



LALIQUE
GROUP

2017
Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS LALIQUE GROUP

3

Consolidated income statement

3

Consolidated statement of comprehensive income

4

Consolidated balance sheet

5

Consolidated cash flow statement

6

Consolidated statement of changes in equity

7

Notes to the consolidated financial statements

46

Report of the statutory auditor on
the consolidated financial statements

CONSOLIDATED INCOME STATEMENT OF LALIQUE GROUP

IN EUR THOUSANDS	REF.	2017	2016
Net revenue from sales of goods and services	4	127 381	121 234
Other operating income	5	1 449	2 336
Operating revenue		128 830	123 570
Material costs, licences and third-party services	6	-53 494	-53 229
Gross result		75 336	70 341
Salaries and wages	7	-30 475	-28 862
Other operating expenses	8	-30 235	-30 927
EBITDA		14 626	10 552
Depreciation and amortization/impairment	17/18	-7 161	-6 983
EBIT		7 465	3 569
Financial income	9	5 007	3 094
Financial expenses	9	-5 957	-4 731
Group profit before taxes		6 515	1 932
Income taxes	10	363	-894
NET GROUP PROFIT		6 878	1 038
of which attributable to:			
Non-controlling interests		-129	-903
Owners of the parent company		7 007	1 941
Earnings per share basic/diluted (in EUR)	11	1.40	0.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

IN EUR THOUSANDS	REF.	2017	2016
NET GROUP PROFIT		6 878	1 038
Foreign currency translation reserve		-4 994	72
Items that can be reclassified subsequently to the income statement, net of tax		-4 994	72
Remeasurements of pension plans	19	-60	402
Tax on remeasurements of pension plans		15	-100
Items that cannot be reclassified subsequently to the income statement, net of tax		-45	302
Other comprehensive income, net of tax		-5 039	374
CONSOLIDATED COMPREHENSIVE INCOME		1 839	1 412
of which attributable to:			
Non-controlling interests		-113	-932
Owners of the parent company		1 952	2 344

CONSOLIDATED BALANCE SHEET

LALIQUE GROUP

ASSETS

IN EUR THOUSANDS	REF.	31.12.17	31.12.16
Cash and cash equivalents	12	16 252	12 704
Trade accounts receivable	13	15 723	18 134
Inventories	14	63 533	60 942
Other receivables	15	7 084	6 942
Total current assets		102 592	98 722
Property, plant and equipment	17	51 631	42 596
Intangible assets	18	67 294	64 548
Other non-current assets	16	5 114	5 113
Deferred tax assets	25	3 189	4 320
Total non-current assets		127 228	116 577
TOTAL ASSETS		229 820	215 299

LIABILITIES AND EQUITY

IN EUR THOUSANDS	REF.	31.12.17	31.12.16
Bank liabilities	12	45 568	34 281
Trade accounts payable		10 838	14 314
Income tax liabilities		1 416	887
Other current liabilities	20	16 069	14 956
Total current liabilities		73 891	64 438
Other deferred liabilities	21	4 291	-
Provisions	22	397	368
Non-current financial liabilities	23	33 679	34 081
Defined benefit obligation	19	4 836	4 976
Deferred tax liabilities	25	17 246	20 370
Total non-current liabilities		60 449	59 795
Total liabilities		134 340	124 233
Share capital	26	816	816
Capital reserves	26	20 798	17 129
Retained earnings/other reserves	26	71 596	71 379
Total equity before non-controlling interests		93 210	89 324
Non-controlling interests		2 270	1 742
Total equity		95 480	91 066
TOTAL LIABILITIES AND EQUITY		229 820	215 299

CONSOLIDATED CASH FLOW STATEMENT

BALANCE OF NET CASH AND CASH EQUIVALENTS AS AT 31.12.	REF.	2017	2016
Group profit before taxes		6 515	1 932
Depreciation and amortization/impairment	17/18	7 161	6 983
Change in defined benefit obligation		92	407
Change in provisions	22	29	-28
Financial expenses	9	5 957	4 731
Financial income	9	-5 007	-3 094
Other non-cash income/expenditure		-124	-40
Cash flow from operations before change in net current assets		14 623	10 891
Decrease (+)/increase (-) in trade accounts receivable		1 293	2 411
Decrease (+)/increase (-) in inventories		-6 983	334
Decrease (+)/increase (-) in other receivables		229	2 229
Increase (+)/decrease (-) in trade accounts payable		-2 658	-382
Increase (+)/decrease (-) in other current liabilities		59	-1 023
Interest paid		-1 129	-1 271
Tax paid		-1 301	-1 102
Interest received		4	-
Cash flow from business operations		4 137	12 087
Investments in subsidiaries net of cash and cash equivalents	28	-7 453	-
Investments in property, plant and equipment	17	-8 800	-5 858
Sale of property, plant and equipment	17	1 631	-
Investments in intangible assets	18	- 985	-694
Cash flow from investments		-15 607	-6 552
Capital contribution from share holder		3 669	9 347
Reduction in shareholder loans		-1 800	-1 835
Purchase of treasury shares		-63	-111
Sale of treasury shares		611	455
Increase current financial liabilities		-808	-
Increase (+)/decrease (-) in other non-current liabilities		2 626	-550
Dividend payment to non-controlling shareholders		-618	-319
Cash flow from financing activities		3 617	6 987
Exchange differences on cash and cash equivalents		114	-584
DECREASE/INCREASE IN NET CASH AND CASH EQUIVALENTS		-7 739	11 938
Balance of net cash and cash equivalents as at 01.01.	12	-21 577	-33 515
Balance of net cash and cash equivalents as at 31.12.	12	-29 316	-21 577

