 29.96 | 25.80 | 363,368 | 10,258 |
| November | 31.98 | 29.31 | 359,514 | 10,994 |
| December | 32.25 | 30.92 | 248,081 | 7,830 |
| **2014** | | | | |
| January | 34.00 | 28.93 | 678,039 | 21,311 |
| February | 33.04 | 31.47 | 304,788 | 9,878 |

Historical data (not restated for bonus share issues).

A capital increase through a bonus share issue on the basis of one new share for ten existing shares in June 2011 resulted in the automatic division of the share price from this date by 1.10.

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# 3.
# ANNUAL GENERAL MEETING: DRAFT RESOLUTIONS AND BOARD OF DIRECTORS' REPORT TO THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF APRIL 25, 2014

## 3.1.
## Ordinary resolutions

### Purpose of the resolution

**Approval of the separate annual and consolidated financial statements for the period ended December 31, 2013 (1st and 2nd resolutions)**

We hereby request that you approve the separate and consolidated financial statements for the period ended December 31, 2013. Information on revenue and earning performances for the period are presented in the 2013 registration document.

### First resolution

**Approval of the annual financial statements for the period ended December 31, 2013, approval of non-deductible expenses**

The shareholders, after having reviewed the reports of the Board of Directors and the Auditors for the period ended December 31, 2013, approve the financial statements as presented showing on this date a net income of €19,131,070.

The shareholders furthermore approve the total amount of disallowed deductions under article 39-4 of the French General Tax Code of €23,159.

### Second resolution

**Approval of the consolidated financial statements for the period ended December 31, 2013**

The shareholders, after having reviewed the reports of the Board of Directors and the Auditors on the consolidated financial statements for the period ended December 31, 2013, approve these financial statements as presented showing on this date a net income (attributable to equity holders of the parent) of €34,823,000.

### Purpose of the resolution

**Appropriation of net income and distribution of dividends (3rd resolution)**

You are requested to duly note a net income of €19,131,070 for fiscal 2013 and set the amount for the ordinary dividend per share at €0.49. This will increase the payout ratio accordingly to 34.1% of net income from 32.9% one year earlier.

If your General Meeting approves this proposal, the ex-dividend date will be May 5, 2014 and the payment date May 8, 2014 after establishing a dividend record date of May 7, 2014.

The breakdown of amounts of dividends paid for the last three financial periods are presented in this resolution. Individual investors having their tax residence in France are eligible for a 40% rebate on the dividend.

### Third resolution

**Approval of net income appropriation, setting the dividend**

The shareholders, on the Board of Directors' proposal decide to appropriate net income for the fiscal period ended December 31, 2013 as follows:

| | |
|---|---|
| **Original** | |
| Income of the period | €19,131,070 |
| **Appropriation** | |
| Legal reserve | €669,335 |
| Other reserves | €12,538 |
| Dividends | €11,886,050 |
| Retained earnings | €6,562,347 |

The shareholders duly note a total gross dividend reverting to the share of €0.49, with the full amount thus distributed eligible for the 40% tax basis reduction provided for under article 158-3-2°of the French General Tax Code.

The ex-dividend date will be May 5, 2014 and the dividend payment date May 8, 2014.

In the event of a change in the number of shares conferring dividend rights in relation to the number of 24,284,466 shares comprising the share capital of March 10, 2014, the total amount of dividends will be adjusted in consequence and the amount allocated to "Retained earnings" will be determined on the basis of dividends actually paid.

In accordance with the provisions of article 243 bis of the French General Tax Code, shareholders shall duly note that dividends for the last three financial periods were as follows:

| For the fiscal year | Distributions eligible for the tax basis reduction: Dividends | Distributions eligible for the tax basis reduction: Other distributions | Distributions not eligible for the tax basis reduction |
|---|---|---|---|
| 2010 | €8,604,573.60 (1) or €0.48 per share | - | - |
| 2011 | €9,933,663.00 (1) or €0.50 per share | - | - |
| 2012 | €23,760,325.08 (1) or €1.08 per share | - | - |

(1) Including the unpaid amount of dividends relating to treasury shares and allocated to retained earnings.

## Purpose of the resolution

**Regulated agreements subject to articles L.225-38 *et seq.* of the French Commercial Code (4th resolution)**

You are requested to duly note these agreements remaining in force in the period in progress and presented to you in the Auditors' special report. Your Board of Directors informs you that no new agreements covered by articles L.225-38 of the French Commercial Code have been concluded in 2013.

## Fourth resolution

**Statutory Auditors' special report on regulated agreements and commitments and approbation and/or ratification of these agreements**

The shareholders, after reviewing the auditors' special report indicating the absence of any agreements of the type mentioned in articles L.225-38 *et seq.* of the French Commercial Code, duly note their conclusions.

## Purpose of the resolution

**Renewal of Directors' terms (5th – 12th resolutions)**

The Company has a Board of Directors with a balanced membership of nine, with four executive Directors (Philippe Bénacin, Chairman-CEO; Jean Madar, Philippe Santi and Frédéric Garcia-Pelayo, Executive Vice Presidents), and five non-executive Directors (Chantal Roos, Dominique Cyrot, Maurice Alhadeve, Patrick Choël and Michel Dyens). With the exception of Patrick Choël, four are independent Directors as defined by the Middlenext Code of corporate governance.

The terms of office of Directors expire at the end of the Annual General Meeting of April 25, 2014, with the exception of Dominique Cyrot's term of office that expires at the end of the Annual General Meeting of 2016.

Their broad range of expertise and professional experience, good understanding of the company's economic model as well as their responsiveness and commitment contribute to the effectiveness and quality of Board proceedings with respect to its decision-making process and considerations on the company's strategic priorities. In the interest of maintaining its cohesion, the Board has decided to ask the shareholders to give preference to the principle of continuity by renewing appointments for four-year terms years expiring at the end of the Annual General Meeting that will be called in 2018 to approve the financial statements for fiscal 2017.

## Fifth resolution

**Renewal of Philippe Bénacin's term of office as Director**

The shareholders decide to renew Philippe Bénacin's appointment as Director for a term of four years expiring at the end of the Annual General Meeting that will be called in 2018 to approve the financial statements for the fiscal year ended.

## Sixth resolution

**Renewal of Philippe Santi's term of office as Director**

The shareholders decide to renew Philippe Bénacin's appointment as Director for a term of four years expiring at the end of the Annual General Meeting that will be called in 2018 to approve the financial statements for fiscal year ended.

