interparfums

FIRST HALF REPORT
2017

FIRST HALF REPORT 2017

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Management report

1. REVIEW OF OPERATIONS

Consolidated first-half sales reached €209.3 million, up 29% at current exchange rates and 27.5% at constant exchange rates from the same period in 2016. This excellent performance was driven by organic growth from the established lines plus several initiatives since fall 2016, and notably the launch of the *Coach*, *Mademoiselle Rochas*, *Jimmy Choo L'Eau*, *Jimmy Choo Man Ice* or *Lanvin Modern Princess* lines.

1.1. Highlights by brand

€m	H1 2016	H1 2017	2017/2016
Montblanc	55.1	57.1	3.6%
Jimmy Choo	38.9	54.6	40.4%
Lanvin	22.1	30.5	38.0%
Rochas	13.7	18.6	35.8%
Coach	-	15.7	-
Van Cleef & Arpels	9.3	9.5	2.2%
Boucheron	8.3	8.9	7.2%
Other	13.8	13.0	-5.8%
Perfume sales	**161.2**	**207.9**	**29.0%**
Rochas fashion license revenues	1.1	1.4	27.3%
Total revenue	**162.3**	**209.3**	**29.0%**

Montblanc fragrances had €57.1 million in sales, consolidating their positions in line with expectations, after more than 30% growth in the 2016 first half that included the launch of the *Montblanc Legend Spirit* line.

With sales of nearly €54.6 million, up 40% from the 2016 first half, Jimmy Choo fragrances achieved an excellent performance thanks to extensions of the lines *Jimmy Choo L'Eau* and *Jimmy Choo Man Ice* lines but also the solidity of the established women's and men's fragrance lines.

After a period of difficult market conditions in Russia and China in 2016, Lanvin fragrances returned to growth, driven by the international launch of the *Modern Princess* line and the continuing solidity of the *Éclat d'Arpège* line.

Rochas fragrances had €18.6 million in sales based on the strength of the brand's established lines and the *Mademoiselle Rochas* line's launch in around ten markets, the brand's first initiative since acquired in 2015.

Coach fragrances had €15.7 million in sales, highlighting the positive market response to the women's line *Coach* launched in the 2016 second half.

1.2. Highlights by region

Growth rates were high in virtually all markets, and in particular North America (+33%) and Asia (+29%). In Western Europe, gains were more moderate, reflecting the high comparison base in the 2016 first half from the *Montblanc Legend Spirit* line's launch.

2. CONSOLIDATED FINANCIAL HIGHLIGHTS

€m	H1 2016	H1 2017	2017/2016
Sales	162.3	209.3	29.0%
Gross margin	106.0	136.6	28.9%
% of sales	*65.3%*	*65.3%*	
Operating profit	21.6	33.1	53.2%
% of sales	*13.3%*	*15.8%*	
Net income	12.9	21.7	68.2%
% of sales	*7.9%*	*10.4%*	

With an increase of more than 40% in marketing and advertising expenses in the 2017 first half, the company deployed substantial resources to consolidate and develop its market share and support launches in the period, notably the *Mademoiselle Rochas*, *Jimmy Choo L'Eau* or *Jimmy Choo Man Ice* lines. By applying tight controls over fixed costs, these efforts did not adversely impact operating profit which was up by more than 50% from the 2016 first half. On that basis, the operating margin reached 15.8%.

This trend was amplified at the level of net income that rose 68% and taking into account a provision for tax audit contingencies impacting the income of the last year's first half. The net margin for the first half accordingly reached 10.4%.

€m	12/31/16	06/30/17	2017/2016
Group shareholders' equity	403.6	404.9	0.3%
Cash + other current financial assets	230.6	192.2	-16.7%
Medium-term loans	70.7	60.6	-14.3%

Strong sales growth in the first half and the inventory buildup in preparation for second half launches (including the *Montblanc Legend Night* and *Coach for Men* lines), temporarily impacted working capital in the 2017 first half.

After the €19 million dividend payment for 2016 and the €10 million repayment of the Rochas loan, at June 30, 2017, a significant net cash position remained of more than €131 million.

3. HALF YEAR MILESTONES

January

Launch of *La Collection* of Boucheron

The six new Boucheron fragrances of this new collection draws on the memories of gem hunters who forged the spirit of the Maison with their journeys. Bringing back from Madras, Syracuse, Carthage, Alexandria, Ispahan or Zanzibar, a wealth of new inspirations and rediscovering forgotten fragrances.

Launch of the *Repetto Le Ballet Blanc* line

A new fragrance performance. This olfactory ballet offers a new interpretation of Repetto femininity.

March

Launch of the *Mademoiselle Rochas* line

Reflecting Parisian chic, *Mademoiselle Rochas*, has that delicious, irresistible "je ne sais quoi" that casts a spell with its floral fruity trail.

Launch of the women's line, *Jimmy Choo L'Eau*

The Jimmy Choo Woman's duality is matched by *L'Eau's* strong, free-spirited yet resolutely feminine scent. The fragrance combines a symphony of floral, fresh and musky notes.

Balmain license

In connection with the termination of the Balmain license agreement announced in early March, components and finished products inventory at March 31, 2017 was sold to Balmain.

Launch of the women's line, *Montblanc Lady Emblem L'Eau*

A floral fruity musky fragrance conceived for an elegant and gentle woman, given with an innate grace. An unique and timeless beauty, just as the Montblanc diamond.