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN EUR THOUSANDS	SHARE CAPITAL	CAPITAL RESERVES	TREASURY SHARES	ACCUMU- LATED FOREIGN CURRENCY TRANS- LATION	RETAINED EARNINGS	TOTAL EQUITY BEFORE MINORITY INTEREST	NON-CON- TROLLING INTERESTS	TOTAL EQUITY
BALANCE AS AT 01.01.16	816	7 782	-807	990	68 827	77 608	2 674	80 282
Consolidated comprehensive income	-	-	-	106	2 238	2 344	-932	1 412
Balance 2016	816	7 782	-807	1 096	71 065	79 952	1 742	81 694
Dividend payout	-	-	-	-	- 319	-319	-	-319
Capital contribution from shareholder	-	9 347	-	-	-	9 347	-	9 347
Purchase of treasury shares	-	-	-111	-	-	-111	-	-111
Sale of own shares	-	-	365	-	90	455	-	455
BALANCE AS AT 31.12.16	816	17 129	-553	1 096	70 836	89 324	1 742	91 066
BALANCE AS AT 01.01.17	816	17 129	-553	1 096	70 836	89 324	1 742	91 066
Consolidated comprehensive income	-	-	-	-4 994	6 946	1 952	-113	1 839
Balance 2017	816	17 129	-553	-3 898	77 782	91 276	1 629	92 905
Dividend payout	-	-	-	-	-618	-618	-	-618
Capital contribution from shareholder	-	3 669	-	-	-	3 669	-	3 669
Change in consolidation structure	-	-	-	-	-364	-364	641	277
Acquisition of Château Hochberg/transaction under common control	-	-	-	-	-1 301	-1 301	-	-1 301
Purchase of treasury shares	-	-	-63	-	-	-63	-	-63
Sale of treasury shares	-	-	339	-	272	611	-	611
BALANCE AS AT 31.12.17	816	20 798	-277	-3 898	75 771	93 210	2 270	95 480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION ON THE COMPANY

Lalique Group was formed on 14 April 2000 in Switzerland. The parent company is Lalique Group SA domiciled at Grubenstrasse 18, Zurich.

Lalique Group is active in the development, marketing and global distribution of perfumes, cosmetics, crystal and jewellery. It markets the following brands: Lalique (crystals, perfumes, jewellery, art, gastronomy and hospitality and interior design), Parfums Grès, Parfums Samouraï, Jaguar Fragrances, Bentley Fragrances, Parfums Alain Delon (all perfumes) and Ultrasun (sunscreen).

Components in the perfume and cosmetics segments are manufactured by external partners under contract. Whereas production and logistics activities in the perfume segment were insourced in February 2013, in cosmetics the same services continue to be carried out by external partners. Marketing and distribution activities are for the most part carried out through independent distribution partners.

The Group has its own factory in France responsible for manufacturing parts of the products for the Lalique brand (crystal in particular). Marketing and distribution activities in this segment are carried out by the Group's own national subsidiaries or points of sale, as well as via independent distribution partners.

2. ACCOUNTING POLICIES

The Consolidated Financial Statements of Lalique Group are prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the IASB.

With the exception of securities and derivatives held as current assets, which are measured at fair value, the accounts are prepared on the basis of acquisition cost or amortized cost. The Consolidated Financial Statements of Lalique Group are prepared in euros (EUR). Unless otherwise stated, all figures have been rounded to the nearest EUR thousand.

The Consolidated Financial Statements were approved by the Board of Directors on 13 April 2018 and recommended for approval by the General Meeting of Shareholders on 8 June 2018.

New accounting policies

The IASB has published the following new standards, interpretations and amendments to existing standards and interpretations that are effective for the 2017 financial statements:

- Amendment to IAS 12—Recognition of Deferred Tax Assets for Unrealized Losses
- Amendment to IAS 7—Disclosure Initiative—Net Debt
- Disclosure initiative—Changes in financial liabilities from financing activities
- Annual Improvements to IFRS—December 2014–2016

The above revised IFRS standards did not have a significant impact on the accounting policies or the presentation of Lalique Group's assets, liabilities, financial position and earnings.