## Seventh resolution

**Renewal of Frédéric Garcia-Pelayo's term of office as Director**

The shareholders decide to renew Frédéric Garcia-Pelayo's appointment as Director for a term of four years expiring at the end of the Annual General Meeting that will be called in 2018 to approve the financial statements for fiscal year ended.

## Eighth resolution

**Renewal of Jean Madar's term of office as Director**

The shareholders decide to renew Jean Madar's appointment as Director for a term of four years expiring at the end of the Annual General Meeting that will be called in 2018 to approve the financial statements for fiscal year ended.

## Ninth resolution

**Renewal of Maurice Alhadeve's term of office as Director**

The shareholders decide to renew Maurice Alhadeve's appointment as Director for a term of four years expiring at the end of the Annual General Meeting that will be called in 2018 to approve the financial statements for fiscal year ended.

## Tenth resolution

**Renewal of Michel Dyens' term of office as Director**

The shareholders decide to renew Michel Dyens' appointment as Director for a term of four years expiring at the end of the Annual General Meeting that will be called in 2018 to approve the financial statements for fiscal year ended.

## Eleventh resolution

**Renewal of Patrick Choël's term of office as Director**

The shareholders decide to renew Patrick Choël's appointment as Director for a term of four years expiring at the end of the Annual General Meeting that will be called in 2018 to approve the financial statements for fiscal year ended.

## Twelfth resolution

**Renewal of Chantal Roos' term of office as Director**

The shareholders decide to renew Chantal Roos' appointment as Director for a term of four years expiring at the end of the Annual General Meeting that will be called in 2018 to approve the financial statements for fiscal year ended.

## Purpose of the resolution

**Attendance fees (13th resolution)**

We propose that the total annual amount of €180,000 for attendance fees allocated to Directors for Board meeting participation as approved by the General Meeting of April 22, 2013, be maintained for 2014. The policy for attendance fees provides for their distribution exclusively to non-executive Directors based on Board meeting attendance of each Director.

## Thirteenth resolution

**Amount of attendance fees allocated to Board members**

The shareholders set the annual amount of attendance fees for fiscal 2014 at €180,000.

This decision will remain in force until the next shareholders' Meeting.

## Purpose of the resolution

**Authorization for dealing in own shares (14th resolution)**

As the authorization granted by the General Meeting of April 22, 2013 expires on October 22, 2014, it is advisable that a new authorization be granted to your Board of Directors for a new period of 18 months commencing on the General Meeting date, for the purpose of continuing the share buyback program in accordance with the terms and conditions and in line with the objectives hereby submitted for your approval, and namely:

– a maximum purchase price of €50;

– limitation of the maximum number of shares able to be acquired to 5% of the number of shares comprising the capital stock. By way of indication, based on a capital stock of 24,231,418 shares at December 31, 2013 and a purchase price of €50 per share, the theoretical maximum amount of funds that may be allocated to financing this program would be €60,578,545.

During the period from May 30, 2013 to March 10, 2014, the company acquired 225,671 shares at an average price of €28.50 and sold 201,724 shares at an average price of €30.78 within the framework of the liquidity agreement. No shares acquired through this program were canceled. At March 10, 2014, the shares held in treasury by the company represented 0.1% of the capital stock. These treasury shares do not carry voting rights or entitlement to dividend payments which will be allocated in consequence to "other reserves".

## Fourteenth resolution

**Authorization to be granted to the Board of Directors for dealing in own shares within the framework of article L.225-209 of the French Commercial Code**

The General Meeting, having reviewed the Board of Directors' report, grants an authorization for eighteen months in accordance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, to purchase, on one or more occasions at times of its choosing up to 5% shares of the company making up the share capital, where applicable adjusted to take into account increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

This authorization cancels the authorization granted to the Board of Directors by the sixth ordinary resolution of the General Meeting of April 22, 2013.

Under this program, shares may be purchased for the following purposes:

– market-making in the secondary market or ensuring the liquidity of the Interparfums share through an investment services provider under a liquidity agreement complying with the conduct of business rules of the French association of financial market professionals (AMAFI) recognized by the AMF;

– retaining shares for future use for tendering for payments in connection with acquisitions;

– ensuring that sufficient shares are available to cover requirements for securities granting entitlement to shares of the company in accordance with applicable regulations;

– canceling shares purchased, subject to a grant of authorization by extraordinary resolution fifteen of this shareholders' Meeting.

These shares may be purchased by any means, including through block purchases of shares, and at times deemed appropriate by the Board of Directors.

These transactions may in particular be carried out while public tender offers are in effect in accordance with applicable regulations.

The Company reserves the right to use options or derivatives in accordance with applicable regulations.

The maximum purchase price is €50 per share; In the case of equity transactions including notably stock splits or reverse stock splits or bonus share grants, the amount indicated above will be adjusted in the same proportions (with the multiplier being equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares thereafter).

The maximum amount for the purchase of shares under this authorization is €60,578,545.

The shareholders grant all powers to the Board of Directors to proceed with these transactions, set the terms and conditions and procedures, conclude all agreements and fulfill all formalities.

# 3.2. Extraordinary resolutions

## Purpose of the resolution

**Cancellation of shares by reduction of capital for shares acquired by the company (15th resolution)**

As the authorization previously granted by the General Meeting of April 22, 2013 expires on October 22, 2014, your Board of Directors, that has not made use of this authorization, requests that you grant a new authorization allowing it to decide to cancel all or part of shares acquired through the share buyback program and reduce the share capital in accordance with the terms and conditions set forth in this resolution, and namely within the limit of 5% of the capital stock. This cancellation will enable the Company to offset possible dilutions resulting from various capital increases.

The difference between the carrying value of the canceled shares and their par value will be allocated to reserves or additional paid-in capital. This authorization would be granted for a term of 18 months from the date of this General Meeting.

This fifteenth resolution is necessary to permit the cancellation of shares provided for in connection with objectives referred to in the share repurchase program submitted to your vote in the fourteenth resolution.

## Fifteenth resolution

**Authorization to be granted to the Board of Directors to cancel shares purchased in connection with article L.225-209 of the French Commercial Code**

The shareholders, after reviewing the Board of Directors' report and the Auditors' report:

1) Authorize the Board of Directors to cancel, at its sole discretion, through one or more installments, subject to a limit of 5% of the share capital calculated on the date of the cancellation decision, and deducting shares that may have been canceled during the 24 preceding months, shares the company holds or may hold pursuant to share buybacks undertaken in accordance with article L.225-209 of the French Commercial Code, and reduce the share capital by the corresponding amount in compliance with applicable laws and regulations.

