interparfums

FIRST HALF REPORT
2015

interparfums

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Management report

1. REVIEW OF OPERATIONS

Consolidated first-half sales reached €147.1 million, up 2% at current exchange rates and down 7% at constant exchange rates from the same period in 2014. This trend reflects mainly the unfavorable base effect from last year's launch of the Karl Lagerfeld lines, offset by a positive currency effect from the US dollar's significant rise in the period.

1.1. Highlights by brand

€m	H1 2014	H1 2015
Montblanc	43.5	42.0
Lanvin	30.4	28.5
Jimmy Choo	21.3	33.1
Karl Lagerfeld	12.7	5.5
Van Cleef & Arpels	9.2	9.1
Boucheron	7.9	9.6
S.T. Dupont	6.2	6.5
Paul Smith	5.0	3.5
Balmain	3.1	2.8
Repetto	4.6	4.5
Rochas	-	1.5
Other	-	0.2
Perfume sales	**143.9**	**146.8**
Rochas license revenues	-	0.3
Total revenue	**143.9**	**147.1**

In a difficult global economic environment Montblanc fragrances had sales of €42 million. Bolstered by top-selling lines, *Montblanc Legend* and *Montblanc Emblem*, the brand confirmed its leadership position in the men's fragrance universe, despite declines by certain non-strategic historic lines;

Jimmy Choo fragrances had more than €33 million in sales, up more than 50% on the previous year, with continuing momentum by the *Jimmy Choo Man* line, particularly in the United States and the launch early in the year of the women's line *Jimmy Choo Blossom*;

Adversely affected by market slowdowns in Eastern Europe, Lanvin fragrances consolidated their positions, sustained by further growth of the *Éclat d'Arpège* line (5%);

With sales of nearly €10 million, Boucheron fragrances are back on track in terms of growth thanks to the excellent response to the *Quatre* line;

Van Cleef & Arpels fragrances have benefited from continuing gains by the *Collection Extraordinaire* line and the strength of the *First* line;

Karl Lagerfeld fragrances were adversely impacted by a particularly high base effect from the first fragrance duo's launch in last year's first half. Sales in the second half should remain buoyant;

After *Eau de Toilette* in 2013 and *Eau de Parfum* in 2014, Repetto fragrances' gradual expansion in France continued with the launch of *Eau Florale*.

1.2. Highlights by region

With two lines ranked among the top 15 men's fragrances (*Jimmy Choo Man* 7th and *Montblanc Legend* 9th at the end of June 2015 [1]), North America registered growth in the period of nearly 13%.

In a market less dynamic than one year ago, particularly in China, Asia (17% of sales) still grew by 7%, benefiting from the development of the portfolio's main brands, and in particular Jimmy Choo fragrances.

Western Europe declined mechanically (10%) as a consequence of the base effect from the launch of the *Karl Lagerfeld* line in the 2014 first half.

Following a substantial drop in the first quarter, sales in Eastern Europe picked up in the second quarter (+15%), limiting the decline for the six-month period (-3%).

2. CONSOLIDATED FINANCIAL HIGHLIGHTS

€m	H1 2014	H1 2015
Sales	143.9	147.1
Gross margin	83.5	91.3
% of sales	*58.0%*	*62.1%*
Operating profit [1]	19.7	21.4
% of sales	*13.7%*	*14.6%*
Net income [1]	13.6	13.9
% of sales	*9.5%*	*9.5%*

(1) Restated to eliminate the impact of the application of IFRIC Interpretation 21.

In the 2015 first half, the US dollar's sharp rise fueled a significant increase in the gross margin (+4.1 points) and the operating margin (+0.9 points) in relation to last year's first half.

€m	6/30/14	6/30/15	15/14
Shareholders' equity [1]	357.2	371.7	+4.1%
Cash + current financial assets	199.0	193.8	-2.6%
Medium-term loan	-	99.8	-

(1) Restated to eliminate the impact of applying IFRIC interpretation 21.

At June 30, 2015, the Group's financial position remained excellent with shareholders' equity of €370 million and substantial cash still of more than €190 million.

In addition, at the end of May 2015, the company obtained a €100 million five-year loan to finance the acquisition of the Rochas brand.

(1) Source: NPD figures United States six months 2015.

3. HALF YEAR MILESTONES

January

Launch of the *Éclat d'Arpège pour Homme* line of Lanvin

The new masculine fragrance *Éclat d'Arpège pour Homme* is a stopover in the heart of the Mediterranean in the hills above Saint-Tropez.

April

Signature of a fragrance license agreement with Coach Inc.

In early April, Coach Inc., the leading New York design house of fashion and luxury accessories and lifestyle collections and Interparfums, announced the signature of an 11-year exclusive worldwide fragrance license agreement, for the brand.
The launch of Coach fragrances is expected for the fall 2016.

Launch of the *Quatre* line of Boucheron

The *Quatre* fragrances represent a modern and daring olfactory interpretation of the Maison Boucheron's iconic ring. *Quatre pour Femme* is a brilliant and elegant floral fruity eau de parfum. *Quatre pour Homme* is an elegant woody fragrance for men with style.

Launch of the *Eau Florale* line of Repetto

After *Eau de Toilette* in 2013 and *Eau de Parfum* in 2014, Repetto fragrances' gradual expansion in France continued with the launch of *Eau Florale*.

Interparfums eligible for PEA-PME

Based on the eligibility criteria for French tax-advantaged PEA-PME savings accounts, as defined by the Implementing Decree No. 2014-283 of March 4, 2014, Interparfums confirmed the eligibility of its shares for inclusion in this new vehicle.

May

Acquisition of the Rochas brand

At the end of May 2015, Interparfums acquired the Rochas brand (perfumes and fashion) from Procter & Gamble.
This transaction covered all brand names and registered trademarks for Rochas (*Femme*, *Madame*, *Eau de Rochas*…) for France and international markets, mainly for class 3 (fragrances) and 25 (fashion). This brand was acquired for US$108 million and financed by a €100 million loan repayable over five years.

June

Bonus share issue

The company proceeded with its 16th bonus share issue on the basis of one new share for every ten shares held.

Launch of the *Private Klub* de fragrance duo of Karl Lagerfeld

Private Klub encapsulates the spirit of a joyous, vivacious, bacchanalian youth. *Private Klub* for Women is designed around elegant oriental florals. The eau de toilette *Private Klub* for Men features a woody, spicy fragrance.

4. RISK FACTORS AND RELATED PARTY DISCLOSURES

4.1. Risk Factors

Information on market risks and their management are presented in note 2.14 of the consolidated interim financial statements included in this report.

Other Risk Factors are of the same nature as those presented in note 3 "Risk Factors" of the "Consolidated Management Report" (section 1) included in the 2014 registration document filed on March 31, 15 with the French financial market authorities (*Autorité des Marchés Financiers* or AMF). There were no material changes in these Risk Factors in the 2015 first half.