Standards published but not yet effective

The following new or revised IFRS interpretations have been published, but will only enter into force at a later date and were not applied early in the present consolidated financial statements. A final analysis of their impact on the consolidated financial statements of the Group has not yet been made; the anticipated effects disclosed below therefore represent a first appraisal by the Board of Directors:

STANDARD/INTERPRETATION	DESIGNATION	EFFECTIVE DATE	PLANNED APPLICATION BY LALIQUE GROUP
Amendment to IFRS 2	Clarifications of Classification and Measurement of Share-based Payment Transactions	1 January 2018	2018 business year
Amendment to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	2018 business year
IFRS 9	Financial Instruments	1 January 2018	2018 business year
IFRS 15	Revenue from Contracts with Customers	1 January 2018	2018 business year
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	2018 business year
Amendment to IAS 40	Transfers of Investment Property	1 January 2018	2018 business year
IFRS 16	Leases	1 January 2019	2019 business year
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	2019 business year
IFRS 17	Insurance Contracts	1 January 2021	2021 business year

The amendments considered relevant by Laliq Group are explained in the following:

IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The effects of application of IFRS 9 are currently being analysed. It is assumed that there will be no significant effect on the classification and measurement of the Group's financial assets.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB published IFRS 15 revenue from contracts with customers. The standard is replacing IAS 18 revenue and IAS 11 construction contracts and their interpretations. However, it is assumed that except for the disclosure requirements no material impact on the the recognition and measurement of revenue will arise.

IFRS 16 – Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. Currently existing lease contracts classified as “operating leases” are reported as off-balance sheet items. Laliq Group's lease contracts essentially concern

real estate assets (office and boutique properties), industrial installations (land, factory machinery) and to a lesser extent vehicles. The amount of the liability included in financial debt is thus noticeably dependent on the assumptions used regarding the discount rate and the duration of commitments, since options for renewal, extension or early termination of contracts must be incorporated into calculation of the liability if it is considered reasonably certain, when the contract is first signed, that they will be exercised.

The Group is in the process of identifying the impact of the application of IFRS 16 and is collecting the relevant information from all its subsidiaries regarding leases classified as “operating leases” in existence at 31 December 2017. Data collection is currently being finalized. The assumptions concerning the duration of certain contracts and the discount rate are still being defined, and the Group is continuing its assessment regarding the impact of the first application of IFRS 16 on the balance sheet.

IFRS 2, IFRS 4, IFRIC 22, IFRIC 23 and IFRS 17

No or no significant impact on the consolidated financial statements is anticipated.

Consolidation principles and consolidated companies

The Consolidated Financial Statements comprise the financial statements of Laliq Group SA and its subsidiaries as at 31 December of each financial year. The accounts of the subsidiaries are prepared using standard accounting policies and presented on the same balance sheet date as those of the parent company.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which the Group effectively obtains control of the company concerned. Control is deemed to have been obtained when the following three principal criteria have been met: the Group has control of the company, the Group is exposed or has rights to variable returns from its involvement with the company, and the Group has the ability to affect those returns through its control of the company. The entities are deconsolidated as soon as control ceases. All intra-Group balances, revenues and expenses, and unrealized gains and losses from intra-Group transactions are eliminated in full.

Business combinations are reported in the balance sheet according to the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on the acquisition date, including any non-controlling interests. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Costs incurred in the course of a business combination are recognized as expenses.

Foreign-currency translation

The Consolidated Financial Statements are prepared in euros (EUR), whereas Laliq Group SA presents the financial statements in its functional currency of Swiss francs (CHF). The consolidated subsidiaries are at liberty to determine their own functional currency. Foreign currency transactions are translated into the functional currency.

Transactions denominated in foreign currencies are translated at the exchange rate applicable at the time of the transaction. Monetary balance sheet items are translated at the year-end rate, with any currency gains/losses recognized directly in the income statement. Non-monetary balance sheet items are translated at the historical rate.

For the purpose of preparing the Consolidated Financial Statements, with regard to the annual accounts of all subsidiaries whose functional currency is not EUR, the balance on the income statement is shown at the average rate for the year. Currency translation differences are recognized as a credit or charge in equity under "Other reserves"; in the case of loss of control over a subsidiary, such differences are derecognized again via the income statement.