2) Set a duration for the authorization provided for under this resolution for 18 months from the date of this meeting or until 25 October 2015.

3) Grant the Board of Directors all powers to take measures required to complete such cancellations and the corresponding reductions in share capital, to amend the company's bylaws as a result and to carry out all formalities required.

## Purpose of the resolution

**Delegation of financial authorities (16th – 19th resolutions)**

The delegations of authority granted on April 27, 2012 by your General Meeting to the Board of Directors to increase the capital stock with or without shareholders' preemptive rights and issue securities, with or without preemptive rights, giving or that could give access to the capital, expire on June 27, 2014.

Your Board of Directors has not made use of the authorization granted in 2012 and proposes, through resolutions 16 to 19, that these delegations of authority be renewed in order to give it the ability, as applicable, to decide rapidly and with flexibility according to opportunities, at the most opportune moment with regard to the company's strategy, on the most appropriate measures for financing external growth projects.
It is requested that you suspend the preemptive rights of shareholders to allow your Board of Directors to accelerate the placement of issues and ensure its successful completion.

In the 16th resolution, shareholders are asked to vote on the renewal of a delegation of authority for the issuance of equity securities and other securities giving access to the capital maintaining shareholders preemptive rights, The maximum nominal amount of capital increases allowable by virtue of this delegation of authority would be set at thirty million euros or, for information, 41% of the share capital.

In resolutions 17 and 18 you are asked to vote on the delegations of authority concerning the issuance of equity securities and other securities giving access to the share capital suspending shareholders preemptive rights, the first through a public offering and the second by private placement.

The ability to proceed with a capital increase without shareholders' preemptive rights would allow the Board of Directors to take advantage of any opportunities in French and foreign markets in certain circumstances and notably in the case of a public offering. If this delegation of authority is implemented, your Board will provide for a compulsory priority period.

The total nominal amount of capital increases allowable immediately or in the future under the 17th resolution is limited to €15 million or, for information, 21% of the share capital.

Resolution 18 provides for a delegation of authority to the Board of Directors for capital increases entailing the suspension of shareholders' preemptive rights in connection with private placements according to the possibilities provided for under Executive Order No. 2009-80 of January 22, 2009, allowing for rapid access to "qualified investors" within the meaning of the regulation. The category of investors concerned are set forth in article L.411-2-11 of the French Monetary and financial code. The maximum nominal amount of capital increases allowable immediately or in the future by virtue of this delegation of authority is limited to €9 million or, for information, 10% of the share capital.

The delegations of authority provided for under resolutions 16 to 18 will be granted for a period of 26 months from the date of this meeting.

As a consequence of the preceding resolutions, in the 19th resolution, you are requested to delegate your authority to the Board of Directors to decide, in the event of excess demand in connection with capital increases, to increase the number of shares to be issued according to the same price initially applied.

## Sixteenth resolution

**Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities giving access to the share capital and/or rights to the allotment of debt securities, maintaining shareholders' preemptive rights**

The shareholders, after having reviewed the Board of Directors' report and the Auditors' special report, in accordance with the provisions of the French Commercial Code and article L.225-129-2:

1) Grant the Board of Directors authority to proceed with the issue through one or more installments, in amounts and at such times it chooses, either in euros or in another currency, or in any other monetary unit established by reference to several currencies:

– ordinary shares;

– and/or marketable securities giving access, immediately or in the future, at any time or at a fixed date, to ordinary shares of the company, whether through subscription, conversion, exchange, redemption, presentation of a warrant or any other means;

– and/or securities granting entitlement to the allocation of debt securities.

In accordance with article L.228-93 of the French Commercial Code, securities to be issued may give access to the capital of any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of its capital.

2) Set the duration for this authorization provided for under this resolution at 26 months from the date of this meeting or until June 25, 2016.

3) Decide to set, as follows, the limits of the amounts for issues authorized if the Board of Directors makes use of this delegation of authority:

– the total nominal amount of shares that may be issued by virtue of this authority may not exceed €30 million;

– this amount may be increased, as necessary, by the nominal amount of ordinary shares to be issued, to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, to preserve the rights of holders of securities giving access to the company's capital;

– the total nominal amount of debt securities of the company that may be issued by virtue of this authority may not exceed €50 million;

– the limits set above are independent of all other limits set by other resolutions of this General Meeting.

4) If the Board of Directors makes use of this authority in the case of issues referred to above in point 1):

a/ decide that the issue or issues of ordinary shares or securities giving access to the capital shall be reserved in priority for shareholders that may apply for shares on the basis of irrevocable entitlement (*à titre irréductible*);

b/ decide that if applications for new shares on the basis of irrevocable entitlement, and as the case may be, for excess shares on a non-preferential basis (*à titre réductible*), should fail to account for the entire issue set forth in 1), the Board of Directors may have recourse to the following options:

– limit the amount of the issue to applications received, it being specified that in the case of the issuance of ordinary shares or securities for which the primary component is a share, the amount of applications to subscribe for shares must account for at least ¾ of the issue decided for this limitation to be possible;

– freely allocate all or part of the securities not taken up;

– offer all or part of the securities not taken up to the public.

5) Decide that the Board of Directors will be vested with, within the limits set forth above, all powers necessary notably to set the terms and conditions of the issue or issues, as appropriate, record the completion of the resulting capital increases, amend the bylaws in consequence, charge at its sole discretion the costs of the capital increase to the corresponding share premium and appropriate therefrom all amounts required to ensure that the legal reserve represents one tenth of the new share capital after each increase, and in general, take all actions required.

6) Duly note that this authorization supersedes and cancels any prior authorization having the same purpose.

## Seventeenth resolution

**Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities giving access to the share capital and/or rights to the allotment of debt securities, suspending shareholders' preemptive rights and the compulsory priority period for subscription through a public offering**

The shareholders, after having reviewed the Board of Directors' report and the Auditors' special report, in accordance with the provisions of the French Commercial Code and notably, article L.225-136 therein:

1) Grant the Board of Directors authority to proceed with the issue through one or more installments in amounts and at such times it chooses, in France and/or in other countries, through a public offering, either in euros or in another currency, or in any other monetary unit established by reference to several currencies:

– ordinary shares;

– and/or marketable securities giving access, immediately or in the future, at any time or at a fixed date, to ordinary shares of the company, whether through subscription, conversion, exchange, redemption, presentation of a warrant or any other means;

– and/or securities granting entitlement to the allocation of debt securities.

