interparfums

FIRST HALF REPORT 2016

interparfums

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Management report

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1. REVIEW OF OPERATIONS

Consolidated first-half sales reached €162.3 million, up 10.3% at current exchange rates and 10.5% at constant exchange rates from the same period in 2015. This very good performance in a difficult global economic environment reflects notably the excellent results by the Montblanc and Jimmy Choo fragrances and the successful integration of Rochas fragrances, acquired in 2015.

1.1. Highlights by brand

€m	H1 2015	H1 2016
Montblanc	42.0	55.1
Jimmy Choo	33.1	38.9
Lanvin	28.5	22.1
Rochas	1.5	13.7
Van Cleef & Arpels	9.1	9.3
Boucheron	9.6	8.3
Paul Smith	3.5	3.8
Repetto	4.5	2.9
Karl Lagerfeld	5.5	2.5
S.T. Dupont	6.5	2.2
Balmain	2.8	2.1
Other	0.2	0.3
Perfume sales	**146.8**	**161.2**
Rochas license revenues	0.3	1.1
Total revenue	**147.1**	**162.3**

With more than €55 million in sales in six months, up 31% on the prior year, Montblanc fragrances' continuing growth momentum was bolstered by the promising launch of the *Montblanc Legend Spirit* line and a steady performance by the *Montblanc Legend Classic* line.

Jimmy Choo fragrance sales reached nearly €40 million, up 17%, with the ongoing roll-out of *Jimmy Choo Illicit*, the brand's third women's line launched in 2015 and the *Jimmy Choo Man* line's steady performance.

Lanvin fragrance sales declined in response to economic slowdowns in its two flagship markets, Russia and China. A new women's line will be launched in the fall.

Rochas fragrances had €13.7 million in sales in the first half, confirming the solid position established in Spain and France with strong demand for the *Eau de Rochas* and *Rochas Man* lines.

Van Cleef & Arpels fragrances benefited from continuing gains of the *Collection Extraordinaire* line and the launch of the *So First* line.

Finally, reflecting an unfavorable comparison base from the major launch of the *Quatre* line in the 2015 first half, Boucheron fragrances' sales declined 14%.

1.2. Highlights by region

North America (+28%) registered further gains driven by the *Montblanc Legend Spirit* and *Jimmy Choo Illicit* lines.

Western Europe (+33%) and France (+26%) benefited from the integration of Rochas fragrances.

With good performances in South Korea in particular, Asia achieved growth of nearly 9% in the first half.

Against the backdrop of turbulent economic, geopolitical and foreign exchange conditions, sales in Eastern Europe and, to a lesser extent, in South America, experienced significant declines.

2. CONSOLIDATED FINANCIAL HIGHLIGHTS

€m	H1 2015	H1 2016	2016/2015
Sales	147.1	162.3	+10.3%
Gross margin	91.3	106.0	+16.1%
% of sales	*62.1%*	*65.3%*	
Operating profit	21.4	21.6	+0.9%
% of sales	*14.6%*	*13.3%*	
Net income	13.9	13.0	-6.5%
% of sales	*9.5%*	*8.0%*	

In the 2016 first half, benefiting from improved cost prices for the Montblanc and Jimmy Choo brands and the integration of Rochas fragrances, the gross margin was up 3% from the same period in 2015.

After registering a particularly high operating margin of more than 14% in the 2015 first half, in large part attributable to the strong rise in the US dollars value plus, in the absence of major initiatives in the period, limited launch expenses, with a marginal currency effect, this margin returned to a more normative level in the 2016 first half of around 13%.

The Group's net income includes a provision for tax in the amount of €1.8 million following a tax audit covering the years 2012 to 2015. The net margin remains high at 8%.

€m	06/30/15	06/30/16	2016/2015
Shareholders' equity	371.7	384.4	+3.4%
Cash + other current financial assets	193.8	196.7	+1.5%
Medium-term loan	99.8	81.0	NA

Following the Rochas brand acquisition in March 2015 financed by a €100 million loan, the financial structure remains excellent with shareholders' equity of €385 million and still significant net cash and cash equivalents of nearly 200 million.

3. HALF YEAR MILESTONES

January

Investor relations and financial communications award

The company was the recipient of an award for the best investor relations in the mid cap segment (Trophée des *Meilleures Relations Investisseurs par une Valeur Moyenne*) for 2015.

Launch of the *Montblanc Legend Spirit* line

The legend continues… a newfound expression of his personality caught in a moment of total freedom and serenity with a new spirited expression of masculinity… *Montblanc Legend Spirit*.

April

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.

Launch of the *So First* line of Van Cleef & Arpels

A reinterpretation of the soul of *First* with a creation that embodies grace and modernity. A sparkling bouquet made of Jasmine petals and frangipani blossom blended with addictive notes of an intense vanilla infused with creamy sandalwood…

May

Launch of the *Escapade en Méditerranée* line, a limited edition of *Eau de Rochas*

This limited edition of *Eau de Rochas* takes us to the Mediterranean. A modern interpretation of the original fragrance, *Escapade en Méditerranée* offering an invitation to a Chypre Zesty Floral voyage.

Interparfums changes its shareholder registrar services provider

CM-CIC Market Solutions was appointed to provide shareholders registrar services.