The following EUR exchange rates were used:

	2017	2016
CHF		
Year-end rate (balance sheet)	0.8543	0.9333
Average rate for the year (income statement)	0.9000	0.9176
USD		
Year-end rate (balance sheet)	0.8379	0.9505
Average rate for the year (income statement)	0.8860	0.9038
GBP		
Year-end rate (balance sheet)	1.1259	1.1728
Average rate for the year (income statement)	1.1409	1.2244
HKD		
Year-end rate (balance sheet)	0.1072	0.1225
Average rate for the year (income statement)	0.1137	0.1164
SGD		
Year-end rate (balance sheet)	0.6261	0.6566
Average rate for the year (income statement)	0.6414	0.6543
CNY		
Year-end rate (balance sheet)	0.1281	0.1368
Average rate for the year (income statement)	0.1311	0.1361

Risks arising from currency fluctuations are explained in greater detail in the section entitled "Financial risk management".

Significant estimates and assumptions

All estimates and assumptions are reviewed on an ongoing basis and are based on past experience and expectations concerning future events that appear reasonable given the circumstances. Naturally, the resulting estimates often depart from the subsequent actual circumstances. The key estimates and assumptions that may cause volatility with regard to the carrying amounts of assets and liabilities in the coming financial year are discussed below.

Impairments on intangible assets

Lalique Group reviews its intangible assets (brand values) annually for impairment in accordance with accounting principles, a process which requires that the underlying cash-generating units be assessed. Estimated factors such as volumes, selling prices, sales growth, gross profit margins, operating costs, as well as investments, market conditions and other economic factors, are based on assumptions that management regards as reasonable. A planning period of five years is normally used for brand impairment tests. Further details on this subject can be found in Note 18.

Pension schemes

The expense from defined post-employment benefit plans is determined on the basis of actuarial calculations. The actuarial evaluation is carried out on the basis of assumptions regarding discount rates, future increases in wages and salaries, mortality and future pension increments. Due to the long-term nature of such plans, these estimates are subject to material uncertainties. Further details on this subject can be found in Note 19.

Provisions

Provisions are recognized whenever Lalique Group has a legal or constructive obligation arising from a past event, the future settlement of which will probably lead to an outflow of funds that can be reliably determined. Restructuring costs are charged to the operating result of the period in which management undertakes to carry out the restructuring, insofar as the costs can be estimated with sufficient reliability and the measures were specified and communicated satisfactorily. Further details on this subject can be found in Note 22.

Accounting and valuation principles**Revenue recognition**

Revenues are recognized whenever it is likely that the financial benefit from a transaction will go to the Group and the amounts in question can be measured reliably. Revenues are measured at the fair value of the consideration received. Sales tax is not taken into account, while discounts and rebates are recorded as revenue reductions. Revenue from the sale of products is recognized when the material opportunities and risks associated with the ownership of the goods and products have transferred to the buyer.

Property, plant and equipment

Property, plant and equipment is stated at acquisition cost or manufacturing cost, net of accumulated, scheduled depreciation and impairment losses. Scheduled linear or

declining balance depreciation is based on the estimated useful life of each asset. The individual tangible asset categories are depreciated as follows:

Land	No depreciation
Buildings	40 years
Equipment and furnishings	25% of the carrying amount
Building extensions	Using the straight-line method over the contractually agreed useful life of the property
Machinery, equipment and hardware	Machinery and equipment 30–40% of the carrying amount/hardware over five years using the straight-line method
Tools	Over three years using the straight-line method
Vehicles	40% of the carrying amount

A tangible asset is derecognized either on disposal or when no economic benefit is expected from the further use or sale of the asset. The resulting gain or loss from the disposal of the asset is determined as the difference between the net proceeds from the sale and the carrying amount of the asset, and is recognized in the income statement under other net operating income in the period in which the asset was derecognized.

Residual values, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted as appropriate.

Fixed assets held under finance leases

Lease contracts, which effectively constitute assets purchased with appropriate financing, are classified as finance leases. Investment properties financed via such lease contracts are recognized either at market value or at the net present value of future lease rates, whichever is lower. Fixed assets held under finance leases are depreciated either over the useful economic life of the asset or over the term of the lease agreement, whichever is the shorter. Outstanding leasing liabilities from finance leases are recognized under current and non-current financial liabilities.

Intangible assets

Intangible assets with a limited useful life

Individually acquired intangible assets are carried at their acquisition cost on initial recognition. Thereafter, they are

amortized over their estimated useful lives. Laliq Group does not possess any intangible assets that it has created itself. The individual intangible asset categories are amortized as follows:

Creations	Using the straight-line method over three years
Software	Using the straight-line method over five years
Licence rights	Licence rights are amortized on a straight-line basis over the contractual term or the useful life. Amortization is recognized under licence expenses.

Residual values, useful lives and amortization methods are reviewed at the end of each financial year and adjusted as appropriate.