4.2. Related party transactions

In the 2015 first half, relations between Interparfums and affiliated companies remained comparable with those of fiscal year 2014 presented in Note 6.5 "Information on related parties" of the 2014 consolidated financial statements (section 3) included in the registration document filed on March 31, 2015 with the AMF.

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

5. OUTLOOK

Difficult economic, financial and foreign exchange trends that adversely impacted fragrances and cosmetics markets in selected countries, curtailed the company's performances in the first half. For the second half however, the outlook is more promising in light of steady sales from the top-selling lines and the launch of the Jimmy Choo *Illicit* line. On that basis, guidance has been renewed for annual sales of €310-€320 million for the 2015 full year. Growth should pick up in 2016 and 2017 with the integration of Rochas fragrances on a full-year basis and the launch of Coach fragrances planned for the fall of 2016.

In light of the company's policy of maintaining marketing and advertising efforts in the second half, the company confirms the target for a current operating margin of 11% -12% for the 2015 full-year.

6. POST-CLOSING EVENTS

None.

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Interim condensed consolidated financial statements

1.
CONSOLIDATED INCOME STATEMENT

€ thousands, except per share data which is in units	Notes	H1 2014	H1 2015
Sales	3.1	**143,948**	**147,124**
Cost of sales	3.2	(60,443)	(55,812)
Gross margin		**83,505**	**91,312**
% of sales		*58.0%*	*62.1%*
Selling expenses (1)	3.3	(58,835)	(64,201)
Administrative expenses	3.4	(4,995)	(5,689)
Operating profit		**19,675**	**21,422**
% of sales		*13.7%*	*14.6%*
Financial income		1,411	1,368
Interest and similar expenses		(399)	(531)
Net interest expense		**1,012**	**837**
Other financial income		2,317	6,637
Other financial expense		(2,364)	(8,419)
Net financial income (expense)	3.5	**965**	**(945)**
Income before income tax		**20,640**	**20,477**
% of sales		*14.3%*	*13.9%*
Income tax (1)	3.6	(7,174)	(6,573)
Effective tax rate		*34.8%*	*32.1%*
Net income before non-controlling interests		**13,466**	**13,904**
% of sales		*9.4%*	*9.5%*
Attributable to non-controlling shareholders		**(183)**	**(11)**
Attributable to equity holders of the parent		**13,649**	**13,915**
% of sales		*9.5%*	*9.5%*
Basic earnings per share (1)	3.7	0.56 (2)	0.48
Diluted earnings per share (1)	3.7	0.55 (2)	0.47

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.
(2) Restated for the bonus issue of June 2015

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	**H1 2014**	**H1 2015**
Consolidated net profit for the period (1)	**13,466**	**13,904**
Available-for-sale assets	-	-
Deferred tax arising from items able to be recycled	-	-
Items able to be recycled in profit or loss	**-**	**-**
Actuarial gains and losses	-	-
Deferred taxes on items unable to be recycled	-	-
Items unable to be recycled in profit or loss	**-**	**-**
Total net income and gains and losses recognized directly in equity (1)	**13,466**	**13,904**
Attributable to non-controlling shareholders	(183)	(11)
Attributable to equity holders of the parent	**13,649**	**13,915**

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.

3.
CONSOLIDATED BALANCE SHEET

Assets

€ thousands	Notes	12/31/14	6/30/15
Non-current assets			
Net trademarks and other intangible assets	2.1	69,473	173,983
Net property, plant, equipment	2.2	5,218	5,339
Long-term investments		2,107	2,145
Other non-current financial assets	2.3	6,152	5,984
Deferred tax assets	2.11	4,566	5,737
Total non-current assets		**87,516**	**193,188**
Current assets			
Inventory and work in progress	2.4	63,678	84,476
Trade receivables and related accounts	2.5	57,685	62,734
Other receivables	2.6	5,370	7,619
Corporate income tax (1)		1,966	783
Current financial assets	2.7	156,620	135,759
Cash and cash equivalents	2.7	68,052	58,088
Total current assets		**353,371**	**349,459**
Total assets		**440,887**	**542,647**

Equity and liabilities

€ thousands	Notes	12/31/14	6/30/15
Shareholders' equity			
Share capital		87,460	96,341
Additional paid-in capital		26	19
Reserves (1)		257,222	261,443
Net income for the period (1)		23,191	13,915
Group shareholders' equity		**367,899**	**371,718**
Non-controlling interests		111	345
Total shareholders' equity	2.8	**368,010**	**372,063**
Non current liabilities			
Provisions for non-current commitments	2.9	4,805	5,048
Non-current borrowings	2.10	143	90,192
Deferred tax liabilities (1)	2.11	815	2,978
Total non-current liabilities		**5,763**	**98,218**
Current liabilities			
Trade payables and related accounts	2.12	44,841	42,544
Current borrowings	2.10	110	9,582
Bank facilities		7	7
Provisions for contingencies	2.9	248	248
Current income tax liabilities		1,687	122
Other financial liabilities (1)	2.12	20,221	19,863
Total current liabilities		**67,114**	**72,366**
Total shareholders' equity and liabilities		**440,887**	**542,647**

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 as presented in note 1.3.

4.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ thousands						Total equity		
	Number of shares	Share capital	Paid-in capital	OCI	Retained earnings & net income	Group share	Non-controlling interests	Total
As of December 31, 2013 (reported basis) (2)	**24,206,453**	**72,694**	**280**	**(229)**	**281,770**	**354,515**	**370**	**354,885**
Impact of IFRIC 21 application	-	-	-	-	308	308	-	308
As of December 31, 2013 (restated) (1) (2)	**24,206,453**	**72,694**	**280**	**(229)**	**282,078**	**354,823**	**370**	**355,193**
Bonus share issue	4,858,331	14,575	(822)	-	(13,753)	-	-	-
Shares issued on exercise of stock options	63,719	191	568	-	-	759	-	759
2014 net income (1)	-	-	-	-	23,191	23,191	(83)	23,108
Change in actuarial gains and losses on provisions for retirement liabilities	-	-	-	(345)	-	(345)	-	(345)
2013 dividend paid in 2014	-	-	-	-	(11,881)	(11,881)	(187)	(12,068)
Treasury shares	(44,129)	-	-	-	(892)	(892)	-	(892)
Cost of stock-based compensation	-	-	-	-	83	83	-	83
Currency translation adjustments	-		-	-	2,142	2,142	3	2,145
Other changes	-	-	-	-	19	19	8	27
As of December 31, 2014 (1) (2)	**29,084,374**	**87,460**	**26**	**(574)**	**280,987**	**367,899**	**111**	**368,010**
Bonus share issue	2,919,269	8,759	(467)	-	(8,292)	-	-	-
Shares issued on exercise of stock options	41,085	122	460	-	-	582	-	582
2015 half-year net income	-	-	-	-	13,915	13,915	(11)	13904
2014 dividend paid in 2015	-	-	-	-	(12,814)	(12,814)	-	(12,814)
Treasury shares	(7,014)	-	-	-	(247)	(247)	-	(247)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	245	245
Currency translation adjustments	-	-	-	-	2,383	2,383	-	2,383
At June 30, 2015 (1) (2)	**32,037,714**	**96,341**	**19**	**(574)**	**275,932**	**371,718**	**345**	**372,063**