April

A new member is appointed to the Board of Directors

Véronique Gabaï Pinski, currently Chair of the US ready-to-wear company Vera Wang, with more than 25 years of experience in the field of luxury and cosmetics, was appointed Director of Interparfums.

Launch of the men's line, *Jimmy Choo Man Ice* line

Refreshing an elegant, *Jimmy Choo Man Ice* opens a new chapter for the Jimmy Choo men's fragrance franchise.

May

Dividend

A dividend of €0.55 per share for fiscal 2016, voted by the General Meeting of April 2017 and representing a 21% increase from 2015, was paid in early May.

Paul Smith license

The Paul Smith fragrance license agreement was extended for an additional four years until December 31, 2021.

June

Bonus share issue

The company proceeded with its 18th bonus share issue on the basis of one new share for every ten shares held.

4. RISK FACTORS AND INFORMATION ON RELATED PARTIES

4.1. Risk factors

Information on market risks and their management 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 2016 registration document filed on March 31, 2017 with the French financial market authorities (*Autorité des Marchés Financiers* or AMF). There were no material changes in these Risk factors in the 2017 first half.

4.2. Related party transactions

In the 2017 first half, relations between Interparfums and affiliated companies remained comparable with those of fiscal year 2016 presented in note 6.5 "Information on related parties" of the 2016 consolidated financial statements (section 2) included in the registration document filed on March 31, 2017 with the AMF.

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

5. OUTLOOK

With growth in sales of nearly 30% in the 2017 first half, the positive momentum of the last few years has been confirmed. This trend has been reinforced by Coach and Rochas fragrances' recent upturn and significant initiatives for the Montblanc, Jimmy Choo and Lanvin fragrances in particular. In this context, and in light of the launches of the men's lines, *Coach* and *Montblanc Legend Night* in the fall, the company has raised its guidance for annual growth, that is expected to reach €400 million for the 2017 full year.

The Company devoted significant resources to marketing and advertising in the 2017 first half to consolidate or develop its market shares. By continuing this strategy in the second half, it will be possible to maintain the 2017 operating margin target of between 13% and 13.5% for the 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 in units	**Notes**	**H1 2016**	**H1 2017**
Sales	3.1	**162,330**	**209,346**
Cost of sales	3.2	(56,364)	(72,718)
Gross margin		**105,966**	**136,628**
% of sales		*65.3%*	*65.3%*
Selling expenses	3.3	(77,614)	(96,474)
Administrative expenses	3.4	(6,748)	(7,044)
Operating profit		**21,604**	**33,110**
% of sales		*13.3%*	*15.8%*
Financial income		1,611	1,183
Interest and similar expenses		(1,408)	(647)
Net finance costs		**203**	**536**
Other financial income		3,084	4,451
Other financial expense		(3,140)	(5,478)
Net financial income (expense)	3.5	**147**	**(491)**
Income before income tax		**21,751**	**32,619**
% of sales		*13.4%*	*15.6%*
Income tax	3.6	(8,957)	(10,601)
Effective tax rate		*41.2%*	*32.5%*
Net income		**12,794**	**22,018**
% of sales		*7.9%*	*10.5%*
Attributable to non-controlling shareholders		**(179)**	**282**
Net income		**12,973**	**21,736**
% of sales		*8.0%*	*10.4%*
Net earnings per share (1)	3.7	0.40	0.61
Diluted earnings per share (1)	3.7	0.40	0.61

(1) Restated for the bonus issue of June 13, 2017.

2.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	**H1 2016**	**H1 2017**
Consolidated net profit for the period	**12,794**	**22,018**
Available-for-sale assets	-	-
Currency hedges	-	864
Deferred tax arising from items able to be recycled	-	(297)
Items able to be recycled in profit or loss	**-**	**567**
Actuarial gains and losses	-	-
Deferred taxes on items unable to be recycled	-	-
Items unable to be recycled in profit or loss	**-**	**-**
Other comprehensive income total	**-**	**567**
Comprehensive income for the period	**12,794**	**22,585**
Attributable to non-controlling shareholders	(179)	282
Attributable to equity holders of the parent	**12,973**	**22,303**

3.
CONSOLIDATED BALANCE SHEET

Assets

€ thousands	Notes	12/31/2016	06/30/2017
Non-current assets			
Net trademarks and other intangible assets	2.1	162,748	160,824
Net property, plant, equipment	2.2	7,025	6,846
Long-term investments		2,951	2,711
Other non-current financial assets	2.3	5,166	4,616
Deferred tax assets	2.11	7,174	8,085
Total non-current assets		**185,064**	**183,082**
Current assets			
Inventory and work in progress	2.4	66,328	87,848
Trade receivables and related accounts	2.5	76,618	87,671
Other receivables	2.6	14,631	10,895
Corporate income tax		1,558	1,610
Current financial assets	2.7	89,367	108,487
Cash and cash equivalents	2.7	141,238	83,666
Total current assets		**389,740**	**380,177**
Total assets		**574,804**	**563,259**