Intangible assets with an indefinite useful life

Costs related to acquired brands are capitalized and not amortized (see Note 18). The indefinite useful lives of brands stem from the fact that brands enjoy and continue to enjoy over years a high degree of international recognition in the relevant markets. As such, brand rights are amortized but must undergo an impairment test annually or whenever there is an indication that the brand could be impaired. Their classification as "intangible assets with indefinite useful lives" is reviewed each year.

Borrowing costs

Borrowing costs are recognized as expenses in the period in which they are incurred.

Impairment of non-financial assets

At each balance sheet date, the Group investigates whether there are reasons to believe that the value of an asset could be impaired. Should such reasons exist, the Group estimates the amount that may be recoverable on the asset in question. The recoverable amount is the higher of the fair value of the asset, less selling costs or the value in use. If the net carrying amount of the asset exceeds its estimated recoverable amount on the balance sheet date, it will be depreciated accordingly.

Financial investments and other financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset have expired or when the Group has transferred said contractual rights, including all risks and rewards of ownership.

Impairment of assets

At every balance sheet closing date, the Group investigates whether any impairment of the value of a financial asset or of a group of financial assets has arisen. In the case of financial instruments recognized at amortized cost, the amount of the loss is calculated as the difference between the carrying amount of the asset and the cash value of expected future cash flows, discounted by the original effective interest rate. This impairment loss is included in the income statement. If there is objective evidence that not all trade accounts receivable will be received in accordance with the originally agreed invoice conditions, an impairment will be recognized.

Inventories

Inventories are recognized at the lower of purchase/production cost and the net realizable value. The net realisable value is the estimated sales revenue achievable in the normal course of business operations, less the estimated costs to be incurred up to completion of production and the estimated distribution costs required. All costs incurred in bringing inventories to their current location and placing them in their current state are recognized in the balance sheet for raw materials, components, advertising materials, finished goods and trading goods. Impairments are recorded for non-saleable goods.

Cash and cash equivalents

Cash and cash equivalents include cash, credit balances on postal checking and bank accounts, and cash on deposit with a maturity of less than three months. These are carried at their nominal value. The “Cash and cash equivalents” item carried in the consolidated cash flow statement is calculated according to the above definition and includes short-term bank liabilities.

Interest-bearing loans

Financial liabilities are first recorded as soon as the Group has entered into a contract. Upon initial recognition, the financial liabilities are carried at the amount of the consideration received, minus any transaction costs. They are subsequently measured at their amortized cost using the effective interest rate method. A financial liability is derecognized when it is paid off, rescinded or has expired.

Provisions

Provisions are created when the Group has a current (legal or constructive) obligation arising from a past event, when an outflow of economic resources to meet the obligation is probable and when the amount of the obligation can be estimated reliably. If the interest effect from discounting is material, provisions are discounted at a gross (i.e. pre-tax) interest rate that, where required according to the circumstances, reflects the risks specific to the debt. The provisions are measured on the basis of best estimates, taking into account the material risks and uncertainties.

Contingent liabilities

Contingent liabilities for which an outflow of resources is not regarded as probable are not recorded in the balance sheet. However, the contingent liabilities existing as at the balance sheet date are disclosed in the Notes.

Pension plans

Besides statutory social insurance, the companies of Laliq Group maintain various employee benefit plans in accordance with the local regulations and customs in the respective countries. These are funded either by means of contributions to legally independent foundations and establishments or by recognition as provision for employee benefit plans in the accounts of the relevant companies.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation on the balance sheet date, less the added value of the plan assets. The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds which have terms to maturity approximating the average duration of the related pension liability.

The pension expense item consists of the following three components: service cost, net interest result and remeasurement of the pension plan. Service cost is attributable to salaries and wages and comprises current service cost and unrecognized past service cost arising from changes to, or curtailment/settlement of a plan. Net interest result is disclosed in the financial result and is calculated by multiplying the net defined benefit pension liability or net pension plan assets existing at the start of the year by the discount rate. Actuarial gains and losses arising from changes/adjustments to previous actuarial assumptions are credited or debited immediately under other comprehensive income as pension remeasurements.

Income taxes

Effective tax liabilities and any claims for reimbursement of tax paid for the current period and earlier periods are valued at the amount at which a payment to or reimbursement from the tax authorities is expected. This amount is calculated on the basis of the tax rates and legislation in place on the balance sheet date.

Deferred taxes are calculated using the liability method. Deferred taxes take account of the income tax effects of the differences in value between the internal Group and local fiscal valuation guidelines for assets and liabilities. Deferred taxes are calculated at the respective local tax rates.

Any tax loss carry-forwards and tax credits that can be applied for tax purposes are only recognized as deferred tax credits to the extent that it is probable that the future profit will be sufficient to realize tax loss carryforwards and tax credits. Each year, the company assesses the unrecognized tax loss carry-forwards and the carrying amount of the deferred tax assets as at the balance sheet date.