The securities may be issued for payment of securities tendered to the Company in connection with public exchange offers for securities in accordance with the provisions of article L. 225-148 of the French Commercial Code.

In accordance with article L. 228-93 of the French Commercial Code, securities to be issued may give access to capital of any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of its capital.

2) Set the duration for this authorization provided for under this resolution at 26 months from the date of this meeting or until June 25, 2016.

3) The total nominal amount of ordinary shares that may be issued by virtue of this authority may not exceed €15 million.

This amount may be increased, as necessary, by the nominal amount of ordinary shares to be issued, to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, the rights of holders of securities giving access to the company's capital.

This limit is independent of all other limits set by other resolutions of this General Meeting.

The total nominal amount of debt securities of the company that may be issued by virtue of this authority may not exceed €50 million.

This limit is independent of all other limits set by other resolutions of this General Meeting.

4) Decide to suspend the shareholders' preemptive rights to ordinary shares and marketable securities giving access to the capital and/or debt securities covered by this resolution and provide for a compulsory priority period in favor of shareholders for the full amount of the issue to be implemented by the Board of Directors in accordance with the law.

5) Decide that the amount reverting, or that should revert, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the case of the issue of new equity warrants, the issue price of these warrants, shall at least equal the minimum required by law and regulations applicable on the date the Board of Directors implements this delegation of authority.

6) Decide, in the case of issuance of shares destined to be used in payment of securities tendered to the Company in connection with public exchange offers for securities in accordance with the provisions of article L.225-148 of the French Commercial Code and within the limits set forth above, that the Board of Directors shall be vested with all necessary powers to draw up the list of securities to be tendered in the exchange, set the terms of the issue, the share exchange ratio, as well as, when applicable the balance to be paid in cash, and determine the procedures for the issue.

7) Decide that if applications for new shares should fail to account for the entire issue set forth in 1), the Board of Directors may have recourse to the following options:

– limit the amount of the issue to applications received, it being specified that in the case of the issuance of ordinary shares or securities for which the primary component is a share, the amount of applications to subscribe for shares must account for at least ¾ of the issue decided for this limitation to be possible;

– freely allocate all or part of the securities not taken up.

8) Decide that the Board of Directors will be vested with, within the limits set forth above, all powers necessary notably to set the terms and conditions of the issue or issues, as appropriate, record the completion of the resulting capital increases, amend the bylaws in consequence, charge at its sole discretion the costs of the capital increase to the corresponding share premium and appropriate therefrom all amounts required to ensure that the legal reserve represents one tenth of the new share capital after each increase, and in general, take all actions required.

9) Duly note that this authorization supersedes and cancels any prior authorization having the same purpose.

## Eighteenth resolution

**Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities giving access to the share capital and/or rights to the allotment of debt securities, suspending shareholders' preemptive rights through an offering covered by article L.411-2 II of the French Monetary and Financial Code**

The shareholders, after having reviewed the Board of Directors' report and the Auditors' special report, in accordance with the provisions of the French Commercial Code and notably, article L.225-136 therein:

1) Grant the Board of Directors authority to increase issue through one or more installments in amounts and at such times it chooses, in France and/or in other countries, through a public offering covered by article L.411-2 II of the French Monetary and Financial Code, either in euros or in another currency, or in any other monetary unit established by reference to several currencies:

– ordinary shares;

– and/or marketable securities giving access, immediately or in the future, at any time or at a fixed date, ordinary shares of the company, whether through subscription, conversion, exchange, redemption, presentation of a warrant or any other means;

– and/or securities granting entitlement to the allocation of debt securities.

In accordance with article L.228-93 of the French Commercial Code, securities to be issued may give access to capital of any company which directly or indirectly holds more than half of its capital or a company in which it directly or indirectly holds more than half of its capital.

2) Set the duration for this authorization provided for under this resolution at 26 months from the date of this meeting or until June 25, 2016.

3) The total nominal amount of ordinary shares that may be issued under this resolution may not exceed €9 million, and shall be furthermore capped at 10% of the share capital per year.

This amount may be increased, as necessary, by the nominal amount of ordinary shares to be issued, to preserve, in accordance with the law, and, as applicable, contractual provisions providing for other cases for adjustments, the rights of holders of securities giving access to the company's capital.

This amount is included in the maximum amount of €15 million for the capital increase fixed in the 17th resolution.

The total nominal amount of debt securities of the company that may be issued by virtue of this authority may not exceed €50 million.

This amount is included in the maximum nominal amount for debt securities provided for in the 17th resolution.

4) Decide to cancel shareholders' preemptive right to subscribe for ordinary shares and securities giving access to the capital of the company and/or debt securities covered by this resolution.

5) Decide that the amount reverting, or that should revert, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the case of the issue of new equity warrants, the issue price of these warrants, shall at least equal the minimum required by law and regulations applicable on the date the Board of Directors implements this delegation of authority;

6) Decide that if applications for new shares should fail to account for the entire issue set forth in 1), the Board of Directors may have recourse to the following options:

– limit the amount of the issue to applications received, it being specified that in the case of the issuance of ordinary shares or securities for which the primary component is a share, the amount of applications to subscribe for shares must account for at least ¾ of the issue decided for this limitation to be possible;

– freely allocate all or part of the securities not taken up.

7) Decide that the Board of Directors will be vested with, within the limits set forth above, all powers necessary notably to set the terms and conditions of the issue or issues, as appropriate, record the completion of the resulting capital increases, amend the bylaws in consequence, charge at its sole discretion the costs of the capital increase to the corresponding share premium and appropriate therefrom all amounts required to ensure that the legal reserve represents one tenth of the new share capital after each increase, and in general, take all actions required.

8) Duly note that this authorization supersedes and cancels any prior authorization having the same purpose.

## Nineteenth resolution

**Authorization to increase the amount of issues in the case of oversubscription**

For each issue of ordinary shares or securities giving access to the capital decided in the sixteenth, seventeenth and eighteenth resolutions, the number of shares able to be issued may be increased in accordance with the provisions of article L.225-135-1 of the French Commercial Code and within the limits set by the General Meeting, when the Board of Directors determines that the issue is oversubscribed.