€ thousands						Total equity		
	Number of shares	Share capital	Paid-in capital	OCI	Retained earnings & net income	Group share	Non-controlling interests	Total
As of December 31, 2013 (reported basis) (2)	**24,206,453**	**72,694**	**280**	**(229)**	**281,770**	**354,515**	**370**	**354,885**
Impact of IFRIC 21 application	-	-	-	-	308	308	-	308
As of December 31, 2013 (restated) (1) (2)	**24,206,453**	**72,694**	**280**	**(229)**	**282,078**	**354,823**	**370**	**355,193**
Bonus share issue	4,858,331	14,575	(822)	-	(13,753)	-	-	-
Shares issued on exercise of stock options	60,239	181	542	-	-	723	-	723
2014 half-year income (1)	-	-	-	-	13,649	13,649	(183)	13,466
2013 dividend paid in 2014	-	-	-	-	(11,881)	(11,881)	(187)	(12,068)
Treasury shares	(24,809)	-	-	-	(462)	(462)	-	(462)
Cost of stock-based compensation	-	-	-	-	55	55	-	55
Remeasurement of investment securities at fair value	-	-	-	-	-	-	-	-
Currency translation adjustments	-	-	-	-	449	449	-	449
Other changes	-	-	-	-	19	19	9	28
As of June 30, 2014 (1) (2)	**29,100.214**	**87,450**	**-**	**(229)**	**270,154**	**357,375**	**9**	**357,384**

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.

(2) Excluding treasury shares.

5.
CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousands	**6/30/14**	**12/31/14**	**6/30/15**
Cash flows from operating activities			
Net income [(1)]	13,466	23,108	13,904
Depreciation, amortization and other [(1)]	5,116	8,349	10,065
Net finance costs	(1,012)	(2,084)	(837)
Tax charge of the period	7,174	11,105	6,573
Operating cash flows	**24,744**	**40,478**	**29,705**
Interest expense payments	(459)	(1,081)	(977)
Tax payments	(751)	(6,035)	(8,158)
Cash flow after interest expense and tax	**23,534**	**33,362**	**20,570**
Change in inventory and work in progress	(6,219)	(2,030)	(24,907)
Change in trade receivables and related accounts	(10,761)	(11,731)	(5,519)
Change in other receivables	3,795	2,509	(941)
Change in trade payables and related accounts	(12,765)	(5,027)	(2,278)
Change in other current liabilities [(1)]	(8,484)	(1,017)	2,576
Change in working capital needs	**(34,434)**	**(17,296)**	**(31,069)**
Net cash flows provided by (used in) operating activities	**(10,900)**	**16,066**	**(10,499)**
Cash flows from investing activities			
Net acquisitions of intangible assets	(551)	(819)	(106,844)
Net acquisitions of property, plants and equipment	(512)	(1,506)	(950)
Net acquisitions of marketable securities (>3 months)	(24,830)	(24,555)	21,306
Changes in non-current financial assets	(423)	209	130
Net cash flows provided by (used in) investing activities	**(26,316)**	**(26,671)**	**(86,358)**
Cash flow from financing activities			
Issuance of borrowings and new financial debt	-	-	99,224
Dividends paid to shareholders	(11,881)	(11,881)	(12,814)
Capital increases	723	760	582
Treasury shares	(489)	(965)	(97)
Net cash flows provided by (used in) financing activities	**(11,647)**	**(12,086)**	**86,895**
Change in net cash	**(48,863)**	**(22,690)**	**(9,962)**
Cash and cash equivalents, beginning of year	90,735	90,735	68,044
Cash and cash equivalents, end of year	**41,872**	**68,045**	**58,081**

The reconciliation of net cash breaks down as follows:

€ thousands	**6/30/14**	**12/31/14**	**6/30/15**
Cash and cash equivalents	41,872	68,052	58,088
Bank facilities	-	(7)	(7)
Net cash at the end of the period	**41,872**	**68,045**	**58,081**
Current financial assets	157,151	156,620	135,759
Net cash and current financial assets	**199,023**	**224,665**	**193,847**

(1) Restated to eliminate the impact of applying interpretation IFRIC21 as presented in note 1.3.

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Notes to the interim condensed consolidated financial statements

1. ACCOUNTING PRINCIPLES

1.1. Basis of presentation and compliance statement

The interim condensed consolidated financial statements for the six-month period ending June 30, 2015 were adopted by the Board of Directors on September 8, 2015. They have been prepared in compliance with EC regulations 1606/2002 of July 19, 2002 on international accounting standards and notably IAS 34 on interim financial reporting as endorsed by the European Union. These standards have been consistently applied over the periods presented. The interim financial statements were prepared on the basis of these same rules and methods used to produce the annual financial statements.

This interim condensed financial report must be read in conjunction with the consolidated annual financial statements for the fiscal year ended December 31, 2014. In addition, the comparability of interim and annual financial statements may be affected by seasonal trends of Group business and notably the impact of launch phases of new fragrance lines.

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.

1.2. Changes in accounting standards

The following standards, amendments and interpretations that entered into force on January 1, 2015 were applied by the company in preparing its interim consolidated financial statements for the six-month period ending June 30, 2015:

– IFRIC interpretation 21 "Levies imposed by governments".

The impact of applying this interpretation in note 1.3 of this report.

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 June 30, 2015.

1.3. Application of interpretation IFRIC 21 "levies imposed by governments"

The interpretation IFRIC 21 was published in the Official Journal of the European Union on June 14, 2014 with a mandatory application date of January 1, 2015.

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, levies that are accounted for in accordance with IAS 37.

IFRIC 21 identifies the obligating event for the recognition of a tax liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

Only the French social security levy, *Contribution Sociale de Solidarité des Sociétés* (C3S) was identified as impacting the consolidated financial statements and as such to be recognized in the consolidated financial statements in the year when due rather than in the year when the provision is recognized in the statutory financial statements.

The impacts of these provisions are integrated in the financial statements at June 30, 2015 with a pro forma restatement at June 30, 2014 and December 31, 2014.