Current and deferred taxes are credited or charged directly to equity or to comprehensive income if the taxes relate to items that were credited or charged directly to equity or to comprehensive income in the current or a different period.

Financial risk management

As an internationally oriented company, Laliq Group is exposed to the following financial risks, which are assessed on an ongoing basis and hedged where necessary. In addition to credit and liquidity risk, the Group's assets and liabilities are also subject to risks from changes in foreign currency exchange rates and interest rates.

The policy of the Group is to avoid speculative deals involving financial instruments and to strive for maturity matching where possible.

Credit risk

Credit risk applies primarily to receivables (customers) resulting from as yet unsettled transactions. Significant concentration risk does not exist due to the nature of Laliq Group's customer portfolio. Certain trade receivables are hedged by means of a credit insurance policy or by the agreement of specific payment conditions. In addition, receivables are constantly monitored.

With regard to trade accounts receivable and the Group's other financial assets, including cash and cash equivalents and other receivables, the maximum credit risk corresponds to the carrying amounts reported in the balance sheet.

Trade accounts receivable are non-interest-bearing and generally with maturity between 0 and 90 days, and up to 150 days in special cases, depending on the customer.

Liquidity risk

Liquidity is monitored and controlled at Group level on an ongoing basis. In addition, liquidity trends are anticipated in order to respond quickly in the case of a surplus or short-fall. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial assets and liabilities can be allocated based on the following maturities:

IN EUR THOUSANDS	MATURING IN LESS THAN 1 YEAR	MATURING IN > 1 YEAR, < 5 YEARS	MATURING IN MORE THAN 5 YEARS	2017 TOTAL	MATURING IN LESS THAN 1 YEAR	MATURING IN > 1 YEAR, < 5 YEARS	MATURING IN MORE THAN 5 YEARS	2016 TOTAL
Assets								
Cash and cash equivalents	16 252	-	-	16 252	12 704	-	-	12 704
Trade accounts receivable	15 723	-	-	15 723	18 134	-	-	18 134
Other receivables	3 418	-	-	3 418	4 030	-	-	4 030
Total	35 393	-	-	35 393	34 868	-	-	34 868
Liabilities								
Bank liabilities ¹	45 568	-	-	45 568	34 281	-	-	34 281
Trade accounts payable	10 838	-	-	10 838	14 314	-	-	14 314
Other current liabilities	16 069	-	-	16 069	14 956	-	-	14 956
Loans from the principal shareholder ²	1 871	2 287	17 229	21 387	2 051	4 469	18 806	25 326
Other non-current liabilities	-	17 536	1 887	19 423	-	11 250	800	12 050
Total	74 346	19 823	19 116	113 285	65 602	15 719	19 606	100 927

¹ This is a loan on our current account. The securities granted ensure steady albeit long-term amortization of the bank liability and, for this reason, liquidity risk is not expected.

² Two loans from shareholders amounting to EUR 3.417 million and EUR 17.086 million (CHF 20 million) respectively existed at the end of 2017. The principal shareholder has declared the loan of EUR 17.086 million to be subordinate to the bank liability. The loan of EUR 17.086 million was arranged for an indefinite period. For this reason, only the expected interest payments for a period of one year were reported under "Maturing in more than five years".

Currency risk

Lalique Group operates around the world and is therefore exposed to currency risks in various currencies, especially with regard to the Swiss franc, the pound sterling and the US dollar. As in the previous year, the risk as at 31 December 2017 largely involved the Group's trade accounts payable and receivable, which are partly based on transactions in foreign currencies and to a lesser extent on cash and cash

equivalents and bank liabilities. The Group monitors its transaction-related foreign-currency risks and, where necessary, concludes currency hedges in order to manage the risks inherent in assets, liabilities and expected transactions.

Financial assets and liabilities can be allocated based on the following categories and currencies:

IN EUR THOUSANDS	EUR	CHF	USD	GBP	OTHER	2017 TOTAL	EUR	CHF	USD	GBP	OTHER	2016 TOTAL
Assets												
Cash and cash equivalents	3 314	8 002	1 445	1 127	2 364	16 252	3 289	5 509	924	2 083	899	12 704
Trade accounts receivable	8 448	1 483	4 788	748	256	15 723	8 698	973	7 435	627	401	18 134
Other receivables	1 019	424	738	418	819	3 418	1 751	197	508	361	1 213	4 030
Total	12 781	9 909	6 971	2 293	3 439	35 393	13 738	6 679	8 867	3 071	2 513	34 868
Liabilities												
Bank liabilities	36 478	7 355	1 513	16	206	45 568	21 151	7 271	5 346	128	385	34 281
Trade accounts payable	7 704	969	727	619	819	10 838	9 152	1 390	935	812	2 025	14 314
Other current liabilities	9 012	5 611	915	226	305	16 069	7 114	4 518	1 895	302	1 127	14 956
Loans from the principal shareholder	-	20 503	-	-	-	20 503	-	24 266	-	-	-	24 266
Other non-current liabilities	18 854	-	305	66	347	19 423	10 586	-	-	436	1 028	12 050
Total	72 048	34 438	3 460	927	1 677	112 401	48 003	37 445	8 176	1 678	4 565	99 867

As at 31 December 2017, the Group had no currency hedges (forward transactions) to safeguard future cash flows. The same applied as at 31 December 2016.