## Purpose of the resolution

**Capital increase reserved for employees (20th resolution)**

In accordance with the provisions of articles L.225-129-6 of the French Commercial Code, when the General Meeting is called to vote upon a resolution authorizing a capital increase by delegating its authority to the Board, it is legally required to also rule on a resolution proposing a capital increase reserved for employees participating in a company savings plan.

The 20th resolution is accordingly submitted to you on that basis, by requesting that you rule on an authorization to be granted to the Board of Directors, for the purpose of a capital increase reserved for employees participating in a company savings plan having been set up by the Company, for an amount not exceeding 5% of the share capital. This authorization would be valid for a term of 26 months from the date of this General Meeting.

## Twentieth resolution

**Delegation of authority to the Board of Directors to proceed with a capital increase through the issuance of shares suspending shareholders' preemptive rights in favor of employees participating in a company savings plan pursuant to the provisions of articles L.3332-18 *et seq.* of the French Labor Code**

The shareholders, after reviewing the Board of Directors' report and the Auditors' special report, ruling in accordance with the provisions of articles L.225-129-6 and L.225-138-1 of the French Commercial Code and L.3332-18 *et seq.* of the French Labor Code:

1) Authorize the Board of Directors, if it deems opportune, on the basis of its decision alone, to increase the share capital, at once or in installments, by issuing ordinary shares or securities giving access to the company's capital in favor of participants in one or more company or group employee stock ownership plans established by the company and/or French or foreign companies affiliated in accordance with the provisions of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code.

2) Cancel in favor of these persons the preferential subscription rights to shares that may be issued under this delegation of authority.

3) Set the period of validity of this delegation of authority at twenty-six months from the date of this meeting.

4) Limit the maximum nominal amount of the capital increase(s) that may be carried out under this authorization to 5% of the share capital on the date of the Board of Directors' deciding to proceed with this capital increase, whereby this amount is independent of any other limit imposed upon capital increase authorities. This amount may be increased as necessary,

by the additional amount of ordinary shares to be issued, in accordance with the law and applicable contractual provisions providing for other cases for adjustments, to preserve the rights of holders of securities giving access to the company's capital.

5) Decide that the price of the shares to be issued pursuant to subsection 1) of this authorization may not be more than 20% or 30% below, when the lock-up period provided for under the plan in accordance with articles L.3332-25 and L.3332-26 of the French Labor Code is greater than or equal to ten years, the average opening price for the twenty trading sessions preceding the date of the Board of Directors' decision regarding the rights issue and the issue of corresponding shares, nor greater than this average.

6) Decide, in application of the provisions of article L.3332-21 of the French Labor Code, that the Board of Directors may provide for grants to beneficiaries defined above in the first paragraph, of bonus shares, to be issued or already issued or other convertible securities to be issued or already issued, with respect to (i) contributions that may be paid in accordance with procedures for company or group stock ownership plans and/or, as applicable, the share price discount.

7) Duly note that this authorization supersedes and cancels any prior authorization having the same purpose.

The Board of Directors may or may not implement this delegation of authority, take all necessary measures and proceed with all necessary formalities:

– provide for the option of temporarily suspending the exercise of options for a period not to exceed three months within the framework of capital transactions involving the exercise of rights attached to shares;

– perform or have performed all measures and formalities to record the completion of the capital increase(s) that may be undertaken, amend the bylaws in consequence and, in general, undertake everything that is necessary;

– at its sole discretion if it so deems appropriate, charge issuance costs resulting from capital increases to the corresponding premium and deduct from such premiums amounts necessary to bring the legal reserve in line with one tenth of the equity increases resulting from such issues;

– duly note that this authorization supersedes and cancels any prior authorization having the same purpose.

## Purpose of the resolution

**Modification and updating of the company' bylaws (21th and 22nd resolutions)**

By voting these two resolutions, we propose that you modify article 8 "payment for cash shares" in order to adapt the bylaws with applicable practices for listed companies. You are accordingly requested to approve the modifications made to the wording of the following articles in accordance with applicable regulations and laws:

– article 9 "Legal form of the shares – identification of shareholders";
– article 6 "Share Capital";
– article 8 "Payment for cash shares";
– article 10 "Transfer of shares";
– article 11 "Rights and obligations attaching to shares";
– article 14 "Board meetings";
– article 19 "General Meetings – notices and access";
– article 20 "Statutory disclosure requirements for shareholdings".

## Twenty-first resolution

**Modification article 8 of the bylaws**

The shareholders, after having reviewed the Board of Directors' report, decide to modify paragraph 4 of article 8 of the bylaws "Payment for cash shares" to adapt the wording to its status as a listed company, with remainder of the article remaining unchanged:

"Shareholders will be informed of calls for funds one month before the payment date for each installment either by **ordinary mail sent to registered shareholders** or by legal notice published in a legal journal within the department of the registered office in addition to the French national publication for legal announcements (*Bulletin des Annonces Légales Obligatoires* or B.A.L.O.)".

## Twenty-second resolution

**Harmonization of the articles of association**

The shareholders, after having reviewed the report of the Board of Directors, decide:

1) concerning the book entry of financial securities:

– eliminate specific references to legal and regulatory provisions concerning the book entry of financial securities which are henceforth included in articles L.211-3, R.211-2 and R.211-4 of the French Monetary and financial code;

– modify in consequence subsection 3 of article 9 of the bylaws "Legal form of the shares – identification of shareholders", with the remainder of the article unchanged:

"**In accordance with legal and regulatory provisions**, holders' rights shall be represented by a book entry in their name:

- with the intermediary of their choice for bearer securities,
- with the Company, and, if they so wish, with the authorized financial intermediary of their choice for registered shares."

2) Concerning the share capital:

– update article 6 of the bylaws "Share capital" with Executive Order N°. 2004-406 of June 24, 2004 reforming the regulatory framework for marketable securities issued by commercial companies to be modified as follows, with the remainder of the article unchanged:

"The share capital is seventy-two million eight hundred fifty-three thousand three hundred ninety-eight euros (€72,853,398) divided into twenty-four million two hundred eighty-four thousand four hundred sixty-six (24,284,466) **ordinary** shares with a par value per share of €3 fully paid up and subscribed."