June

Bonus share issue

The company proceeded with its 17th bonus share issue on the basis of one new share for every ten shares held.

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 2015 registration document filed on March 31, 2016 with the French financial market authorities (*Autorité des Marchés Financiers* or AMF). There were no material changes in these Risk Factors in the 2016 first half.

4.2. Related party transactions

In the 2016 first half, relations between Interparfums and affiliated companies remained comparable with those of fiscal year 2015 presented in note 6.5 “Information on related parties” of the 2015 consolidated financial statements (section 2) included in the registration document filed on March 31, 2016 with the AMF.

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

5. OUTLOOK

Despite difficult economic, financial and foreign exchange conditions adversely impacting fragrance and cosmetics markets in selected countries, China, Russia or Brazil in particular, the company’s first half performance was very satisfactory with double-digit growth. The Coach line’s launch is off to a promising start and guidance for 2016 annual sales of €340 million is confirmed.

For the 2016 full year, with more substantial budgets for marketing and advertising in the second half, particularly for the Coach brand, this margin, as expected, should be within a range of 12% to 13%.

6. POST-CLOSING EVENTS

None.

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Interim condensed consolidated financial statements

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1. CONSOLIDATED INCOME STATEMENT

In € thousands, except per share data which is in units	**Notes**	**H1 2015**	**H1 2016**
Sales	3.1	**147,124**	**162,330**
Cost of sales	3.2	(55,812)	(56,364)
Gross margin		**91,312**	**105,966**
% of sales		*62.1%*	*65.3%*
Selling expenses	3.3	(64,201)	(77,614)
Administrative expenses	3.4	(5,689)	(6,748)
Operating profit		**21,422**	**21,604**
% of sales		*14.6%*	*13.3%*
Financial income		1,368	1,611
Interest and similar expenses		(531)	(1,408)
Net interest expense		**837**	**203**
Other financial income		6,637	3,084
Other financial expense		(8,419)	(3,140)
Net financial income (expense)	3.5	**(945)**	**147**
Income before income tax		**20,477**	**21,751**
% of sales		*13.9%*	*13.4%*
Income tax	3.6	(6,573)	(8,957)
Effective tax rate		*32.1%*	*41.2%*
Net income before non-controlling interests		**13,904**	**12,794**
% of sales		*9.5%*	*7.9%*
Attributable to non-controlling shareholders		**(11)**	**(179)**
Attributable to equity holders of the parent		**13,915**	**12,973**
% of sales		*9.5%*	*8.0%*
Basic earnings per share	3.7	0.47 (1)	0.40
Fully diluted earnings per share	3.7	0.47 (1)	0.40

(1) Restated for the bonus issue of June 2016.

2.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	**H1 2015**	**H1 2016**
Consolidated net profit for the period	**13,904**	**12,794**
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	**13,904**	**12,794**
Attributable to non-controlling shareholders	(11)	(179)
Attributable to equity holders of the parent	**13,915**	**12,973**

3.
CONSOLIDATED BALANCE SHEET

Assets

€ thousands	Notes	12/31/2015	06/30/2016
Non-current assets			
Net trademarks and other intangible assets	2.1	172,733	170,810
Net property, plant, equipment	2.2	5,927	7,045
Long-term investments		1,975	2,376
Other non-current financial assets	2.3	5,816	5,648
Deferred tax assets	2.11	5,605	6,899
Total non-current assets		**192,056**	**192,778**
Current assets			
Inventory and work in progress	2.4	70,653	81,836
Trade receivables and related accounts	2.5	69,515	68,278
Other receivables	2.6	8,601	7,887
Corporate income tax		1,364	2,254
Current financial assets	2.7	76,097	104,381
Cash and cash equivalents	2.7	149,895	92,297
Total current assets		**376,125**	**356,933**
Total assets		**568,181**	**549,711**

Shareholders’ equity & liabilities

€ thousands	Notes	12/31/2015	06/30/2016
Shareholders’ equity			
Share capital		96,515	106,264
Additional paid-in capital		459	105
Retained earnings		260,925	265,057
Net income for the year		29,152	12,973
Equity attributable to parent company shareholders		**387,051**	**384,399**
Non-controlling interests		429	250
Total shareholders’ equity	2.8	**387,480**	**384,649**
Non-current liabilities			
Provisions for non-current commitments	2.9	5,745	6,028
Non-current borrowings	2.10	70,215	60,509
Deferred tax liabilities	2.11	2,676	2,509
Total non-current liabilities		**78,636**	**69,046**
Current liabilities			
Trade payables and related accounts	2.12	53,730	50,684
Current borrowings	2.10	20,357	20,477
Provisions for contingencies and expenses	2.9	248	348
Income tax		6,199	4,927
Other liabilities	2.12	21,531	19,580
Total current liabilities		**102,065**	**96,016**
Total shareholders’ equity and liabilities		**568,181**	**549,711**