A change in the CHF/EUR exchange rate of +/- 5% in 2017 would have had an impact on the Group's profit before tax of EUR +/- 1.227 million (2016: EUR +/- 1.538 million) while a change in the USD / EUR exchange rate of +/- 5% in 2017 would have had an impact of EUR +/- 176,000 (2016: CHF +/- 35,000), and a change in the GBP/EUR exchange rate of +/- 5% in 2017 would have affected figures by EUR +/- 68,000 (2016: EUR +/- 70,000).

Interest-rate risk

The risk of fluctuation of market interest rates as at the end of 2017, which Laliq Group is subject to, largely resulted from cash and cash equivalents and bank liabilities. Laliq Group is exposed to interest risks above all in Swiss francs and euros. Management of interest rates in connection with non-current liabilities is performed centrally; short-term interest-rate risk is not normally hedged.

Sensitivity analysis: Interest-rate risk is modelled via sensitivity analyses, which show the effect changes in market interest rates would have on interest income and expense and on equity, provided that all other parameters remain constant. If the market interest rate on 31 December 2017 had been 1 percentage point higher or lower, the Group's financial result or equity would have been EUR 254,000 (2016: EUR 277,000) lower or higher.

Capital management

The overriding aim of capital management in Laliq Group is to maintain an adequate equity base to retain investor, customer and market confidence and to support the future development of the core business. Dividend policy, return of capital and if necessary capital increases are used to maintain or adjust the equity structure. The Group's own target for share of equity in the balance sheet total before non-controlling interests was set at 25–35%.

IN EUR THOUSANDS	31.12.17	31.12.16
Share capital	816	816
Capital reserves	20 798	17 129
Retained earnings/other reserves	71 596	71 379
Total equity before non-controlling interests	93 210	89 324
TOTAL CAPITAL	229 820	215 299
Equity ratio	40.6%	41.5%

In 2017 the capital reserves increased as follows:

IN EUR THOUSANDS	
CAPITAL RESERVES AS OF 31.12.2016	17 129
Paid in additional capital reserves	3 849
Transaction costs	-180
CAPITAL RESERVES AS OF 31.12.2017	20 798

The capital contribution was made by the main shareholder in connection with contractually agreed and directly transferred earnings from a sale of Laliq Group (LLQ) shares held by the main shareholder and sold to new shareholders.

Fair values

The fair value of a financial asset or liability is the value for which the relevant instrument could currently be sold or replaced. The following methods are used to calculate fair value:

- As at 31 December 2017, the fair values of cash and cash equivalents, short-term bank liabilities, trade accounts receivable and payable, current financial liabilities, other receivables and other current liabilities corresponded to their carrying values.
- Non-current, fixed-interest financial investments and liabilities are measured on the basis of the interest rates and risk factors in order to take account of anticipated defaults on the payment of these receivables. On 31 December 2017, the carrying amounts did not differ significantly from the respective fair values.

The table below shows the differences between the carrying amounts and the fair values of financial instruments on 31 December 2017. Where an item's carrying amount is the same as its fair value, the latter is not shown separately in the table.

IN EUR THOUSANDS	CARRYING AMOUNT	FAIR VALUE 2017	CARRYING AMOUNT	FAIR VALUE 2016
Assets				
Cash and cash equivalents	16 252	-	12 704	-
Trade accounts receivable	15 723	-	18 134	-
Other receivables	3 418	-	4 030	-
Total	35 393	-	34 868	-
Liabilities				
Bank liabilities	45 568	-	34 281	-
Trade accounts payable	10 838	-	14 314	-
Other current liabilities	16 069	-	14 956	-
Loans from the principal shareholder	20 503	-	24 266	-
Other non-current liabilities	19 423	-	12 050	-
Total	112 401	-	99 867	-

Fair-value hierarchy

Lalique Group uses the following hierarchy to determine and disclose the fair values of its financial instruments, depending on the valuation method:

- Level 1: Listed (unadjusted) prices on active markets for similar assets or liabilities.
- Level 2: Other methods using inputs which significantly affect the fair value and are based on data that can be observed directly or indirectly on the market.
- Level 3: Methods using inputs which significantly affect the fair value and are not based on observable market data.