3) Concerning the payment of shares:

– update subsections 1 and 2 of article 8 of the bylaws "Payment for cash shares" in line with the provisions of article L.225-144 of the French Commercial Code to be modified as follows, with the remainder of the article unchanged:

"Shares issued for cash, **in connection with a capital increase**, must be paid up when applied for by an amount equal to at least **one quarter** their par value plus, where applicable, the full amount of the share premium.

Payment of the balance shall be made in one or several installments pursuant to calls by the Board of Directors, within five years **from the shares' effective date of issue**."

4) Concerning the identification of holders of bearer shares:

– update the fourth subsection of article 9 of the bylaws "Legal form of the shares – identification of shareholders" to comply with the provisions of article L.228-2 of the French Commercial Code as amended by Act No. 2003-706 of August 1, 2003 relating to financial security to be modified as follows, with the remainder of the article unchanged:

"The Company may request at any time, from the entity providing clearing services for its securities, in accordance with applicable laws and regulations, and in return for payment at its expense, **disclosure of information regarding the identity of holders of securities issued by it, which give immediate or future rights to vote in shareholders meetings, their identity, their address as well as the number of shares held by each and, where appropriate, any restrictions attaching to such securities**."

5) Concerning the transfer of shares:

– update subsections 3 and 4 of article 10 of the bylaws "Transfer of shares" to comply with the provisions of article L.211-7 of the French Monetary and Financial Code, applicable by reference to article L.228-1 subsection 9 of the French Commercial Code, by deleting these two subsections and replacing them with the following subsection, with the remainder of the article unchanged:

"**Equity securities and securities giving access to the share capital are transferable by transfer from one account to another in accordance with provisions provided for by applicable law**."

6) Concerning the double voting right:

– update the last subsection of article 11 of the bylaws "Rights and obligations attaching to shares" to comply with the provisions of article L.225-124 of the French Commercial Code and completing it as follows, with the remainder of the article unchanged:

"Fully paid up registered shares recorded in the name of the same shareholder for at least three years carry a double voting right. In the event of a capital increase by the capitalization of reserves, earnings or issue premium, registered shares granted for free to a shareholder shall immediately entail double voting right when issued, if the corresponding shares already held by the shareholder also carry double voting rights. **Registered shares carrying double voting rights converted to bearer shares or having their title transferred are deprived of the double voting right except in those cases provided for by law.**"

7) Concerning participation in the Board of Directors' meetings by means videoconferencing:

– update the last subsection of article 14 of the bylaws "Board meetings" to comply with the provisions of article L.225-37 subsection 3 of the French Commercial Code, with the remainder of the article unchanged:

"**The Board Charter may provide that** Directors who attend the Board meeting through videoconferencing or telecommunications means in accordance with laws and regulations, are deemed present for determining the *quorum* and majority. This provision is not applicable with respect to adopting decisions concerning the appointment of the Chairman and Chief Executive Officer, revocation of the Chief Executive Officer, the closing of the annual and consolidated accounts and the preparation of the management report for the Company and/or Group."

8) Concerning procedures for calling General Meetings:

– update the last subsection of the paragraph on calling meetings of article 19 of the bylaws "General Meetings" to comply with the provisions of article R.225-69 of the French Commercial Code to be modified as follows, with the remainder of the article unchanged:

"When the shareholders' Meeting was unable to conduct proceedings due to the absence of the required *quorum*, the second meeting, and where applicable, the postponed second meeting, is called **in accordance with procedures and timetables imposed by applicable regulations**. The notice of and letters calling the second meeting shall repeat the date and the agenda of the first meeting notice."

9) Concerning representation at General Meetings:

– update the second subsection of the paragraph on "Access to and representation at General Meetings" of article 19 of the bylaws "General Meetings with the provisions of article L.225-106 as amended by Executive Order No. 2010-1511 of December 9, 2010 and the provisions of article R.225-79 of the French Commercial Code as amended by Decree No. 2010-684 of June 23, 2010, to be modified as follows, with the remainder of the article unchanged:

"All shareholders may be represented at meetings in accordance with the provisions provided for by law. A shareholder may be represented by another shareholder or by his or her spouse or civil law partner. The shareholder **may be represented by any other individual or legal entity of his or her choice. The designation or revocation of a proxy holder may be notified by electronic means**."

10) Concerning statutory disclosure requirements for changes in shareholdings:

– update the last subsection of article 20 "Statutory disclosure requirements for changes in shareholdings" to comply with the provisions of article L.233-7 of the French Commercial Code as amended by Act No. 2010-1249 of October 22, 2010, with the remainder of the article unchanged:

"In accordance with the provisions of L.233-7 of the French Commercial Code, all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, **three tenths**, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the Company, must inform the Company by registered mail with return receipt of the number of shares and voting rights they hold within four trading days thereafter before the close of trading. This notification must also be sent to the AMF **no later than the fourth trading day before the close of trading following the day this threshold was crossed**."

### Purpose of the resolution

**Powers for formalities (23rd resolution)**

The purpose of this resolution is to request authorization by the General Meeting to perform required legal formalities.

## Twenty-third resolution

**Powers for formalities**

All powers are granted to the bearer of copies or extracts of the minutes thereof to perform all legal formalities required by law.

# 3.3.
# Summary of financial delegations of authority

## Summary of authorizations requested from the General Meeting of April 25, 2014

| Nature of authorizations | Limits of the issue | Expiry date |
|---|---|---|
| Authorization for dealing in own shares – Renewal of the authorization granted by the 2013 AGM *(14th resolution)* | Within the limit of 5% of the share capital for a total amount of €60,578,545 for a maximum purchase price per share of €50. | 10/25/2015 |
| Authorization to reduce the share capital by cancellation of shares – Renewal of the authorization granted by the 2013 AGM *(15th resolution)* | Within the limit of 5% of the share capital per 18 month period | 10/25/2015 |
| Authorization to issue shares or securities giving access to the capital of the company, maintaining shareholders' preemptive subscription rights – Renewal of the authorization granted by the 2012 AGM *(16th resolution)* | €30 million in nominal value | 06/25/2016 |
| Authorization to issue shares or securities giving access to the capital of the company, suspending shareholders' preemptive subscription rights – Renewal of the authorization granted by the 2012 AGM *(17th resolution)* | €15 million in nominal value | 06/25/2016 |
| Authorization to increase the share capital by an offering covered by article L.411-2 of the French Monetary and financial code – renewal of the authorization granted by the 2012 AGM *(18th resolution)* | €9 million in nominal value | 06/25/2016 |
| Authorization to issue shares reserved for employees of the Group participating in a company savings plan *(20th resolution)* | Within the limit of a maximum amount of 5% of the share capital | 06/25/2016 |