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, 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	98,995	296	900	-	-	1,196	-	1,196
2015 net income (1)	-	-	-	-	29,152	29,152	80	29,232
Change in actuarial gains and losses on provisions for retirement liabilities	-	-	-	(298)	-	(298)	-	(298)
2014 dividend paid in 2015	-	-	-	-	(12,814)	(12,814)	-	(12,814)
Treasury shares	(16,905)	-	-	-	(378)	(378)	-	(378)
Changes in Group structure of consolidated operations	-	-	-	-	-	-	238	238
Currency translation adjustments	-		-	-	2,277	2,277	-	2,277
Other changes	-	-	-	-	17	17	-	17
As of December 31, 2015 (2)	**32,085,733**	**96,515**	**459**	**(872)**	**290,949**	**387,051**	**429**	**387,480**
Bonus share issue	3,219,038	9,657	(646)	-	(9,011)	-	-	-
Shares issued on exercise of stock options	30,611	92	292	-	-	384	-	384
2016 half-year net income	-	-	-	-	12,973	12,973	(179)	12,794
2015 dividend paid in 2016	-	-	-	-	(16,051)	(16,051)	-	(16,051)
Treasury shares	10,550	-	-	-	435	435	-	435
Currency translation adjustments	-	-	-	-	(393)	(393)	-	(393)
As of June 30, 2016 (2)	**35,345,932**	**106,264**	**105**	**(872)**	**278,902**	**384,399**	**250**	**384,649**
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)	13,904
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
As of June 30, 2015 (2)	**32,037,714**	**96,341**	**19**	**(574)**	**275,932**	**371,718**	**345**	**372,063**

(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	**06/30/2015**	**12/31/2015**	**06/30/2016**
Cash flows from operating activities			
Net income	13,904	29,232	12,794
Depreciation, amortization and other	10,056	14,085	6,806
Net finance costs	(837)	(60)	(203)
Tax charge of the period	6,573	15,923	8,957
Operating cash flows	**29,696**	**59,180**	**28,354**
Interest expense payments	(977)	(1,950)	(1,026)
Tax payments	(8,158)	(13,449)	(12,016)
Cash flow after interest expense and tax	**20,561**	**43,781**	**15,352**
Change in inventory and work in progress	(24,907)	(10,172)	(14,611)
Change in trade receivables and related accounts	(5,519)	(12,426)	1,380
Change in other receivables	(941)	(2,514)	10
Change in trade payables and related accounts	(2,278)	8,908	(3,022)
Change in other current liabilities	2,576	6,682	(743)
Change in working capital needs	**(31,069)**	**(9,522)**	**(17,026)**
Net cash flows provided by (used in) operating activities	**(10,508)**	**34,259**	**(1,674)**
Cash flows from investing activities			
Net acquisitions of intangible assets	(106,844)	(108,085)	(530)
Net acquisitions of property, plants and equipment	(950)	(2,451)	(2,024)
Net acquisitions of marketable securities (>3 months)	21,306	80,346	(27,882)
Changes in financial assets	130	468	(233)
Net cash flows provided by (used in) investing activities	**(86,358)**	**(29,722)**	**(30,669)**
Cash flow from financing activities			
Issuance of borrowings and new financial debt	99,224	99,224	-
Debt repayments	-	(10,000)	(10,001)
Dividends paid to shareholders	(12,814)	(12,815)	(16,051)
Capital increases	582	1,196	384
Treasury shares	(97)	(299)	413
Net cash flows provided by (used in) financing activities	**86,895**	**77,306**	**(25,255)**
Change in net cash	**(9,971)**	**81,843**	**(57,598)**
Cash and cash equivalents, beginning of year	68,052	68,052	149,895
Cash and cash equivalents, end of year	**58,081**	**149,895**	**92,297**

The reconciliation of net cash breaks down as follows:

€ thousands	**06/30/2015**	**12/31/2015**	**06/30/2016**
Cash and cash equivalents	58,088	149,895	92,297
Bank facilities	(7)	-	-
Net cash at the end of the period	**58,081**	**149,895**	**92,297**
Current financial assets	135,759	76,097	104,381
Net cash and current financial assets	**193,847**	**225,992**	**196,678**

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Notes to the interim condensed consolidated financial statements

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1. ACCOUNTING PRINCIPLES

1.1. Basis of presentation and compliance statement

The condensed interim consolidated financial statements for the six-month period ending June 30, 2016 were adopted by the Board of Directors on September 6, 2016. 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, 2015. In addition, the comparability of interim and annual financial statements may be affected by seasonal trends of Group businesses 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

Standards, amendments and interpretations that entered into force on January 1, 2016 were applied in preparing the interim consolidated financial statements for the six-month period ending June 30, 2016:

– amendment to IAS 1 "Presentation of financial statements";

– IFRS 2012-2014 annual improvement cycle.

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

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, 2016.

1.3. Application of interpretation IFRIC 21 "Levies"

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. It provides guidance on when to recognize a liability for a levy imposed by a government, and falling under the scope of application of 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 must be recognized in the year due rather than in the year when the provision is recognized in the statutory financial statements.

The impacts of these provisions have been integrated in the financial statements as from January 1, 2015.

The impact of the change in method on equity at December 31, 2014 breaks down as follows:

€ thousands	**Shareholders' equity**
Other liabilities *(cancellation of the C3S debt accrued for in 2013)*	497
Deferred tax	(189)
Impacts of the amendment at December 31, 2014	**308**

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 for the consolidated.

In September 2015, Interparfums UK Ltd, a wholly-owned subsidiary of the Group, with no activity as from the end of 2014, was wound up. This had no impact on the consolidated financial statements.