Equity & liabilities

€ thousands	Notes	12/31/2016	06/30/2017
Shareholders' equity			
Share capital		106,526	117,179
Additional paid-in capital		874	-
Retained earnings		263,720	265,986
Net income for the year		32,438	21,736
Equity attributable to parent company shareholders		**403,558**	**404,901**
Non-controlling interests		847	1,131
Total shareholders' equity	2.8	**404,405**	**406,032**
Non-current liabilities			
Provisions for non-current commitments	2.9	7,012	7,463
Non-current borrowings	2.10	50,341	40,205
Deferred tax liabilities	2.11	2,565	2,996
Total non-current liabilities		**59,918**	**50,664**
Current liabilities			
Trade payables and related accounts	2.12	61,838	61,826
Current borrowings	2.10	20,391	20,384
Provisions for contingencies and expenses	2.9	873	822
Income tax		2,069	2,304
Other liabilities	2.12	25,310	21,227
Total current liabilities		**110,481**	**106,563**
Total shareholders' equity and liabilities		**574,804**	**563,259**

4.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ thousands

	Number of shares	Share capital	Paid-in capital	OCI	Retained earnings and Results	Total equity: Group share	Total equity: Non-controlling interests	Total equity: Total
As of December 31, 2015 (1)	**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	118,014	354	1,061	-	-	1,415	-	1,415
2016 net income	-	-	-	-	32,438	32,438	419	32,857
Change in actuarial gains and losses on provisions for pension obligations	-	-	-	(413)	-	(413)	-	(413)
Remeasurement of financial instruments at fair value	-	-	-	(20)	-	(20)	-	(20)
2015 dividend paid in 2016	-	-	-	-	(16,051)	(16,051)	-	(16,051)
Treasury shares	(74,783)	-	-	-	(1,394)	(1,394)	-	(1,394)
Currency translation adjustments	-	-	-	-	532	532	-	532
As of December 31, 2016 (1)	**35,348,002**	**106,526**	**874**	**(1,305)**	**297,463**	**403,558**	**848**	**404,406**
Bonus share issue	3,550,878	10,653	(874)	-	(9,779)	-	-	-
2017 half-year net income	-	-	-	-	21,736	21,736	283	22,019
Remeasurement of financial instruments at fair value	-	-	-	567	-	567	-	567
2016 dividend paid in 2017	-	-	-	-	(19,442)	(19,442)	-	(19,442)
Treasury shares	(25,066)	-	-	-	110	110	-	110
Currency translation adjustments	-	-	-	-	(1,628)	(1,628)	-	(1,628)
As of June 30, 2017 (1)	**38,873,814**	**117,179**	**-**	**(738)**	**288,460**	**404,901**	**1,131**	**406,032**

As of December 31, 2015 (1)	**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 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 (1)	**35,345,932**	**106,264**	**105**	**(872)**	**278,902**	**384,399**	**250**	**384,649**

(1) Excluding treasury shares.

5.
CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousands	**06/30/2016**	**12/31/2016**	**06/30/2017**
Cash flows from operating activities			
Net income	12,794	32,856	22,018
Depreciation, amortization and other	6,806	17,039	4,852
Net finance costs	(203)	(590)	(491)
Tax charge of the period	8,957	17,490	10,601
Operating cash flows	**28,354**	**66,795**	**36,980**
Interest expense payments	(1,026)	(2,023)	(828)
Tax payments	(12,016)	(22,162)	(9,207)
Cash flows after interest expense and tax	**15,312**	**42,610**	**26,945**
Change in inventory and work in progress	(14,611)	2,950	(26,524)
Change in trade receivables and related accounts	1,380	(6,425)	(10,839)
Change in other receivables	10	(6,324)	5,910
Change in trade payables and related accounts	(3,022)	7,807	(114)
Change in other current liabilities	(743)	4,769	(3,096)
Change in working capital needs	**(16,986)**	**2,777**	**(34,663)**
Net cash flows provided by (used in) operating activities	**(1,674)**	**45,387**	**(7,718)**
Cash flows from investing activities			
Net acquisitions of intangible assets	(530)	(1,179)	(469)
Net acquisitions of property, plants and equipment	(2,024)	(3,054)	(1,243)
Net acquisitions of marketable securities (>3 months)	(27,882)	(13,513)	(18,703)
Changes in investments and other non-current assets	(233)	(326)	790
Net cash flows provided by (used in) investing activities	**(30,669)**	**(18,072)**	**(19,625)**
Cash flows from financing activities			
Issuance of borrowings and new financial debt	-	-	-
Debt repayments	(10,001)	(20,004)	(9,993)
Dividends paid to shareholders	(16,051)	(16,051)	(19,442)
Capital increases	384	1,415	-
Treasury shares	413	(1,332)	(795)
Net cash flows provided by (used in) financing activities	**(25,255)**	**(35,972)**	**(30,230)**
Change in net cash	**(57,598)**	**(8,657)**	**(57,573)**
Cash and cash equivalents, beginning of year	149,895	149,895	141,238
Cash and cash equivalents, end of year	**92,297**	**141,238**	**83,666**

The reconciliation of net cash breaks down as follows:

€ thousands	**06/30/2016**	**12/31/2016**	**06/30/2017**
Cash and cash equivalents	92,297	141,238	83,666
Current financial assets	104,381	89,367	108,487
Net cash and current financial assets	**196,678**	**230,605**	**192,153**

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Notes to the interim condensed consolidated financial statements

1. ACCOUNTING PRINCIPLES

1.1. Compliance statement

The interim condensed consolidated financial statements for the six-month period ending June 30, 2017 were adopted by the Board of Directors on September 6, 2017. 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, 2016. 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

Furthermore no standards, amendments or interpretations currently under review by IASB and IFRIC were applied in advance in the interim financial statements for the period ending June 30, 2017.