## Summary of authorizations in force

| Nature of authorizations | Limits of the issue | Expiry date |
|---|---|---|
| **Authorizations granted by the 2012 AGM** | | |
| Authorization to issue shares or securities giving access to the capital of the company, maintaining shareholders' preemptive subscription rights *(10th resolution)* | Maximum nominal amount of €25 million | 06/27/2014 |
| Authorization to issue shares or securities giving access to the capital of the company, suspending shareholders' preemptive subscription rights *(11th resolution)* | Maximum nominal amount of €25 million | 06/27/2014 |
| Authorization to increase the share capital by an offering covered by article L.411-2 of the French Monetary and financial code *(12th resolution)* | Maximum nominal amount of 15% of the share capital | 06/27/2014 |
| **Authorizations granted by the 2013 AGM** | | |
| Authorization to increase the capital by capitalizing reserves, earnings or premiums *(13th resolution)* | Within the limit of €25 million | 06/22/2015 |

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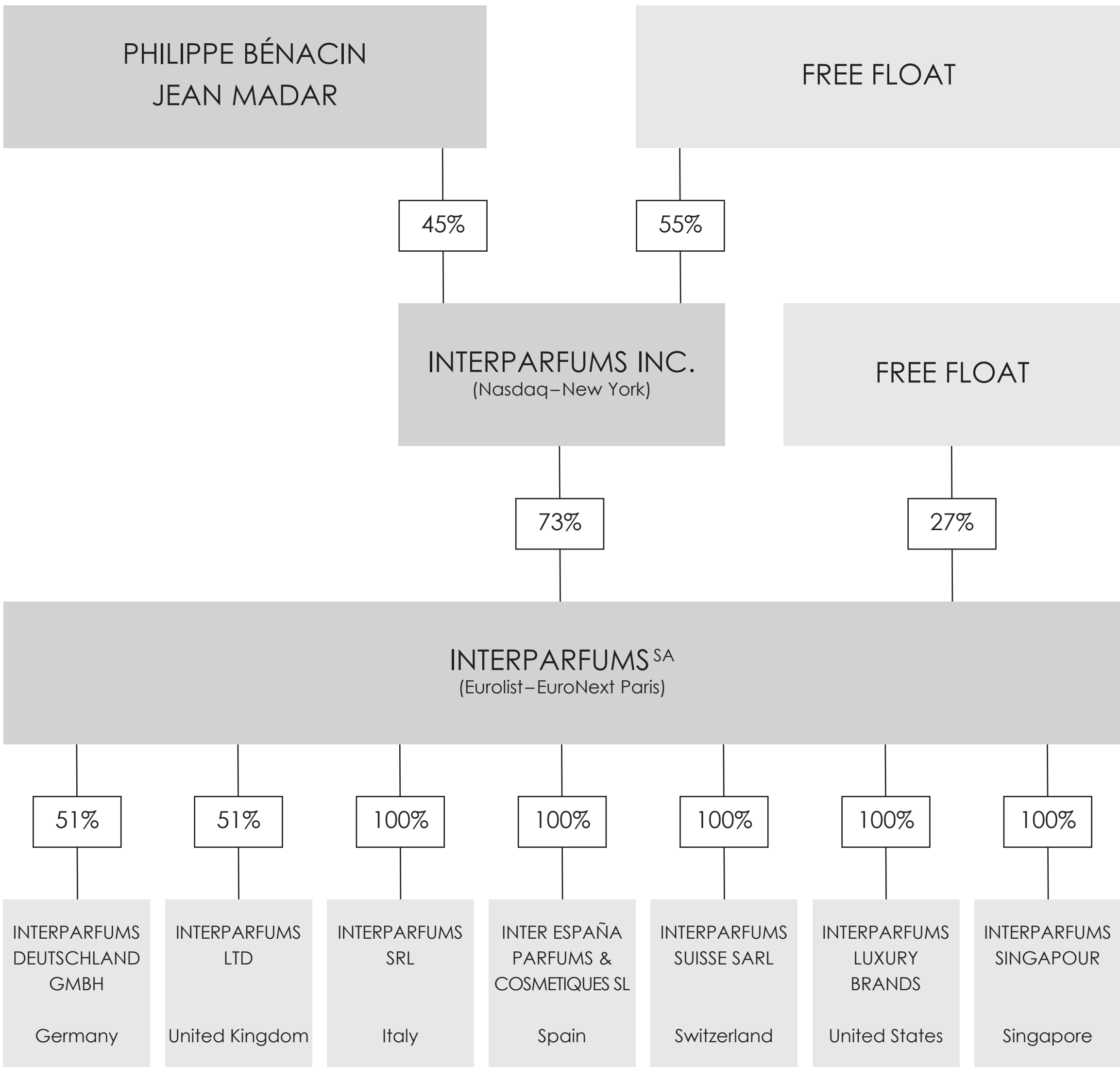
# GROUP ORGANIZATION

# INTERPARFUMS AND ITS SUBSIDIARIES

Commercial operations are conducted largely through Interparfums SA To pursue its international development, Interparfums set up four new subsidiaries on January 1, 2007 in the key European markets in partnership with its local distributors: Germany (51%), United Kingdom (51%), Italy (100%) and Spain (100%).

Interparfums also created a wholly-owned subsidiary in Switzerland, Interparfums Suisse Sarl. This subsidiary is the owner of the Lanvin brand name for class 3 products.

In 2010, Interparfums SA further strengthened its presence in markets and major regions by creating wholly-owned distribution subsidiaries in Singapore (Interparfums Singapore) and the United States (Interparfums Luxury Brands) respectively.