All Group subsidiaries are fully consolidated.

Interparfums SA		**Ownership interest (%) Controlling interest (%)**
Interparfums Suisse Sarl	Switzerland	100%
Interparfums Asia-Pacific Pte Ltd (formally IP Singapore)	Singapore	100%
Interparfums Luxury Brands	United States	100%
Interparfums Srl	Italy	100%
Inter España Parfums et Cosmetiques SL	Spain	100%
Parfums Rochas S.L	Spain	51%
Interparfums Deutschland GmbH	Germany	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	**12/31/2015**	**+**	**-**	**06/30/2016**
Gross value				
Indefinite life intangible assets				
Lanvin trademark	36,323	-	-	36,323
Rochas fragrances brand	86,739	-	-	86,739
Rochas fashion brand	19,086	-	-	19,086
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	9,808	332	-	10,140
Registration of trademarks	500	-	-	500
Software	2,940	198	-	3,138
Total gross amount	**205,792**	**530**	**-**	**206,322**
Amortization and impairment				
Finite life intangible assets				
S.T. Dupont upfront license fee Dupont	(1,219)	-	-	(1,219)
Van Cleef & Arpels upfront license fee	(13,689)	(755)	-	(14,444)
Montblanc upfront license fee	(548)	(33)	-	(581)
Boucheron upfront license fee	(5,000)	(496)	-	(5,496)
Balmain upfront license fee	(684)	(85)	-	(769)
Karl Lagerfeld upfront license fee	(2,040)	(320)	-	(2,360)
Other intangible assets				
Rights on molds for bottles and related items	(7,238)	(511)	-	(7,749)
Registration of trademarks	(496)	(4)	-	(500)
Software	(2,145)	(249)	-	(2,394)
Total amortization and impairment	**(33,059)**	**(2,453)**	**-**	**(35,512)**
Net total	**172,733**	**(1,923)**	**-**	**170,810**

At June 30, 2016, no impairments were recognized for intangible assets linked to losses in value.

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 Rochas brand names and registered trademarks (*Femme*, *Madame*, *Eau de Rochas*…) for France and international markets, mainly for class 3 (fragrances) and class 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 purchase price allocation for the Rochas fragrances brand and the Rochas Fashion brand were measured by an outside appraiser and analyzed as follows:

€ thousands	**Perfumes**	**Fashion**	**Total**
Brand	82,745	18,210	100,955
Allocated costs (cost of intermediaries and attorneys)	594	130	724
Allocated costs (registration rights)	3,400	746	4,146
Total indefinite life intangible assets	**86,739**	**19,086**	**105,825**
Rights on molds for bottles	155	-	155
Fixtures, improvements, fittings	197	-	197
Total property, plant and equipment	**352**	**-**	**352**
Total acquisition of Rochas brand	**87,091**	**19,086**	**106,177**

2.2. Property, plant and equipment

€ thousands	**12/31/2015**	**+**	**-**	**06/30/2016**
Gross value				
Fixtures, improvements, fittings	5,700	943	(8)	6,635
Office and computer equipment and furniture	1,936	313	(65)	2,184
Molds for bottles and caps	9,285	768	-	10,053
Other (1)	1,098	-	-	1,098
Total gross amount	**18,019**	**2,024**	**(73)**	**19,970**
Accumulated depreciation and impairment (1)	(12,092)	(898)	65	(12,925)
Net total	**5,927**	**1,126**	**(8)**	**7,045**

(1) Including a gross amount of €552,000 for vehicles held under finance leases and depreciation expenses of €376,000.

The increase in the line items "Fixtures, improvements, fittings", "office and computer equipment and "furniture reflects mainly installations for the new premises for the Fashion business.

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 €9,589,000. This advance was discounted over the license agreement term and reduced accordingly to €5,816,000 at December 31, 2015.

The adjustment from discounting the balance to present value at June 30, 2016 brought this advance to €5,648,000 with the offset recognized by increasing the amortization of upfront license fees.

2.4. Inventories and work in progress

€ thousands	**12/31/2015**	**06/30/2016**
Raw materials and components	23,494	25,189
Finished goods	52,209	61,890
Total gross amount	**75,703**	**87,079**
Allowances for raw materials	(2,241)	(2,856)
Allowances for finished goods	(2,809)	(2,387)
Total provisions	**(5,050)**	**(5,243)**
Net total	**70,653**	**81,836**

The increase in inventory is primarily the result of inventory accumulation in preparation for new launches in the second half, mainly for the Coach and Jimmy Choo brands.

2.5.
Trade receivables and related accounts

€ thousands	12/31/2015	06/30/2016
Total gross amount	71,010	69,760
Impairment	(1,495)	(1,482)
Net total	**69,515**	**68,278**

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

€ thousands	12/31/2015	06/30/2016
Not due	62,170	65,139
0-90 days	6,822	3,540
91-180 days	909	7
181-360 days	185	274
More than 360 days	924	800
Total gross amount	**71,010**	**69,760**

2.6.
Other receivables

€ thousands	12/31/2015	06/30/2016
Prepaid expenses	2,754	3,725
Interparfums Holding current accounts	2,807	2,452
Value-added tax	1,849	1,186
Hedging instruments	115	301
License royalties	237	110
Other	839	113
Net total	**8,601**	**7,887**

2.7.
Current financial assets, cash and cash equivalents

€ thousands	12/31/2015	06/30/2016
Current financial assets	76,097	104,381
Cash and cash equivalents	149,895	92,297
Current financial assets, cash and cash equivalents	**225,992**	**196,678**

The decrease in cash in the period reflects primarily payment of a €10 million installment on the Rochas loan and a €16 million dividend payment to shareholders.