The following standards, amendments and interpretations, not yet entered into effect, have been studied in advance to evaluate their impacts on future consolidated financial statements:

– IFRS 9 "*financial instruments*" – entering into effect in January 2018: to date, the company does not anticipate any material impact in the consolidated financial statements in the future;

– IFRS 15 "Revenue recognition" – entering into effect in January 2018: to date, the company does not anticipate any material impact in the consolidated financial statements in the future;

– IFRS 16 "Leases" – entering into effect in 2019: the company has initiated a study. The impacts on the consolidated financial statements are currently being quantified. At this stage, the company has identified lease agreements to be recognized in the balance sheet under assets, and namely for the premises of the Paris headquarters, the New York and Singapore offices and the Rouen warehousing facility. No other contract has been identified as falling within the scope of this standard.

According to initial calculations based on existing leases and their maturities at the end of the reporting period, a restatement of fixed assets and borrowings for a maximum amount of approximately €20 million may be expected. This first estimate may be subject to revisions according to new information for fiscal 2017 and 2018 unavailable to the company to date, without however calling significantly calling into question the current forecasts.

1.3. Basis of consolidation

Entities 51%-held by Interparfums are fully consolidated based on the exercise of exclusive control.

All Group subsidiaries are fully consolidated.

Interparfums SA		**Ownership interest (%)** **Controlling interest (%)**
Interparfums Suisse Sarl	Switzerland	100%
Interparfums Asia-Pacific Pte Ltd	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	**12/31/2016**	**+**	**–**	**06/30/2017**
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
Karl Lagerfeld upfront license fee	12,877	-	-	12,877
Other intangible assets				
Rights on molds for bottles and related items	10,599	372	(429)	10,542
Registration of trademarks	580	-	-	580
Software	3,237	97	(102)	3,232
Total gross amount	**204,910**	**469**	**(531)**	**204,848**
Amortization and impairment				
Finite life intangible assets				
S.T. Dupont upfront license fee Dupont	(1,219)	-	-	(1,219)
Van Cleef & Arpels upfront license fee	(15,210)	(754)	-	(15,964)
Montblanc upfront license fee	(615)	(33)	-	(648)
Boucheron upfront license fee	(6,000)	(496)	-	(6,496)
Karl Lagerfeld upfront license fee	(7,795)	(318)	-	(8,113)
Other intangible assets				
Rights on molds for bottles and related items	(8,281)	(529)	351	(8,459)
Registration of trademarks	(500)	-	-	(500)
Software	(2,542)	(83)	-	(2,625)
Total amortization and impairment	**(42,162)**	**(2,213)**	**351**	**(44,024)**
Net total	**162,748**	**(1,744)**	**(180)**	**160,824**

At June 30, 2017, 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 to 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	**12/31/2016**	**+**	**–**	**06/30/2017**
Fixtures, improvements, fittings	7,364	115	(28)	7,451
Office and computer equipment and furniture	2,099	386	(23)	2,462
Molds for bottles and caps	10,287	627	(483)	10,431
Other (1)	1,104	115	(54)	1,165
Total gross amount	**20,854**	**1,243**	**(588)**	**21,509**
Accumulated depreciation and impairment (1)	(13,829)	(1,250)	416	(14,663)
Net total	**7,025**	**(7)**	**(172)**	**6,846**

(1) Including a gross amount of €617,000 for vehicles held under finance leases and depreciation expenses of €344,000.

2.3. Other 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 €4,616,000 at June 30, 2017.

The corresponding offset was recognized by increasing the amortization of upfront license fees.

2.4. Inventory and work in progress

€ thousands	**12/31/2016**	**06/30/2017**
Raw materials and components	27,391	34,420
Finished goods	43,227	59,196
Total gross amount	**70,618**	**93,616**
Allowances for raw materials	(1,825)	(2,047)
Impairment of finished goods	(2,465)	(3,721)
Accumulated provisions for impairment	**(4,290)**	**(5,768)**
Net total	**66,328**	**87,848**

The increase in inventory takes into account sales growth as well as launches scheduled for the second half, notably for the Coach and Montblanc brands with two new men's fragrance lines.

2.5.
Trade receivables and related accounts

€ thousands	**12/31/2016**	**06/30/2017**
Total gross amount	78,217	88,746
Impairment	(1,599)	(1,075)
Net total	**76,618**	**87,671**

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

€ thousands	**12/31/2016**	**06/30/2017**
Not due	63,154	73,177
0-90 days	13,346	14,566
91-180 days	447	627
181-360 days	108	-
More than 360 days	1,162	376
Total gross amount	**78,217**	**88,746**

2.6.
Other receivables

€ thousands	**12/31/2016**	**06/30/2017**
Prepaid expenses	3,592	3,985
Accrued income	5,400	-
Interparfums Holding current accounts	2,957	2,764
Value-added tax	1,544	1,418
Hedging instruments	15	2,261
License royalties	459	374
Other	664	93
Total	**14,631**	**10,895**

The €5.4 million Balmain exit fee registered under accrued income at December 31, 2016 was received in April 2017.

2.7.
Current financial assets, cash and cash equivalents

€ thousands	**12/31/2016**	**06/30/2017**
Current financial assets	89,367	108,487
Cash and cash equivalents	141,238	83,666
Current financial assets, cash and cash equivalents	**230,605**	**192,153**

The decrease in cash in the period reflects primarily the increase in inventory linked to sales growth and 2017 second-half launches, payment of a €10 million installment on the Rochas loan and a €19 million dividend payment to shareholders for fiscal 2016.