The impact of the change in method on equity at January 1, 2014 and December 31, 2014 as well as 2014 net income break down as follows:

€ thousands	**Shareholders' equity**	**Net income**
Other financial liabilities *(cancellation of the C3S debt accrued for in 2013)*	497	-
Deferred tax	(189)	-
Impacts of amendment at January 1, 2014	**308**	**-**
Selling expenses – taxes and related expenses *(cancellation of the C3S charge paid in 2014)*	-	(497)
Deferred tax	-	189
Selling expenses – taxes and related expenses *(cancellation of the provision recognized in 2014 and paid in 2015)*	-	438
Deferred tax	-	(167)
Impacts of the amendment at December 31, 2014	**308**	**(37)**

The impact of the change in method on equity at January 1, 2014 and June 30, 2014 as well as 2014 first-half net income break down as follows:

€ thousands	**Shareholders' equity**	**Net income**
Other financial liabilities		
(cancellation of the C3S debt accrued for in 2013)	497	-
Deferred tax	(189)	-
Impacts of amendment at January 1, 2014	**308**	**-**
Selling expenses – taxes and related expenses		
(cancellation of the C3S charge paid in 2014)	-	(497)
Deferred tax	-	189
Selling expenses – taxes and related expenses		
(cancellation of the provision recognized in the 2014 first half and paid in 2015)	-	220
Deferred tax	-	(84)
Impacts of the amendment at June 30, 2014	**308**	**(172)**

1.4. Basis of consolidation

In June 2015, Interparfums set up a new distribution subsidiary in Spain to market Rochas fragrances in a major market for this brand. This "Parfums Rochas Spain" entity is 51%-held by Interparfums and 49%-held by its local distributor. Because Interparfums exercises exclusive control over this company, it is in consequence fully consolidated.

All Group subsidiaries are fully consolidated.

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

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

2. NOTES TO THE BALANCE SHEET

2.1. Trademarks and other intangible assets

2.1.1. Breakdown of trademarks and other intangible assets

€ thousands	**12/31/14**	**+**	**-**	**6/30/15**
Gross value				
Indefinite life intangible assets				
Lanvin trademark	36,323	-	-	36,323
Rochas fragrances brand	-	86,696	-	86,696
Rochas fashion brand	-	19,077	-	19,077
Finite life intangible assets				
S.T. Dupont upfront license fee Dupont	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	8,144	833	-	8,977
Registration of trademarks	500	-	-	500
Software	2,360	238	-	2,598
Total gross amount	**97,723**	**106,844**	**-**	**204,567**
Amortization and impairment				
Finite life intangible assets				
S.T. Dupont upfront license fee Dupont	(1,219)	-	-	(1,219)
Van Cleef & Arpels upfront license fee	(12,168)	(754)	-	(12,922)
Montblanc upfront license fee	(448)	(50)	-	(498)
Boucheron upfront license fee	(4,000)	(496)	-	(4,496)
Balmain upfront license fee	(513)	(84)	-	(597)
Karl Lagerfeld upfront license fee	(1,396)	(320)	-	(1,716)
Other intangible assets				
Rights on molds for bottles and related items	(6,294)	(410)	-	(6,704)
Registration of trademarks	(484)	(6)	-	(490)
Software	(1,728)	(214)	-	(1,942)
Total amortization and impairment	**(28,250)**	**(2,334)**	**-**	**(30,584)**
Net total	**69,473**	**104,510**	**-**	**173,983**

At June 30, 2015, indefinite life intangible assets were not tested for impairment and, in consequence, no impairment expenses were recorded.

2.1.2. Acquisition of the Rochas brand

At the end of May 2015, Interparfums acquired the Rochas brand (perfumes and fashion) from Procter & Gamble.

This transaction covered all brand names and registered trademarks for Rochas (*Femme*, *Madame*, *Eau de Rochas*…) for France and international markets, mainly for class 3 (fragrances) and 25 (fashion).

This brand was acquired for a price of US$108 million, excluding inventory (€101.3 million). The additional costs of €5 million generated by the acquisition were added into the value of the asset.

The allocation of the price to the Rochas fragrances brand and the Rochas fashion brand were measured by an outside appraiser and analyzed as follows:

€ thousands	**Fragrances**	**Fashion**	**Total**
Brand	82,745	18,210	100,955
Allocated costs (cost of intermediaries and attorneys)	551	121	672
Allocated costs (registration rights)	3,400	746	4,146
Total indefinite life intangible assets	**86,696**	**19,077**	**105,773**
Rights on molds for bottles	155	-	155
Fixtures, improvements, fittings	197	-	197
Total property, plant and equipment	**352**	**-**	**352**
Total acquisition of Rochas brand	**87,048**	**19,077**	**106,125**
Gross amount before allocation of costs	**83,097**	**18,210**	**101,307**

As costs to be allocated to the acquisition of the brand are not yet exhaustive at June 30, 2015, the allocation presented above is, for a non-significant percentage, provisional.

2.2.
Property, plant and equipment

€ thousands	**12/31/14**	**+**	**-**	**6/30/15**
Gross value				
Fixtures, improvements, fittings	4,867	266	-	5,133
Office and computer equipment and furniture	1,695	57	-	1,752
Molds for bottles and caps	8,118	521	-	8,639
Other [(1)]	1,109	136	(152)	1,093
Total gross amount	**15,789**	**980**	**(152)**	**16,617**
Accumulated depreciation and impairment [(1)]	(10,571)	(853)	146	(11,278)
Net total	**5,218**	**127**	**(6)**	**5,339**

(1) Including a gross amount of €552,000 for vehicles held under finance leases and depreciation expenses of €257,000.

2.3.
Non-current financial assets

The signature of the Karl Lagerfeld license agreement resulted in an advance on royalty payments to be charged against future royalties of €9,589,000. This advance was discounted over the license agreement term and reduced accordingly to €6,152,000 at December 31, 2014.

The adjustment from discounting the balance to present value at June 30, 215 brought this advance to €5,984,000 with the offset recognized by increasing the amortization of upfront license fees.

2.4.
Inventories and work in progress

€ thousands	**12/31/14**	**6/30/15**
Raw materials and components	23,338	28,909
Finished goods	44,105	59,809
Total gross amount	**67,443**	**88,718**
Allowances for raw materials	(1,109)	(2,003)
Allowances for finished goods	(2,656)	(2,239)
Total provisions	**(3,765)**	**(4,242)**
Net total	**63,678**	**84,476**

The increase in inventories reflects primarily the replenishment of stock for existing lines, the integration of inventory of the Rochas brand, as well as inventory buildup in preparation for the launch of new lines in the second half, mainly for the Montblanc, Lanvin and Jimmy Choo brands.