The breakdown between current financial assets in cash and cash equivalents has been modified in favor of longer-term investments providing higher return. These investments however remain highly liquid.

2.7.1.
Current financial assets

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

€ thousands	12/31/2015	06/30/2016
Certificates of deposit	1,000	1,003
Capital redemption contracts	36,938	37,555
Term deposit accounts	37,935	65,609
Other current financial assets	224	214
Current financial assets	**76,097**	**104,381**

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	**12/31/2015**	**06/30/2016**
Certificates of deposit (less than 3 months)	1,915	4,812
Interest-bearing accounts	6,715	21,732
Term deposit accounts	65,267	45,013
Current interest-bearing accounts	43,089	6,328
Bank accounts	32,909	14,412
Cash and cash equivalents	**149,895**	**92,297**

2.8. Shareholders' equity

2.8.1.
Common stock

As of June 30, 2016, Interparfums' capital was comprised of 35,421,381 shares fully paid-up with a par value of €3, 72.69% -held by Interparfums Holding.

For the period under review, capital increases result from the exercise of stock options for 30,611 shares and the capital increase in connection with the bonus share issue of June 20, 2016 for 3,219,038 shares on the basis of one new share for every ten shares held.

2.8.2.
Stock option plans

The managers and employees of the company and its subsidiaries benefited from stock option plans until 2010.

The characteristics of plans remaining in force are as follows:

Plans	**Number of beneficiaries**	**Number of shares granted/ exercised at inception**	**Grant date**	**Vesting period**	**Exercise price [1]**
Plan 2010	143	114,700	10/08/10	4 years	€11.80

(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 applied for the calculation**
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 12/31/2015**	**Conversions in the period**	**Bonus share grants**	**Cancellations in the period**	**Options outstanding at 06/30/2016**
Plan 2010	109,153	(30,611)	9,066	(196)	87,412

At June 30, 2016, the potential number of Interparfums SA shares that may be created was 87,412.

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. This expense had been fully amortized on June 30, 2015.

For the 2010 plan, 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 22, 2016, 75,449 Interparfums shares were held by the company as of June 30, 2016 or 0.21% of the share capital.

Changes in the period break down as follows:

€ thousands	**Average price**	**Number of shares**	**Book Value**
At December 31, 2015		**85,999**	**1,952**
Acquisition	22.32	109,559	2,445
Bonus issue of June 20, 2016		6,959	-
Sales	22.15	(127,068)	(2,814)
At June 30, 2016		**75,449**	**1,583**

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 capital stock outstanding.

2.8.4. Non-controlling interests

Non-controlling interests concern percentages not held in certain European subsidiaries (Interparfums Deutschland GmbH: 49%; Parfums Rochas Spain S.L: 49%) at June 30, 2016.

that break down as follows:

€ thousands	**12/31/2015**	**06/30/2016**
Reserves attributable to non-controlling interests	349	429
Earnings attributable to non-controlling interests	80	(179)
Non-controlling interests	**429**	**250**

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 55% of consolidated net income to reward shareholders while at the same time associating them with the Group's expansion. In early May 2016, a dividend of €0.50 per share was paid or a total of €16.1 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	**12/31/2015**	**Allowances**	**Actuarial gains/losses**	**Provisions used in the period**	**Reversal of unused provisions**	**06/30/2016**
Provisions for retirement severance payments	5,745	283	-	-	-	6,028
Total provisions for expenses > 1 year	**5,745**	**283**	**-**	**-**	**-**	**6,028**
Provisions for contingencies < 1 year	248	150	-	-	(50)	348
Total provisions for contingencies and expenses	**5,993**	**433**	**-**	**-**	**(50)**	**6,376**

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 is 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 debt is recognized at fair value to which is allocated the €775,000 in transaction costs directly attributable to the acquisition, in compliance with IAS 39.

At June 30, 2016, €20 million had been reimbursed, with the remaining balance amounting to €80 million.

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	79,512	19,839	59,673	-
Interest rate swap	1,279	533	746	
Automobile leases	195	105	90	-
Total at June 30, 2016	**80,986**	**20,477**	**60,509**	**-**

2.10.2.
Additional disclosures

The Rochas loan contracted in May 2015 was covered by an interest rate swap covering 90% of the debt and guaranteeing a maximum rate of 2% over the loan’s full term.

At June 30, 2016, on the basis of a notional amount of €80 million, a notional loss of €354,000 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, 2016 represented a negative amount for the company of €1,279,000.