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# HISTORY OF THE COMPANY

## 1982

Creation of Interparfums SA in France by Philippe Bénacin and Jean Madar

## 1985

Creation of Interparfums Inc. in the United States, parent company of Interparfums SA

## 1988

Beginning of the selective perfume activity with the signature of a license agreement for the Régine's brand
Initial public offering of Interparfums Inc. on NASDAQ in New York

## 1993

Signature of a license agreement to create and produce perfumes under the Burberry name and distribute them worldwide

## 1994

Listing of Interparfums SA on the over-the-counter market of the Paris Stock Exchange

## 1995

Transfer of the company from the over-the-counter market to the Second Market of Paris Stock Exchange with a rights issue

## 1997

Signature of a license agreement to create and produce perfumes under the S.T. Dupont name and distribute them worldwide

## 1998

Signature of a license agreement to create and produce perfumes under the Paul Smith and distribute them worldwide

## 2000

Extension of the license agreement for the Burberry brand

## 2004

Signature of a new Burberry license agreement for the Burberry brand
Signature of a license agreement for the Nickel brand, specialized in skincare and personal hygiene products for men
Signature of a license agreement to create and produce perfumes under the Lanvin brand and distribute them worldwide

## 2006

Extension of the S.T. Dupont license agreement

## 2007

Signature of a license agreement to create and produce perfumes under the Van Cleef & Arpels brand and distribute them worldwide
Acquisition of the Lanvin trademark and brand name for class 3 products (fragrances and make-up)

## 2008

Extension of the Paul Smith license agreement

## 2009

Signature of a license agreement to create and produce perfumes under the Jimmy Choo brand and distribute them worldwide

## 2010

Signature of a license agreement to create and produce perfumes under the Montblanc brand and distribute them worldwide
Extension of the license agreement for the Burberry brand
Signature of a worldwide license agreement to create and manage new and existing fragrances under the Boucheron brand

## 2011

Signature of a license agreement to create and produce perfumes under the Balmain brand and distribute them worldwide
Signature of a license agreement to create and produce perfumes under the Repetto brand and distribute them worldwide
Extension of the S.T. Dupont license agreement

## 2012

Discontinuation of the Burberry license agreement before the expiry date
Signature of a license agreement to create and produce perfumes under the Karl Lagerfeld brand and distribute them worldwide

## 2013

Discontinuation of operations for Burberry fragrances

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# NOMINATIONS AND CORPORATE AWARDS

## 1997

"*Prix Cristal*" for the transparency in financial information
(French Institute of Statutory Auditors – *Compagnie Nationale des Commissaires aux Comptes*)

## 1998

Nomination for the award for the best annual report
(*La Vie Financière*)

## 1999

"*Grand Prize for Entrepreneurs*" award for international growth
(Ernst & Young – *L'Entreprise*)

## 2001

Oscar for financial performance
(*Cosmétique Magazine*)

## 2002

Nomination for the award for innovation
(KPMG – *La Tribune*)

Nomination for the "Boldness and Creativity Prize"
(Fimalac – *Journal des Finances*)

## 2003

Nomination for the "Boldness and Creativity Prize"
(Fimalac – *Journal des Finances*)

## 2005

Nomination for the "Boldness and Creativity Prize"
(Fimalac – *Journal des Finances*)

"Grand Prize for Entrepreneurs – Région Ile de France" award

## 2007

Investor Relations Prize for the Small and Mid Caps category
(*Forum de la communication financière*)

3rd *Prix Boursoscan* award for financial communications for the Small and Mid Caps category
(*Boursorama – Opinion Way*)

## 2010

*Trophée Relations Investisseurs* – Best Investor Relations Award for the Mid Cap category
(*Forum des Relations Investisseurs et Communication Financière*)

## 2011

Special Award for Inspiration of the Great Place to Work Institute
(Institut Great Place to Work® – *Le Figaro Economie*)

Mid Cap Corporate Governance Prize
(*Agefi*)

"Boldness and Creativity Prize" given at an award ceremony by French Prime Minister, François Fillon
(Fimalac – *Journal des Finances*)

## 2012

*Trophée Relations Investisseurs* – Best Investor Relations Award for the Mid Cap category
(*Forum des Relations Investisseurs et Communication Financière*)

## 2013

*Trophée Relations Investisseurs* – 3rd Prize for Best Investor Relations for the Mid Cap category
(*Forum des Relations Investisseurs et Communication Financière*)

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# AUDITORS AND RESPONSIBILITY STATEMENTS

# Auditors

The Statutory Auditors having issued reports on the parent company and consolidated financial statements are:

**Mazars**

61 rue Henri Regnault
92400 Courbevoie
represented by Simon Beillevaire
appointed by the AGM of December 1, 2004
reappointed by the AGM of April 22, 2013
expiration date: 2018 AGM

**SFECO & Fiducia Audit**

50 rue de Picpus
75012 Paris
represented by Roger Berdugo
appointed by the AGM of May 19, 1995
reappointed by the AGM of April 22, 2013
expiration date: 2018 AGM

The alternate Auditors are respectively:

**Jean Maurice El Nouchi**

61 rue Henri Regnault
92400 Courbevoie
appointed by the AGM of December 1, 2004
reappointed by the AGM of April 22, 2013
expiration date: 2018 AGM

**Serge Azan**

16 rue Daubigny
75017 Paris
appointed by the AGM of May 19, 1995
reappointed by the AGM of April 22, 2013
expiration date: 2018 AGM

Auditors' fees are described in section 6.7 of the notes to the consolidated financial statements.

# Responsibility statement for the registration document

I hereby certify that, to my knowledge and after all due diligence, the information contained in this registration document is true and accurate and contains no omissions likely to affect the import thereof.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the operations of the Company and consolidated companies and that the management report included in part one of this registration document faithfully presents business trends, the results and financial position of the company and the description of the main risks and uncertainties.

The Statutory Auditors' Report on the consolidated financial statements for the fiscal year ended December 31, 2013 for which they issued an unqualified opinion is reproduced in note 7 of section 3 "Consolidated financial statements" of the original French registration document. Their report contains a matter of emphasis comment on note 1.3 to the consolidated financial statements "Application of the amendment to IAS 19 – Employee benefits" with presents the impact of the change in method relating to the standard.

The Statutory Auditors' Report on the separate parent company financial statements for the fiscal year ended December 31, 2013 for which they issued an unqualified opinion without comments is reproduced in note 6 of section 4 "Separate parent company financial statements" of the original French registration document.

I have obtained a completion of work letter from the Statutory Auditors in which they indicate that they have verified the information concerning the financial situation and accounts presented in this registration document and read the entire registration document.

Philippe Santi
Executive Vice President

# Executive Officer responsible for financial information

Philippe Santi
Executive Vice President
psanti@interparfums.fr
00 (33)1 53 77 00 00

# Requests for information

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

Telephone: +33 800 47 47 47
Fax : +33 (0)1 40 74 08 42
Via the website: www.interparfums.fr



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Design: Agence Marc Praquin.

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