2.5.
Trade receivables and related accounts

€ thousands	**12/31/14**	**6/30/15**
Total gross amount	58,952	64,074
Impairment	(1,267)	(1,340)
Net total	**57,685**	**62,734**

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

€ thousands	**12/31/14**	**6/30/15**
Not due	53,089	59,224
0-90 days	4,323	3,654
91-180 days	97	259
181-360 days	464	(44)
More than 360 days	978	981
Total gross amount	**58,952**	**64,074**

2.6.
Other receivables

€ thousands	**12/31/14**	**6/30/15**
Prepaid expenses	1,576	2,351
Interparfums Holding current accounts	2,168	2,292
Value-added tax	1,200	1,966
Hedging instruments	-	125
Other	426	885
Net total	**5,370**	**7,619**

2.7.
Current financial assets, cash and cash equivalents

€ thousands	**12/31/14**	**6/30/15**
Current financial assets	156,620	135,759
Cash and cash equivalents	68,052	58,088
Current financial assets, cash and cash equivalents	**224,672**	**193,847**

2.7.1.
Current financial assets

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

€ thousands	**12/31/14**	**6/30/15**
Certificates of deposit	26,981	5,547
Capital redemption contracts	36,483	36,976
Term deposit accounts	92,932	93,012
Other current financial assets	224	224
Current financial assets	**156,620**	**135,759**

2.7.2.
Cash and cash equivalents

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

€ thousands	**12/31/14**	**6/30/15**
Interest-bearing accounts	35,527	13,341
Term deposit accounts	1,001	5,002
Bank accounts	11,806	15,381
Current interest-bearing accounts	19,718	24,364
Cash and cash equivalents	**68,052**	**58,088**

2.8.
Shareholders’ equity

2.8.1.
Common stock

As of June 30, 2015, Interparfums’ capital consisted of 32,113,822 shares fully paid-up with a par value of €3, 72.94%-held by Interparfums Holding.

For the period under review, capital increases result from the exercise of stock options for 41,085 shares and the capital increase in connection with the bonus share issue of June 22, 2015 for 2,919,269 shares on the basis of one new share for every ten shares held.

2.8.2.
Stock option plans

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

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 2009	135	87,000	12/17/09	4 years	€9.00
Plan 2010	143	114,700	10/08/10	4 years	€13.00

(1) Subscription price adjusted for bonus issues.

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

Plans	Fair value of the options	Risk free interest rates	Dividend yield	Volatility rate	Share price retained for the calculation
Plan 2009	€4.27	3.56%	2.67%	30%	€17.60
Plan 2010	€6.55	2.81%	1.81%	30%	€22.95

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

Plans	Options outstanding at 12/31/14	Conversions in the period	Bonus share grants	Cancellations in the period	Options outstanding at 6/30/15	Exercise price (1)
Plan 2009	33,585	(709)	3,293	-	36,169	€9.00
Plan 2010	160,887	(40,376)	12,292	(356)	132,447	€13.00
	194,472	**(41,085)**	**15,585**	**(356)**	**168,616**	

(1) Subscription price adjusted for bonus issues.

At June 30, 2015, the potential number of Interparfums SA shares that may be created was 168,616.

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 represents an expense that is recognized over the duration of the vesting period. At June 30, 2015, this expense had been fully amortized and for the 2014 first half amounted to €89,000.

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

2.8.3. Treasury stock

Within the framework of the share repurchase program authorized by the General Meeting of April 24, 2015, 76,108 Interparfums shares were held by the company as of June 30, 2015 or 0.24% of the share capital.

Changes in the period break down as follows:

€ thousands	Average price	Number of shares	Book Value
At December 31, 2014		**69,094**	**1,530**
Acquisitions	28.61	204,989	5,865
Bonus issue of June 22, 2015		5,711	-
Disposals	26.39	(203,686)	(5,375)
Impairment of securities		-	(159)
At June 30, 2015		**76,108**	**1,861**

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 €50 per share, excluding execution costs;

– the total number of shares acquired may not exceed 5% of the capital stock outstanding.

2.8.4.
Non-controlling interests

Non-controlling interests concern percentages not held in European subsidiaries (Interparfums Deutschland GmbH: 49%; Interparfums Ltd: 49%; Parfums Rochas Spain S.L 49%) on June 30, 2015 that break down as follows:

€ thousands	**12/31/14**	**6/30/15**
Reserves attributable to non-controlling interests	194	356
Earnings attributable to non-controlling interests	(83)	(11)
Non-controlling interests	**111**	**345**

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

2.8.5.
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 2015, a dividend of €0.44 per share was paid or a total of €12.8 million.

Given its financial structure, the Group is able to secure financing for important projects from banks in the form of medium-term loans. At the end of May 2015, a 5 year €100 million loan was obtained to finance the acquisition of the Rochas brand.

The level of consolidated shareholders' equity is regularly monitored to ensure the company continues to have sufficient financial flexibility to take advantage of all potential opportunities for external growth.

2.9.
Provisions for contingencies and expenses

€ thousands	**12/31/14**	**Allowances**	**Actuarial gains/losses**	**Provisions used in the period**	**Reversal of unused provisions**	**6/30/15**
Provisions for retirement severance payments	4,805	243	-	-	-	5,048
Total provisions for expenses > 1 year	**4,805**	**243**	**-**	**-**	**-**	**5,048**
Provisions for contingencies < 1 year	248	-	-	-	-	248
Total provisions for contingencies and expenses	**5,053**	**243**	**-**	**-**	**-**	**5,296**

2.10.
Borrowings

A loan with was obtained on May 29, 2015 with a face value of €100 million repayable over five years to finance the acquisition of the Rochas brand executed on that same date.

Its repayment will be made in quarterly installments of €5 million each for the principal. This loan will be subject to interest equal to the 3-month Euribor plus the applicable margin. This rate is covered by a fixed rate swap for 90% of the debt, guaranteeing a maximum rate of 2% over the loan's total term.

This debt is recognized at fair value to which is allocated the €775,000 in transaction costs directly attributable to the acquisition.

Moreover, in accordance with IAS 39, loan arrangement costs are allocated to the nominal amount.

The line item "Borrowings" also corresponds to debt relating to fixed assets held under finance leases (vehicles).

2.10.1.
Borrowings by the maturities

€ thousands	**Total**	**< 1 year**	**1 to 5 years**	**> 5 years**
Variable-rate bank debt	99,296	19,296	80,000	-
Interest rate swap	167	156	11	-
Automobile leases	311	130	181	-
Total at June 30, 2015	**99,774**	**19,582**	**80,192**	**-**

2.10.2.
Additional disclosures

The Rochas loan contracted in May 2015 was covered by an interest rate swap guaranteeing a maximum rate of 2%.

At June 30, 2015, on the basis of a notional amount of €90 million, a notional loss of €167,000 in connection with this swap was recognized in the income statement whereby the Group did not apply hedge accounting in accordance with IAS 39. The market value of the swap at June 30, 2015 represented a negative amount for the company of €167,000.