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 2016, 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	12/31/2015	Changes through reserves	Changes through profit or loss	06/30/2016
Deferred tax assets				
Timing differences between financial and tax accounting	2,419	-	75	2,494
Past service costs- restated	179	-	-	179
Recognition of loss carryforwards	279	-	260	539
Inventory margin	1,993	-	532	2,525
Advertising and promotional costs	527	-	587	1,114
Straight-line rental payments	139	-	(4)	135
Swap instrument	318	-	122	440
Other	30	-	(18)	12
Total deferred tax assets before amortization	**5,884**	**-**	**1,554**	**7,438**
Amortization of deferred tax	(279)	-	(260)	(539)
Total net deferred tax assets	**5,605**	**-**	**1,294**	**6,899**

€ thousands	12/31/2015	Changes through reserves	Changes through profit or loss	06/30/2016
Deferred tax liabilities				
Acquisition costs	(576)	-	4	(572)
Levies imposed by governments	(152)	-	70	(82)
Gains (losses) on treasury shares	(39)	22	17	-
Rochas borrowing costs	(211)	-	43	(168)
Capitalization of Rochas acquisition costs	(1,677)	-	-	(1,677)
Derivatives	(21)	-	11	(10)
Total deferred tax liabilities	**(2,676)**	**22**	**145**	**(2,509)**
Total net deferred tax	**2,929**	**22**	**1,439**	**4,390**

2.12. Trade payables and other current liabilities

2.12.1. Trade payables and related accounts

€ thousands	12/31/2015	06/30/2016
Trade payables for components	21,357	28,665
Other trade payables	32,373	22,019
Total	**53,730**	**50,684**

2.12.2. Other liabilities

€ thousands	12/31/2015	06/30/2016
Accrued credit notes	2,446	3,055
Tax and employee-related liabilities	11,507	9,265
Accrued royalties	6,545	6,203
Hedging instruments	4	352
Other liabilities	1,029	705
Total other short-term liabilities	**21,531**	**19,580**

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, 2016	Notes	Carrying value	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans & receivables or payables	Derivatives
Long-term investments		2,376	2,376	-	-	2,376	-
Other non-current financial assets	2.3	5,648	5,648	-	-	5,648	-
Trade receivables and related accounts	2.5	68,278	68,278	-	-	68,278	-
Other receivables	2.6	7,887	7,887	-	-	7,586	301
Current financial assets	2.7	104,381	104,381	-	-	104,381	-
Cash and cash equivalents	2.7	92,297	92,297	-	-	92,297	-
Total financial assets		**280,867**	**280,867**	**-**	**-**	**280,566**	**301**
Borrowings and financial liabilities	2.10	80,986	80,299	1,279	-	79,707	-
Trade payables and related accounts	2.12	50,684	50,684	-	-	50,684	-
Other liabilities	2.12	19,580	19,580	-	-	19,228	352
Total financial liabilities		**151,250**	**150,563**	**1,279**	**-**	**149,619**	**352**

€ thousands At December 31, 2015	Notes	Carrying value	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans & receivables or payables	Derivatives
Long-term investments		1,975	1,975	-	-	1,975	-
Other non-current financial assets	3.3	5,816	5,816	-	-	5,816	-
Trade receivables and related accounts	3.5	69,515	69,515	-	-	69,515	-
Other receivables	3.6	8,601	8,601	-	-	8,486	115
Current financial assets	3.7	76,097	76,097	-	-	76,097	-
Cash and cash equivalents	3.7	149,895	149,895	-	-	149,895	-
Assets		**311,899**	**311,899**	**-**	**-**	**311,784**	**115**
Borrowings and financial liabilities	3.10	90,572	88,780	925	-	89,647	-
Trade payables and related accounts	3.12	53,730	53,730	-	-	53,730	-
Other liabilities	3.12	21,531	21,531	-	-	21,527	4
Liabilities		**165,833**	**164,041**	**925**	**-**	**164,904**	**4**

With the exception of hedging instruments and the loan measured at amortized cost, the carrying value of other financial assets and liabilities represents a satisfactory approximation of their fair value.

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, 2016	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	2,376	2,376	-	2,376	-
Other non-current financial assets	5,648	5,648	-	5,648	-
Trade receivables and related accounts	68,278	68,278	-	68,278	-
Other receivables	7,887	7,887	-	7,887	-
Current financial assets	104,381	104,381	-	104,381	-
Cash and cash equivalents	92,297	92,297	-	92,297	-
Assets	**280,867**	**280,867**	**-**	**280,867**	**-**
Borrowings and financial liabilities	80,986	80,299	-	80,299	-
Trade payables and related accounts	50,684	50,684	-	50,684	-
Other liabilities	19,580	19,580	-	19,580	-
Liabilities	**151,250**	**150,563**	**-**	**150,563**	**-**

€ thousands At December 31, 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	1,975	1,975	-	1,975	-
Other non-current financial assets	5,816	5,816	-	5,816	-
Trade receivables and related accounts	69,515	69,515	-	69,515	-
Other receivables	8,601	8,601	-	8,601	-
Current financial assets	76,097	76,097	-	76,097	-
Cash and cash equivalents	149,895	149,895	-	149,895	-
Assets	**311,899**	**311,899**	**-**	**311,899**	**-**
Borrowings and financial liabilities	90,572	88,780	-	88,780	-
Trade payables and related accounts	53,730	53,730	-	53,730	-
Other liabilities	21,531	21,531	-	21,531	-
Liabilities	**165,833**	**164,041**	**-**	**164,041**	**-**