The breakdown between current financial assets and cash and cash equivalents has been shifted 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	**12/31/2016**	**06/30/2017**
Certificates of deposit	4,000	-
Capital redemption contracts	37,460	50,405
Term deposit accounts	47,693	57,878
Other current financial assets	214	204
Current financial assets	**89,367**	**108,487**

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	**12/31/2016**	**06/30/2017**
Certificates of deposit (less than 3 months)	5,311	1,754
Interest-bearing accounts	7,383	7,388
UCITS	5,612	9,757
Term deposit accounts	70,536	45,005
Current interest-bearing accounts	11,995	1,864
Bank balances	40,401	17,898
Cash and cash equivalents	**141,238**	**83,666**

2.8.
Shareholders' equity

2.8.1.
Share capital

As of June 30, 2017, Interparfums' capital was comprised of 39,059,662 shares fully paid-up with a par value of €3, 72.71%-held by Interparfums Holding.

For the period under review, capital increases result from the bonus share issue of June 13, 2017 for 3,550,878 shares on the basis of one new share for every ten shares held.

2.8.2.
Stock option plans

No stock option plan was in effect at June 30, 2017.

2.8.3.
Performance share awards

Interparfums [SA] awarded performance shares to all employees and managers with at least six months of seniority as of the date of the plan. The maximum number of shares to be awarded, adjusted for the bonus share issue of June 13, 2017 of one new share for every 10 shares held is 146,300 shares for senior executives and managers and 16,610 shares for all other employees.

The restricted share units will be remitted to employees after a vesting period of three years. After this period, the beneficiaries will freely dispose of their shares, without being subject to a lock-up period.

Effective delivery of the securities is contingent on the following terms and conditions:

Beneficiaries	**Vesting conditions**
Senior executives and managers	– Condition of presence on September 6, 2019; and – Conditions of performance based on: - consolidated revenue for fiscal 2018 for 50% of the restricted stock units awarded, - consolidated operating profit for 50% of the restricted stock units awarded.
Other beneficiaries	– Condition of presence on September 6, 2019.

In accordance with IFRS 2, the Interparfums [SA] share price used to estimate the value in the consolidated financial statements is the average price for the last three trading sessions preceding the implementation of the plan or €23.98. The fair value applied on the award date is €22.46 after taking into account future dividends.

An employee turnover rate and a rate of probability for achieving the performance criteria were also used for the calculation, bringing the total expense to be spread over the life of the plan (three years) to €3 million or €511,000 for the 2017 first half. At June 30, 2017, the cumulative expense since the beginning of the plan was €835,000.

To ensure the availability of shares for remittance to employees on maturity, the company purchased an initial tranche of 119,200 shares on the market on June 30, 2017 (after taking into account the bonus share issue of June 2017) for a total amount of €2.7 million. These shares are presented as a deduction from shareholders' equity.

At June 30, 2017, the estimated number of shares to be remitted was 150,190.

2.8.4. Treasury shares

Within the framework of the share repurchase program authorized by the General Meeting of April 28, 2017, 66,674 Interparfums shares were held by the company as of June 30, 2017 or 0.17% of the share capital.

Changes in the period break down as follows:

€ thousands	**Average price**	**Number of shares**	**Book Value**
At December 31, 2016	**-**	**52,434**	**1,274**
Acquisitions	30.65	196,550	6,025
Bonus share issue of June 13, 2017	-	4,824	-
Disposals	27.95	(187,134)	(5,230)
At June 30, 2017	**-**	**66,674**	**2,069**

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.

2.8.5. Non-controlling interests

Non-controlling interests concern percentages not held in the European subsidiaries (Interparfums Deutschland GmbH: 49%; Parfums Rochas Spain S.L: 49%) at June 30, 2017 that break down as follows:

€ thousands	**12/31/2016**	**06/30/2017**
Reserves attributable to non-controlling interests	428	849
Earnings attributable to non-controlling interests	419	282
Non-controlling interests	**847**	**1,131**

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

2.8.6. 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 2017, a dividend of €0.25 per share was paid or a total of €19.4 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	**12/31/2016**	**Allowances**	**Actuarial gains/ losses**	**Provisions used the period**	**Reversal of unused provisions**	**06/30/2017**
Provisions for retirement severance payments	6,940	322	-	-	-	7,262
Provisions for expenses	72	129	-	-	-	201
Total provisions for expenses >1 year	**7,012**	**451**	**-**	**-**	**-**	**7,463**
Accruals for taxes	572	-	-	-	-	572
Other provisions for contingencies <1 year	301	-	-	-	(51)	250
Total provisions for contingencies <1 year	**873**	**-**	**-**	**-**	**(51)**	**822**
Total provisions for contingencies and expenses	**7,885**	**451**	**-**	**-**	**(51)**	**8,285**

2.10.
Borrowings and financial liabilities

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, 2017, €40 million had been reimbursed, with the remaining balance amounting to €60 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	59,720	19,877	39,843	-
Interest rate swap	585	372	213	-
Automobile leases	284	135	149	-
Total at June 30, 2017	**60,589**	**20,384**	**40,205**	**-**

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, 2017, on the basis of a notional amount of €60 million, a gain of €276,000 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, 2017 represented a negative amount for the company of €585,000.