2.10.3.
Covenants

The Rochas loan obtained by the parent company is subject to the following covenant ratios:

– interest coverage ratio: consolidated EBITDA/consolidated interest expense;

– leverage ratio: consolidated net debt/consolidated EBITDA.

In 2015, all these covenants were met. The current level of these ratios is considerably below the contractual limits. As a result, the Group has considerable financial flexibility in respect to these commitments.

2.11.
Deferred tax

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

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	**12/31/14**	**Changes through reserves**	**Changes through income**	**6/30/15**
Deferred tax assets				
Timing differences between financial and tax accounting	2,308	-	(261)	2,047
Past service costs- restated	188	-	-	188
Recognition of loss carryforwards	342	-	(75)	267
Inventory margin	1,447	-	804	2,251
Advertising and promotional costs	556	-	552	1,108
Straight-line rental payments	62	-	9	71
Swap instrument	-	-	64	64
Other	5	-	4	9
Total deferred tax assets before amortization	**4,908**	**-**	**1,097**	**6,005**
Amortization of deferred tax	(343)	-	75	(268)
Total net deferred tax assets	**4,565**	**-**	**1,172**	**5,737**

€ thousands	**12/31/14 (1)**	**Changes through reserves**	**Changes through income**	**6/30/15**
Deferred tax liabilities				
Acquisition costs	(645)	-	4	(641)
Levies imposed by governments	(168)	-	85	(83)
Gains (losses) on treasury shares	-	(150)	150	-
Impairment of treasury shares	-	-	(61)	(61)
Rochas borrowing costs	-	-	(295)	(295)
Capitalization of Rochas acquisition costs	-	-	(1,895)	(1,895)
Derivatives	(2)	-	(1)	(3)
Total deferred tax liabilities	**(815)**	**(150)**	**(2,013)**	**(2,978)**
Total net deferred tax	**3,750**	**(150)**	**(841)**	**2,759**

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.

2.12. Trade payables and other current liabilities

2.12.1. Trade payables and related accounts

€ thousands	12/31/14	6/30/15
Trade payables for components	15,864	17,976
Other trade payables	28,977	24,568
Total	**44,841**	**42,544**

2.12.2. Other liabilities

€ thousands	12/31/14	6/30/15
Accrued credit notes	2,502	3,111
Tax and employee-related payables (1)	8,760	6,983
Accrued royalties	8,224	8,848
Hedging instruments	293	36
Deferred revenue for Rochas fashion licenses	-	377
Other financial liabilities	442	508
Total other short-term liabilities	**20,221**	**19,863**

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.

2.13. Financial instruments

2.13.1. Financial assets and liabilities by category

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

€ thousands At June 30, 2015	Notes	Carrying value	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans & receivables or payables	Derivatives
Long-term investments		2,145	2,145	-	-	2,145	-
Other non-current financial assets	2.3	5,984	5,984	-	-	5,984	-
Trade receivables and related accounts	2.5	62,734	62,734	-	-	62,734	-
Other receivables	2.6	7,619	7,619	-	-	7,494	125
Current financial assets	2.7	135,759	135,759	-	-	135,759	-
Cash and cash equivalents	2.7	58,088	58,088	-	-	58,088	-
Total financial assets		**272,329**	**272,329**	**-**	**-**	**272,204**	**125**
Borrowings and financial liabilities	2.10	99,774	97,517	-	-	99,607	167
Trade payables and related accounts	2.12	42,544	42,544	-	-	42,544	-
Bank facilities		7	7	-	-	7	-
Other financial liabilities	2.12	19,863	19,863	-	-	19,827	36
Total financial liabilities		**162,188**	**159,931**	**-**	**-**	**161,985**	**203**

€ thousands At June 30, 2014	Notes	Carrying value	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans & receivables or payables	Derivatives
Long-term investments		2,107	2,107	-	-	2,107	-
Other non-current financial assets	2.3	6,152	6,152	-	-	6,152	-
Trade receivables and related accounts	2.5	57,685	57,685	-	-	57,685	-
Other receivables	2.6	5,370	5,370	-	-	5,370	-
Current financial assets	2.7	156,620	156,620	-	-	156,620	
Cash and cash equivalents	2.7	68,052	68,052	-	-	68,052	-
Total financial assets		**295,986**	**295,986**	**-**	**-**	**295,986**	**-**
Borrowings and financial liabilities	2.10	253	253	-	-	253	-
Trade payables and related accounts	2.12	44,841	44,841	-	-	44,841	-
Bank facilities		7	7	-	-	7	-
Other financial liabilities (1)	2.12	20,221	20,221	-	-	19,928	293
Total financial liabilities		**65,322**	**65,322**	**-**	**-**	**65,029**	**293**

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.

2.13.2.
Breakdown by method for measuring financial assets and liabilities

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

€ thousands At June 30, 2015	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	2,145	2,145	-	2,145	-
Other non-current financial assets	5,984	5,984	-	5,984	-
Trade receivables and related accounts	62,734	62,734	-	62,734	-
Other receivables	7,619	7,619	-	7,619	-
Current financial assets	135,759	135,759	-	135,759	-
Cash and cash equivalents	58,088	58,088	-	58,088	-
Assets	**272,329**	**272,329**	**-**	**272,329**	**-**
Borrowings and financial liabilities	99,774	97,517	-	99,774	-
Trade payables and related accounts	42,544	42,544	-	42,544	-
Bank facilities	7	7	-	7	-
Other financial liabilities	19,863	19,863	-	19,863	-
Liabilities	**162,188**	**159,931**	**-**	**162,188**	**-**

€ thousands At June 30, 2014	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	2,107	2,107	-	2,107	-
Other non-current financial assets	6,152	6,152	-	6,152	-
Trade receivables and related accounts	57,685	57,685	-	57,685	-
Other receivables	5,370	5,370	-	5,370	-
Current financial assets	156,620	156,620	-	156,620	-
Cash and cash equivalents	68,052	68,052	-	68,052	-
Assets	**295,986**	**295,986**	**-**	**295,986**	**-**
Borrowings and financial liabilities	253	253	-	253	-
Trade payables and related accounts	44,841	44,841	-	44,841	-
Bank facilities	7	7	-	7	-
Other financial liabilities (1)	20,221	20,221	-	20,221	-
Liabilities	**65,322**	**65,322**	**-**	**65,322**	**-**

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.

2.14. Risk management

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

2.14.1. Interest rate risk

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.