2.14. Risk management

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

2.14.1. Interest rate risks

The Group's 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 risks

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	-	-	5,648	5,648
Current financial assets	39,075	65,306	-	104,381
Cash and cash equivalents	92,297	-	-	92,297
Total financial assets	**131,372**	**65,306**	**5,648**	**202,328**
Borrowings and financial liabilities	(19,944)	(59,763)	-	(79,707)
Total financial liabilities	**(19,944)**	**(59,763)**	**-**	**(79,707)**
Net position before hedging	**111,428**	**5,543**	**5,648**	**122,619**
Hedging of assets and liabilities	(533)	(746)	-	(1,279)
Net position after hedging	**110,895**	**4,797**	**5,648**	**121,340**

2.14.3. Foreign exchange risks

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

€ thousands	USD	GBP	JPY	CAD
Assets	26,311	4,411	1,709	235
Liabilities	(3,930)	(609)	-	-
Net position before hedging at the closing price	**22,381**	**3,802**	**1,709**	**235**
Hedging instruments	(11,371)	(3,463)	(1,683)	-
Net position after hedging	**11,010**	**339**	**26**	**235**

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 (42% of sales) and to a lesser extent the Pound sterling (6% of sales) and the Japanese yen (2.3% of sales).

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

3. NOTES TO THE INCOME STATEMENT

3.1. Breakdown of consolidated sales by brand

€ thousands	**H1 2015**	**H1 2016**
Montblanc	42,026	55,057
Jimmy Choo	33,151	38,929
Lanvin	28,458	22,102
Rochas	1,533	13,743
Van Cleef & Arpels	9,124	9,334
Boucheron	9,594	8,256
Paul Smith	3,467	3,772
Repetto	4,468	2,946
Karl Lagerfeld	5,475	2,485
S.T. Dupont	6,487	2,236
Balmain	2,804	2,077
Other	245	304
Perfume sales	**146,832**	**161,241**
Rochas fashion license revenues	292	1,089
Total revenue	**147,124**	**162,330**

3.2. Cost of sales

€ thousands	**H1 2015**	**H1 2016**
Raw materials, trade goods and packaging	(73,717)	(66,164)
Changes in inventory and allowances for impairment	22,221	14,811
POS advertising	(1,278)	(1,561)
Staff costs	(1,936)	(2,016)
Property rental expenses	(761)	(1,093)
Transportation costs	(242)	(240)
Other expenses related to the cost of sales	(99)	(101)
Total cost of sales	**(55,812)**	**(56,364)**

3.3.
Selling expenses

€ thousands	**H1 2015**	**H1 2016**
Advertising	(25,561)	(33,857)
Royalties	(12,091)	(12,349)
Subcontracting	(2,956)	(3,190)
Transportation costs	(1,488)	(1,568)
Sales commissions	(677)	(588)
Travel expenses	(1,548)	(1,855)
Staff costs	(9,654)	(12,579)
Service fees	(4,166)	(4,054)
Allowances and reversals for depreciation/impairment	(2,287)	(2,345)
Tax and related expenses	(1,517)	(1,566)
Other selling expenses	(2,256)	(3,663)
Total selling expenses	**(64,201)**	**(77,614)**

The rise in selling expenses reflects mainly advertising expenses that were increased namely for the Montblanc and Jimmy Choo brands in addition to wage increases as the US subsidiary, Interparfums Luxury Brands, reinforced structures.

3.4.
Administrative expenses

€ thousands	**H1 2015**	**H1 2016**
Purchases and external costs	(1,810)	(2,108)
Staff costs	(2,663)	(3,086)
Allowances and reversals for depreciation/impairment	(122)	(254)
Travel and entertainment expenses	(378)	(476)
Property rentals	(335)	(333)
Other administrative expenses	(381)	(491)
Total administrative expenses	**(5,689)**	**(6,748)**

3.5.
Net financial income/(expense)

€ thousands	**H1 2015**	**H1 2016**
Financial income	1,368	1,611
Interest and similar expenses	(531)	(1,408)
Net borrowing costs	**837**	**203**
Currency losses	(7,422)	(2,412)
Currency gains	5,636	2,348
Net currency gains (losses)	**(1,786)**	**(64)**
Other financial income and expenses	4	8
Net financial income/(expense)	**(945)**	**147**

Net borrowings costs for the 2016 first half were impacted by interest expenses and hedging costs relating to the Rochas loan arranged in May 2015. The foreign exchange result was significantly impacted by currency fluctuations, mainly the US dollar in the 2015 first half, followed by a more limited impact in the 2016 first half.

3.6.
Income taxes

€ thousands	**H1 2015**	**H1 2016**
Current income tax	(5,731)	(10,396)
Deferred tax arising from timing differences	(261)	75
Deferred tax arising from consolidation adjustments	(581)	1,364
Total income taxes	**(6,573)**	**(8,957)**

A tax audit of 2012 of the French company resulted in a tax deficiency notification amounting to €6 million at the end of 2015.

After the company filed a formal challenge of these tax deficiency notifications and provided additional information and explanations, the tax authorities reduced this tax adjustment to €800,000 in May 2016. This tax adjustment concerned mainly the tax on royalties and commissions paid to certain Group subsidiaries.