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 2017, 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 income tax rate used to calculate the tax expense is the projected annualized rate at the Group level 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	**12/31/2016**	**Changes through reserves**	**Changes through profit or loss**	**06/30/2017**
Deferred tax assets				
Timing differences between financial and tax accounting	3,234	-	(206)	3,028
Forward hedging instruments	59	-	(59)	-
Leases	4	-	(1)	3
Straight-line recognition of rental payments	124	-	(11)	113
Provisions for retirement liabilities	179	-	-	179
Loss carryforwards	779	-	(185)	594
Swap instrument	296	-	(95)	201
Free POS materials	584	-	908	1,492
Intra-group inventory margin	2,694	-	367	3,061
Other	-	-	8	8
Total deferred tax assets before amortization	**7,953**	**-**	**726**	**8,679**
Depreciation of deferred tax assets	(779)	-	185	(594)
Net deferred tax assets	**7,174**	**-**	**911**	**8,085**
Deferred tax liabilities				
Acquisition costs	(569)	-	3	(566)
Bonus shares	-	45	(45)	-
Levies imposed by governments	(185)	-	85	(100)
Forward hedging instruments		(297)	(135)	(432)
Borrowing costs associated with the Rochas brand acquisition	(131)	-	33	(98)
Capitalization of costs associated with the Rochas brand acquisition	(1,677)	-	-	(1,677)
Gains (losses) on treasury shares	-	(184)	184	-
Derivatives	(3)	-	(120)	(123)
Total deferred tax liabilities	**(2,565)**	**(436)**	**5**	**(2,996)**
Total net deferred tax	**4,609**	**(436)**	**916**	**5,089**

2.12.
Trade payables and other current liabilities

2.12.1.
Trade payables and related accounts

€ thousands	**12/31/2016**	**06/30/2017**
Trade payables for components	18,107	29,111
Other trade payables	43,731	32,715
Total	**61,838**	**61,826**

2.12.2.
Other liabilities

€ thousands	**12/31/2016**	**06/30/2017**
Accrued credit notes	3,203	3,114
Tax and employee-related liabilities	12,909	8,050
Accrued royalties	7,493	6,686
Hedging instruments	584	4
Value-added tax	-	1,274
Deferred revenue	468	318
Accrued expenses	213	399
Other liabilities	440	1,382
Total	**25,310**	**21,227**

2.13.
Financial instruments

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

€ thousands **At June 30, 2017**	**Notes**	**Carrying value**	**Fair value**	**Fair value through profit or loss**	**Available-for-sale assets**	**Loans & receivables or payables**	**Derivatives**
Long-term investments		2,711	2,711	-	-	2,711	-
Other non-current financial assets	2.3	4,616	4,616	-	-	4,616	-
Trade receivables and related accounts	2.5	87,671	87,671	-	-	87,671	-
Other receivables	2.6	10,895	10,895	-	-	8,634	2,261
Current financial assets	2.7	108,487	108,487	-	-	108,487	-
Cash and cash equivalents	2.7	83,666	83,666	-	-	83,666	-
Assets		**298,046**	**298,046**	**-**	**-**	**295,785**	**2,261**
Borrowings and financial liabilities	2.10	60,589	60,014 (1)	585	-	60,004	-
Trade payables and related accounts	2.12	61,826	61,826	-	-	61,826	-
Other liabilities	2.12	21,227	21,227	-	-	21,223	4
Liabilities		**143,642**	**143,067**	**585**	**-**	**143,053**	**4**

€ thousands **At December 31, 2016**	**Notes**	**Carrying value**	**Fair value**	**Fair value through profit or loss**	**Available-for-sale assets**	**Loans & receivables or payables**	**Derivatives**
Long-term investments		2,951	2,951	-	-	2,951	-
Other non-current financial assets	2.3	5,166	5,166	-	-	5,166	-
Trade receivables and related accounts	2.5	76,618	76,618	-	-	76,618	-
Other receivables	2.6	14,631	14,631	-	-	14,616	15
Current financial assets	2.7	89,367	89,367	-	-	89,367	-
Cash and cash equivalents	2.7	141,238	141,238	-	-	141,238	-
Assets		**329,971**	**329,971**	**-**	**-**	**329,956**	**15**
Borrowings and financial liabilities	2.10	70,732	70,069 (1)	861	-	69,871	-
Trade payables and related accounts	2.12	61,838	61,838	-	-	61,838	-
Other liabilities	2.12	25,310	25,310	-	-	24,726	584
Liabilities		**157,880**	**157,217**	**861**	**-**	**156,435**	**584**

(1) The fair value of borrowings and financial liabilities is measured as the total value of future cash flows discounted according to the prevailing interest rate on the market for comparable instruments.

In accordance with IFRS 13, current and non-current financial assets, cash and cash equivalents and borrowings and financial liabilities are measured using directly observable inputs other than quoted market prices or provided by financial institutions (level 2). The carrying value of other financial assets presented above represents a satisfactory approximation of their fair value.