2.14.2. 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	-	-	5,984	5,984
Current financial assets	71,046	64,713	-	135,759
Cash and cash equivalents	58,088	-	-	58,088
Total financial assets	**129,134**	**64,713**	**5,984**	**199,831**
Borrowings and financial liabilities	19,582	80,192	-	99,774
Total financial liabilities	**19,582**	**80,192**	**-**	**99,774**
Net position before hedging	**109,552**	**(15,479)**	**5,984**	**100,057**
Hedging of assets and liabilities	-	-	-	-
Net position after hedging	**109,552**	**(15,479)**	**5,984**	**100,057**

2.14.3. Foreign exchange risk

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

€ thousands	USD	GBP	JPY	CAD
Assets	28,364	3,223	985	194
Liabilities	(2,808)	(84)	(2)	-
Net position before hedging at the closing price	**25,556**	**3,139**	**983**	**194**
Hedging instruments	(10,763)	(2,671)	(496)	-
Net position after hedging	**14,793**	**468**	**487**	**194**

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 (45.3% of sales) and to a lesser extent the Pound sterling (5.2% of sales) and the Japanese yen (2.4% of sales).

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

3.
NOTES TO THE INCOME STATEMENT

3.1.
Breakdown of consolidated sales by brand

€ thousands	**H1 2014**	**H1 2015**
Montblanc	43,517	42,026
Lanvin	30,383	28,458
Jimmy Choo	21,288	33,151
Karl Lagerfeld	12,675	5,475
Van Cleef & Arpels	9,189	9,124
Boucheron	7,818	9,594
S.T. Dupont	6,153	6,487
Paul Smith	5,038	3,467
Repetto	4,653	4,468
Balmain	3,098	2,804
Rochas	-	1,533
Other	136	245
Perfume sales	**143,948**	**146,832**
Rochas fashion license revenues	-	292
Total revenue	**143,948**	**147,124**

3.2.
Cost of sales

€ thousands	**H1 2014**	**H1 2015**
Raw materials, trade goods and packaging	(61,412)	(73,717)
Changes in inventory and allowances for impairment	6,344	22,202
POS advertising	(2,716)	(1,259)
Staff costs	(1,682)	(1,936)
Property rental expenses	(764)	(761)
Transportation costs	(142)	(242)
Other expenses related to the cost of sales	(71)	(99)
Total cost of sales	**(60,443)**	**(55,812)**

3.3.
Selling expenses

€ thousands	**H1 2014**	**H1 2015**
Advertising	(23,550)	(25,561)
Royalties	(9,944)	(12,091)
Subcontracting	(2,948)	(2,956)
Transportation costs	(1,349)	(1,488)
Sales commissions	(592)	(677)
Travel expenses	(1,384)	(1,548)
Staff costs	(8,472)	(9,654)
Service fees/subsidiaries	(4,133)	(4,166)
Allowances and reversals for depreciation/impairment	(2,323)	(2,287)
Tax and related expenses (1)	(1,571)	(1,517)
Other selling expenses	(2,569)	(2,256)
Total selling expenses	**(58,835)**	**(64,201)**

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.

The increase in selling expenses results primarily from the rise in royalties for the Jimmy Choo brand, increased advertising expenditures for the Montblanc brand and payroll increases reflecting the significant recruitment over the last 12 months.

3.4.
Administrative expenses

€ thousands	**H1 2014**	**H1 2015**
Purchases and external costs	(1,205)	(1,810)
Staff costs	(2,314)	(2,663)
Tax and related expenses	(42)	-
Allowances and reversals for depreciation/impairment	(263)	(122)
Travel and entertainment expenses	(430)	(378)
Property rentals	(267)	(335)
Other administrative expenses	(474)	(381)
Total administrative expenses	**(4,995)**	**(5,689)**

3.5.
Net financial income/(expense)

€ thousands	**H1 2014**	**H1 2015**
Financial income	1,411	1,368
Interest and similar expenses	(399)	(531)
Net finance costs	**1,012**	**837**
Currency losses	(1,239)	(7,422)
Currency gains	1,190	5,636
Net currency gains (losses)	**(49)**	**(1,786)**
Other financial income and expenses	2	4
Net financial income/(expense)	**965**	**(945)**

3.6.
Income taxes

€ thousands	**H1 2014**	**H1 2015**
Current income tax	(6,137)	(5,731)
Deferred tax arising from timing differences	(1,894)	(261)
Deferred tax arising from consolidation adjustments (1)	857	(581)
Total income taxes	**(7,174)**	**(6,573)**

(1) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.

3.7.
Earnings per share

€ thousands, *except number of shares and earnings per share in euros*	**H1 2014 (1)**	**H1 2015**
Consolidated net income (2)	13,649	13,915
Average number of shares	24,521,946	29,231,155
Basic earnings per share	**0.56**	**0.48**
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	98,897	89,842
Potential fully diluted average number of shares outstanding	24,620,843	29,320,997
Diluted earnings per share	**0.55**	**0.47**

(1) Restated to eliminate the impact of the bonus issue of one new share for every ten shares held on June 22, 2015.

(2) Restated to eliminate the impact of applying IFRIC interpretation 21 presented in note 1.3.

4.
SEGMENT REPORTING

4.1.
Business lines

Up until December 31, 2014, the company operated in a single segment of "Perfumes" where the indicators for financial performances for each brand of this segment were comparable. In consequence, the Group's income statement and balance sheet reflected the operations of the "Perfumes" activity in its entirety.

Since the acquisition of the Rochas brand on May 29, 2015, the company now operates in two distinct segments: "Perfumes" henceforth including Rochas' fragrance business and "Fashion" corresponding to activity generated by Rochas' fashion business.

Because the activity of the Rochas brand began in June, income statement aggregates by business line are not yet material and for that reason not presented in this report.

Initial amounts recognized in the balance sheet based on the provisional allocation are as follows:

€ thousands	**Perfumes**	**Fashion**	**Total**
Intangible assets – Rochas brand	86,696	19,077	105,773
Medium-term long	81,524	17,939	99,463

The amount of the loan has been allocated by business line in proportion to the breakdown of intangible assets.

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

4.2.
Geographic segments

Sales by geographic sector break down as follows:

€ thousands	**H1 2014**	**H1 2015**
North America	28,482	32,096
South America	16,100	14,428
Asia	23,957	25,663
Eastern Europe	11,769	11,403
Western Europe	30,569	27,591
France	13,728	13,293
Middle East	16,871	20,040
Africa	2,472	2,318
Perfume sales	**143,948**	**146,832**
South America	-	59
France	-	233
Rochas fashion license revenues	**-**	**292**
Total revenue	**143,948**	**147,124**

5.
OFF BALANCE SHEET COMMITMENTS

5.1.
Off balance sheet commitments

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

5.1.1.
Summary of off-balance sheet commitments

€ thousands	**2014**	**2015**
Off-balance sheet commitments in connection with the company's operating activities	134,858	136,530
Off-balance sheet commitments in connection with the company's financing activities	600	-
Total commitments given	**135,458**	**136,530**

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

€ thousands	**Main characteristics**	**2014**	**2015**
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	109,055	109,512
Rental expenses for the Paris headquarters and the subsidiaries (USA in Singapore)	Rental payments due over the remainder? of the lease period (3, 6 or 9 years).	12,665	16,519
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses regardless of sales volume for the period.	7,381	6,710
Firm component orders	Inventories of components on stock with suppliers that the company undertakes to purchase as required for the start of production phase and for which in consequence the company is the owner.	5,757	3,789
Total commitments given in connection with operating activities		**134,858**	**136,530**

5.1.3.
Off-balance sheet commitments in connection with financing activities

Commitments with respect to forward currency sales at June 30, 2015 amounted to US$14,043,000, £1,900,000 and ¥68,000.