The impact of this tax adjustment for the 2013, 2014 and 2015 financial years resulted in the recognition of an additional tax expense of €1 million, increasing the total provision in the accounts at June 30, 2016 for tax to €1.8 million.

As these rates were adjusted starting with fiscal 2016, the company does not anticipate any tax contingencies of this nature for the following years.

3.7.
Earnings per share

In € thousands, except number of shares and earnings per share in euros	**H1 2015**	**H1 2016**
Net income	13,915	12,973
Average number of shares	29,410,257	32,303,032
Basic earnings per share (1)	**0.47**	**0.40**
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	90,393	37,631
Potential fully diluted average number of shares outstanding	29,500,650	32,340,663
Diluted earnings per share (1)	**0.47**	**0.40**

(1) Restated to eliminate the impact of the bonus issue of one new share for every ten shares held on June 20, 2016.

4.
SEGMENT REPORTING

4.1.
Business lines

Up until December 31, 2014, the company operated solely in the 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 henceforth 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.

However, a separate presentation is not provided for income statement aggregates because the "Fashion" business represents less than 0.7% of Group sales.

Assets and liabilities relating to the Rochas brand at June 30, 2016 were as follows:

€ thousands	**Perfumes**	**Fashion**	**Total**
Intangible assets – Rochas brand	86,739	19,086	105,825
Medium-term loan	66,220	14,571	80,791

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 geographical sector break down as follows:

€ thousands	**H1 2015**	**H1 2016**
Africa	2,318	2,667
North America	32,096	41,075
South America	14,428	12,435
Asia	25,663	27,898
Eastern Europe	11,403	7,127
Western Europe	27,591	36,699
France	13,293	16,724
Middle East	20,040	16,616
Perfume sales	**146,832**	**161,241**
South America	59	174
Asia	-	311
Western Europe	-	459
France	233	145
Rochas fashion license revenues	**292**	**1,089**
Total revenue	**147,124**	**162,330**

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	**12/31/2015**	**06/30/2016**
Off-balance sheet commitments in connection with the company's operating activities	130,379	162,105
Total commitments given	**130,379**	**162,105**

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

€ thousands	**Main characteristics**	**12/31/2015**	**06/30/2016**
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	104,966	133,893
Rental expenses for the Paris headquarters and the subsidiaries (USA in Singapore)	Rental payments due over the remainder of the lease terms (3, 6 or 9 years).	15,574	14,315
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses regardless of sales volume for the period.	6,039	5,368
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.	3,800	8,529
Total commitments given in connection with operating activities		**130,379**	**162,105**

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

Commitments with respect to forward currency sales at June 30, 2016 amounted to US$16,972,000, £3,350,000 and ¥192,000,000.

Commitments in connection with forward currency purchases at June 30, 2016 amounted to €928,000 for US dollar hedges and 604,000 for Pound sterling hedges.

5.1.4.
Commitments given by maturity at June 30, 2016

€ thousands	**Total**	**Up to 1 year**	**1 to 5 years**	**5 years or more**
Guaranteed minima on trademark royalties	133,893	7,800	58,826	67,267
Headquarters rental payments	14,315	1,193	7,829	5,293
Guaranteed minima for warehousing and logistics	5,368	671	4,697	-
Firm component orders	8,529	8,529	-	-
Commitments given in connection with operating activities	**162,105**	**18,193**	**71,352**	**72,560**

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, 2016 amounted to €15,025,000 for hedges for US dollars, €4,313,000 for Pound sterling and €1,580,000 for Japanese yen representing total commitments of €22,287,000.

Commitments with respect to forward currency sales at June 30, 2016 amounted to US$1,066,000 and £488,000.

6.
INFORMATION ON RELATED PARTIES

In the 2016 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 2015 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	-
	Renewal	January 2016	5 years	December 2025
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 2015, 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 creates, produces and distributes 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.

In October 2015, the company extended its partnership with Montblanc in advance for an additional five years, i.e. until December 31, 2025.

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 Rochas brand names and registered trademarks (*Femme*, *Madame*, *Eau de Rochas*…) for France and international markets, mainly for class 3 (fragrances) and class 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

Changes in the period in the number of employees in the period reflect mainly the significant number of recruitments by the US subsidiary, after it became an independent operation and its collaboration with its local partner, which included use of its sales force and administrative services, was ended.

7.3.1.
Employees by category

Number of employees at	06/30/2015	06/30/2016
Managers	133	168
Supervisory staff	7	7
Employees	79	75
Total	**219**	**250**

7.3.2.
Employees by department

Number of employees at	06/30/2015	06/30/2016
Executive Management	2	2
Production & Operations	34	35
Marketing	50	55
Export	41	64
France	42	41
Finance & Corporate Affairs	46	48
Rochas fashion	4	5
Total	**219**	**250**

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 interim 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 6, 2016

Philippe Benacin
Chairman-Chief Executive Officer

Executive officer responsible for financial information

Philippe Santi
Executive Vice President & Chief Financial Officer

BALMAIN
BOUCHERON
COACH
JIMMY CHOO
KARL LAGERFELD
LANVIN
MONTBLANC
PAUL SMITH
REPETTO
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