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	800	2,000	1,816	4,616
Current financial assets	5,007	103,276	204	108,487
Cash and cash equivalents	83,666	-	-	83,666
Total financial assets	**89,473**	**105,276**	**2,020**	**196,769**
Borrowings and financial liabilities	(20,012)	(39,992)	-	(60,004)
Total financial liabilities	**(20,012)**	**(39,992)**	**-**	**(60,004)**
Net position before hedging	**69,461**	**65,284**	**2,020**	**136,765**
Hedging of assets and liabilities (swaps)	(372)	(213)	-	(585)
Net position after hedging	**69,089**	**65,071**	**2,020**	**136,180**

2.14.3. Foreign exchange risks

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

€ thousands	**USD**	**GBP**	**JPY**
Assets	28,829	4,312	1,565
Liabilities	(6,986)	(862)	(1)
Net position before hedging at the closing price	**21,843**	**3,450**	**1,564**
Net position hedged	(5,264)	(1,632)	(899)
Net position after hedging	**16,579**	**1,818**	**665**

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 (44.8% of sales) and to a lesser extent the Pound sterling (4.3% of sales) and the Japanese yen (1.9% 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 2016**	**H1 2017**
Montblanc	55,057	57,104
Jimmy Choo	38,929	54,577
Lanvin	22,102	30,465
Rochas	13,743	18,580
Coach (6 months of activity in 2016)	-	15,723
Van Cleef & Arpels	9,334	9,513
Boucheron	8,256	8,869
Paul Smith	3,772	3,007
Karl Lagerfeld	2,485	2,241
S.T. Dupont	2,236	2,617
Repetto	2,946	2,201
Balmain	2,077	2,270
Other	304	817
Perfume sales	**161,241**	**207,984**
Rochas fashion license revenues	1,089	1,362
Total revenue	**162,330**	**209,346**

3.2.
Cost of sales

€ thousands	**H1 2016**	**H1 2017**
Raw materials, trade goods and packaging	(66,164)	(92,813)
Changes in inventory and allowances for impairment	14,811	26,137
POS advertising	(1,561)	(2,322)
Staff costs	(2,016)	(2,259)
Property rental expenses	(1,093)	(1,049)
Transportation costs	(240)	(297)
Other expenses related to the cost of sales	(101)	(115)
Total cost of sales	**(56,364)**	**(72,718)**

3.3.
Selling expenses

€ thousands	**H1 2016**	**H1 2017**
Advertising	(33,857)	(48,052)
Royalties	(12,349)	(13,631)
Staff costs	(12,579)	(14,407)
Service fees/subsidiaries	(4,054)	(4,868)
Subcontracting	(3,190)	(4,071)
Transportation costs	(1,568)	(1,919)
Travel expenses	(1,855)	(1,901)
Allowances and reversals	(2,345)	(1,599)
Tax and related expenses	(1,566)	(1,834)
Commissions	(588)	(799)
Property rental expenses	(841)	(996)
Other selling expenses	(2,822)	(2,397)
Total selling expenses	**(77,614)**	**(96,474)**

Higher selling expenses reflect mainly advertising expenses that were increased namely for the Rochas, Coach and Jimmy Choo brands.

3.4.
Administrative expenses

€ thousands	**H1 2016**	**H1 2017**
Purchases and external costs	(2,108)	(2,016)
Staff costs	(3,086)	(3,480)
Property rental expenses	(333)	(240)
Allowances and reversals	(254)	(436)
Travel expenses	(476)	(402)
Other administrative expenses	(491)	(470)
Total administrative expenses	**(6,748)**	**(7,044)**

3.5.
Net financial income (expense)

€ thousands	**H1 2016**	**H1 2017**
Financial income	1,611	1,183
Interest and similar expenses	(1,408)	(647)
Net finance costs	**203**	**536**
Currency losses	(2,412)	(5,478)
Currency gains	2,348	4,451
Net currency gains (losses)	**(64)**	**(1,027)**
Other financial income and expenses	8	-
Net financial income/(expense)	**147**	**(491)**

The change in net currency gains must be interpreted by including the correction of sales for a profit of nearly €900 million linked to hedging contracts obtained at the end of 2016 for 2017 sales and accounted for as cash flow hedges. After restating to move this item, net currency gains did not show a significant change between these two periods.

3.6.
Income tax

€ thousands	**H1 2016**	**H1 2017**
Current income tax – France	(7,412)	(8,663)
Current income tax – Foreign operations	(1,360)	(2,714)
Total current income tax	**(8,772)**	**(11,377)**
Non-current income tax	**(1,626)**	**(140)**
Deferred tax- France	890	219
Deferred tax- Foreign operations	551	697
Total deferred taxes	**1,441**	**916**
Total income taxes	**(8,957)**	**(10,601)**

The 2016 first half includes an additional tax expense of €1.6 million following a tax audit of the French company for the fiscal years 2012 to 2015.

Excluding this non-recurring item, the change in the tax expense for the period was in the same proportions as sales.

3.7.
Earnings per share

€ thousands, except number of shares and earnings per share in euros	**H1 2016**	**H1 2017**
Consolidated net income	12,973	21,736
Average number of shares	32,609,613	35,670,830
Basic earnings per share (1)	**0.40**	**0.61**
Dilutive effect of stock options:		
Potential additional number of fully diluted shares	37,989	-
Potential fully diluted average number of shares outstanding	32,647,602	35,670,830
Diluted earnings per share (1)	**0.40**	**0.61**

(1) Restated to eliminate the impact of the bonus issue of one new share for every ten shares held on June 13, 2017.