Commitments with respect to forward currency purchases for US dollar hedges at June 30, 2015 amounted to €1,778,000.

5.1.4.
Commitments given by maturity at June 30, 2015

€ thousands	**Total**	**Up to 1 year**	**1 to 5 years**	**5 years or more**
Guaranteed minima on trademark royalties	109,512	6,503	51,540	51,469
Headquarters rental payments	16,519	955	8,298	7,266
Guaranteed minima for warehousing and logistics	6,710	671	5,368	671
Firm component orders	3,789	3,789	-	-
Commitments given in connection with operating activities	**136,530**	**11,918**	**65,206**	**59,406**

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

5.1.5.
Commitments received

Commitments received in connection with forward currency sales at June 30, 2015 amounted to €12,659,000 for hedges for US dollars, €2,635,000 for Pound sterling and €496,000 for Japanese yen representing total commitments of €15,790,000.

Commitments with respect to forward currency sales at June 30, 2015 amounted to US$2,000,000.

6.
INFORMATION ON RELATED PARTIES

In the 2015 first half, there were no changes with respect to relations between Interparfums and affiliated undertakings (parent company and subsidiaries) and those disclosed in the notes to the consolidated financial statements in the 2014 annual report.

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

7.
OTHER INFORMATION

7.1.
License agreements

	Nature of license	**License inception date**	**Duration**	**Expiration date**
S.T. Dupont	Amount	July 1997	11 years	-
	Renewal	January 2006	5 years and 6 months	-
	Renewal	January 2011	6 years	December 2016
	PSG amendment	January 2014	2 years and 6 months	June 2016
Paul Smith	Amount	January 1999	12 years	-
	Renewal	July 2008	7 years	December 2017
Van Cleef & Arpels	Amount	January 2007	12 years	December 2018
Jimmy Choo	Amount	January 2010	12 years	December 2021
Montblanc	Amount	July 2010	10 years and 6 months	December 2020
Boucheron	Amount	January 2011	15 years	December 2025
Balmain	Amount	January 2012	12 years	December 2023
Repetto	Amount	January 2012	13 years	December 2024
Karl Lagerfeld	Amount	November 2012	20 years	October 2032
Coach	Amount	June 2016	10 years	June 2026

In April, Interparfums signed a license agreement for a 10 year term to start in June 2016 with Coach Inc., the leading New York design house of modern luxury and fashion accessories and lifestyle collections.

Under this agreement, Interparfums will create, produce and distribute new perfumes and fragrance-related products, including new men's and women's scents and ancillary products. Interparfums will distribute these fragrances globally to department and specialty stores and duty free shops, as well as in Coach retail stores beginning fall 2016.

7.2.
Proprietary brands

Lanvin

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

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

Rochas

At the end of May 2015, Interparfums acquired the Rochas brand (perfumes and fashion) from Procter & Gamble.

This transaction covered all brand names and registered trademarks for Rochas (*Femme*, *Madame*, *Eau de Rochas*…) for France and international markets, mainly for class 3 (fragrances) and 25 (fashion).

This brand was acquired for a price of US$108 million, excluding inventory and financed by a €100 million loan repayable over five years, subject to standard covenants.

7.3.
Employee-related data

7.3.1.
Employees by category

Number of employees at	**6/30/14**	**6/30/15**
Managers	125	133
Supervisory staff	6	7
Employees	79	79
Total	**210**	**219**

7.3.2.
Employees by department

Number of employees at	**6/30/14**	**6/30/15**
Executive Management	2	2
Production & Operations	36	34
Marketing	46	50
Export	45	41
France	39	42
Finance & Corporate Affairs	42	46
Rochas fashion	-	4
Total	**210**	**219**

7.4.
Post-closing events

None.

Certificate of the company officer responsible for the interim financial report

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

Paris, September 08, 2015

Philippe Benacin
Chairman-Chief Executive Officer

Executive officer responsible for financial information

Philippe Santi
Executive Vice President & Chief Financial Officer

STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL STATEMENTS

(For the six-month period ended June 30, 2015)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is consequently provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France. As the English version of the interim financial statements has not been audited by the Statutory Auditors, only the original French version of the Statutory Auditors' report is legally binding.

To the Shareholders,

Pursuant to our appointment as Statutory Auditors by your shareholders' Meeting and in accordance with article L. 451-1-2 III of the French Monetary and Financial Code ("*Code Monétaire et Financier*"), we hereby report to you on:

– the limited review of the accompanying condensed consolidated interim financial statements of Interparfums SA for the six-month period from January 1, 2015 to June 30, 2015;

– the verification of the information given in the interim management report.

These condensed consolidated interim financial statements were prepared under the responsibility of your Board of Directors. Our responsibility is to express a conclusion on these statements on the basis of our limited review of these financial statements.

I. Conclusion on the financial statements

We have conducted our limited review in accordance with the professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than for an audit conducted in accordance with generally accepted audit standards in France. As such, it provides a moderate assurance that the financial statements as a whole are free of material misstatements that is lower than that which would result from an audit.

Based on our limited review, we have identified no material irregularities that would indicate that the condensed consolidated interim financial statements are inconsistent with IAS 34, the IFRS adopted in the European Union for interim financial reporting.

Without qualifying the above conclusion, we draw your attention as an emphasis of matter to note 1.3 – Application of IFRIC interpretation 21 "levies imposed by governments" to the interim condensed consolidated financial statements that presents the impacts relating to the change in accounting method with respect to this standard.

II. Specific verifications

We have also verified information given in the interim management report on the condensed consolidated interim financial statements that were subject to our review.

We have no matters to report as to the fair presentation and consistency of this information with the condensed consolidated interim financial statements.

Courbevoie and Paris, September 08, 2015

The Statutory Auditors

French original signed by:

SFECO & Fiducia Audit
Roger Berdugo

Mazars
Simon Beillevaire

Translation disclaimer: This is a free translation into English of the original French language version of the interim financial report (rapport semestriel) provided solely for the convenience of English speaking. This report should consequently be read in conjunction with, and construed in accordance with French law and French generally accepted accounting principles. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, this English version has not been audited by the company's Statutory Auditors and in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, the translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and the Interparfums expressly disclaims all liability for any inaccuracy herein.

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