4.
SEGMENT REPORTING

4.1.
Business line segments

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, 2017 were as follows:

€ thousands	**Perfumes**	**Fashion**	**Total**
Intangible assets – Rochas brand	86,739	19,086	105,825
Medium-term loan	49,428	10,876	60,304

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 2016**	**H1 2017**
North America	41,075	54,710
South America	12,435	18,910
Asia	27,898	35,948
Eastern Europe	7,127	13,876
Western Europe	36,699	39,172
France	16,724	18,463
Middle East	16,616	24,617
Africa	2,667	2,288
Perfume sales	**161,241**	**207,984**
South America	174	235
Asia	311	345
Western Europe	459	675
France	145	107
Rochas fashion license revenues	**1,089**	**1,362**
Total revenues	**162,330**	**209,346**

5.
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.
Off balance sheet commitments given

5.1.1.
Summary of off-balance sheet commitments given

€ thousands	**12/31/2016**	**06/30/2017**
Off-balance sheet commitments in connection with the company's operating activities	170,700	161,896
Total commitments given	**170,700**	**161,896**

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

€ thousands	**Main characteristics**	**12/31/2016**	**06/30/2017**
Guaranteed minima on trademark royalties	Guaranteed minima on royalties regardless of sales achieved for each of the trademarks in the period.	147,633	139,860
Headquarters rental payments	Rental payments due over the remainder of the lease terms (3, 6 or 9 years).	13,885	12,442
Guaranteed minima for warehousing and logistics	Contractual minima for remuneration of warehouses regardless of sales volume for the period.	4,697	4,026
Firm component orders	Inventories of components on stock with suppliers that the company undertakes to purchase as required for releases and which the company does not own.	4,485	5,568
Total commitments given in connection with operating activities		**170,700**	**161,896**

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

Commitments with respect to forward currency sales at June 30, 2017 amounted to US$23 million, £2.2 million and ¥85 million.

Commitments in connection with forward currency purchases at June 30, 2017 amounted to €4.08 million for US dollar hedges and €0.6 million for Pound sterling hedges.

Commitments given with investments in foreign currency at June 30, 2017 amounted to US$2 million.

Commitments with respect to forward currency sales at June 30, 2017 budgeted in the 2017 second half amounted to US$11 million.

5.1.4.
Commitments given by maturity at June 30, 2017

€ thousands	**Total**	**Up to 1 year**	**1 to 5 years**	**5 years or more**
Guaranteed minima on trademark royalties	139,860	14,227	60,372	65,261
Headquarters rental payments	12,442	2,202	7,604	2,636
Guaranteed minima for warehousing and logistics	4,026	1,342	2,684	0
Firm component orders	5,568	5,568	0	0
Total commitments given	**161,896**	**23,339**	**70,660**	**67,897**

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

5.2.
Off balance sheet commitments received

Commitments received in connection with forward currency sales at June 30, 2017 amounted to €21,493,000 for hedges for US dollars, €2,564,000 for Pound sterling and €676,000 for Japanese yen representing total commitments of €24,733,000.

Commitments received with respect to forward currency sales at June 30, 2017 amounted to US$3,587,000 and £676,000.

Commitments received respect to investments and foreign currency for US dollar hedges at June 30, 2017 amounted to €1,778,000.

Commitments with respect to forward currency purchases at June 30, 2017 budgeted in the 2017 second half amounted to €10,338,000 for US dollar hedges.

6.
INFORMATION ON RELATED PARTIES

In the 2017 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 2016 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	Original	July 1997	11 years	-
	Renewal	January 2006	5 years and 6 months	-
	Renewal	January 2011	6 years	-
	Renewal	January 2017	3 years	December 2019
Paul Smith	Original	January 1999	12 years	-
	Renewal	July 2008	7 years	-
	Renewal	July 2017	4 years	December 2021
Van Cleef & Arpels	Original	January 2007	12 years	December 2018
Jimmy Choo	Original	January 2010	12 years	December 2021
Montblanc	Original	July 2010	10 years and 6 months	-
	Renewal	January 2016	5 years	December 2025
Boucheron	Original	January 2011	15 years	December 2025
Balmain	Original	January 2012	-	December 2016
Repetto	Original	January 2012	13 years	December 2024
Karl Lagerfeld	Original	November 2012	20 years	October 2032
Coach	Original	June 2016	10 years	June 2026

Effective as of December 31, 2016, Interparfums and Balmain decided by mutual agreement to terminate the license agreement entered into in 2012. The final deliveries will ceased on March 31, 2017.

In May 2017, the company extended its partnership with Paul Smith in advance for an additional four years, i.e. until December 31, 2021.

7.2.
Proprietary brands

Lanvin

At the end of July 2007, Interparfums acquired the Lanvin brand names and international trademarks for fragrance and make-up products from the Jeanne Lanvin company. 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 number of employees for the period concerned all of the company's business lines and reflected primarily growth in business.

7.3.1.
Workforce by category

Number of employees at	06/30/2016	06/30/2017
Managers	168	186
Supervisory staff	7	7
Employees	75	74
Total	**250**	**267**

7.3.2.
Workforce by department

Number of employees at	06/30/2016	06/30/2017
Executive Management	2	2
Production & Operations	35	37
Marketing	55	57
Export	64	73
France	41	41
Finance & Corporate Affairs	48	51
Rochas fashion	5	6
Total	**250**	**267**

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 6, 2017

Philippe Benacin
Chairman-Chief Executive Officer

Executive officer responsible for financial information

Philippe Santi
Executive Vice President

Requests for information

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

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