Assets and liabilities at fair value:

IN EUR THOUSANDS	31.12.17	LEVEL 1	LEVEL 2	LEVEL 3
Other current liabilities	-	-	-	-
IN CHF THOUSANDS	31.12.16	LEVEL 1	LEVEL 2	LEVEL 3
Other current liabilities	-	-	-	-

3. SEGMENT REPORTING

Lalique Group is divided into the following segments:

Segment 1 - Lalique

The Lalique segment comprises all business transactions conducted under the Lalique brand.

Segment 2 - Ultrasun

The Ultrasun segment covers the Ultrasun brand.

Segment 3 - Jaguar

The Jaguar segment covers the Jaguar brand.

Segment 4 - Grès

The Grès segment covers the Grès brand.

Segment 5 - Other brands

The other brands segment covers the Samourai, Bentley, Art & Fragrance Services, Art & Fragrance Distribution and Alain Delon brands.

Segment 6 - Holding and eliminations

The holding company generates revenue from management fees charged to the other segments. Intra-Group transactions are handled on an arm's-length basis.

Segment reporting for the 2017 financial year

The table below contains information on the revenues and results, and on the assets and liabilities of the Group's business segments.

IN EUR THOUSANDS	LALIQUE	ULTRASUN	JAGUAR	GRÈS	OTHER BRANDS ¹	HOLDING AND ELIM. ²	GROUP
Operating revenue							
Revenue from sales to external customers	76 870	13 026	21 766	5 857	11 419	-108	128 830
Revenue from transactions with other segments	791	-17	-30	54	6 822	-7 620	-
Total operating revenue	77 661	13 009	21 736	5 911	18 241	-7 728	128 830
EBIT	-497	799	4 191	1 116	2 210	-354	7 465
Financial result							-950
Group profit before taxes							6 515
Income tax expenses							363
NET GROUP PROFIT							6 878
Assets and liabilities							
Segment assets	158 296	15 387	14 889	9 964	26 146	5 852	230 534
Segment liabilities	114 447	4 867	9 422	2 906	25 373	-21 961	135 054
Other segment information							
Investments							
Property, plant and equipment	13 041	14	-	-	5 124	355	18 534
Intangible assets	295	377	4 494	45	1 344	132	6 687
Depreciation and amortization							
Property, plant and equipment	5 129	58	128	65	971	13	6 364
Intangible assets	203	209	52	9	321	3	797

¹ Operating revenue other brands	
Parfums Samourai	6 193
Bentley Fragrances	3 880
Parfums Alain Delon	127
Lalique Beauty Distribution	941
Lalique Beauty Services	7 100
Total operating revenue other brands	18 241

² The "Holding + elim." segment covers the holding and management companies, and eliminations. The segment's assets mainly include cash and cash equivalents, long-term receivables of the holding and management companies, and eliminations between the segments. Segment liabilities mainly comprise current liabilities, loans and eliminations.

Segment reporting for the 2016 financial year

The table below contains information on the revenues and results, and on the assets and liabilities of the Group's business segments.

IN EUR THOUSANDS	LALIQUE	ULTRASUN	JAGUAR	GRÈS	OTHER BRANDS ¹	HOLDING AND ELIM. ²	GROUP
Operating revenue							
Revenue from sales to external customers	79 956	10 929	16 100	6 339	10 317	-71	123 570
Revenue from transactions with other segments	1 082	-17	-45	179	5 384	-6 583	-
Total operating revenue	81 038	10 912	16 055	6 518	15 701	-6 654	123 570
EBIT	-2 539	1 236	2 774	1 473	992	-367	3 569
Financial result							-1 637
Group profit before taxes							1 932
Income tax expenses							-894
NET GROUP PROFIT							1 038
Assets and liabilities							
Segment assets	155 868	17 545	8 897	11 524	20 797	668	215 299
Segment liabilities	105 626	5 856	4 441	3 258	20 812	-15 760	124 233
Other segment information							
Investments							
Property, plant and equipment	3 989	48	2	-	2 036	411	6 486
Intangible assets	191	248	50	-	539	114	1 142
Depreciation and amortization							
Property, plant and equipment	5 289	36	124	69	787	7	6 312
Intangible assets	244	128	54	10	231	4	671

¹ Operating revenue other brands	
Parfums Samourai	5 226
Bentley Fragrances	3 364
Parfums Alain Delon	139
Lalique Beauty Distribution	805
Lalique Beauty Services	6 167
Total operating revenue other brands	15 701

² The "Holding + elim." segment covers the holding and management companies, and eliminations. The segment's assets mainly include cash and cash equivalents, long-term receivables of the holding and management companies, and eliminations between the segments. Segment liabilities mainly comprise current liabilities, loans and eliminations.

Geographical regions

Geographical information pertaining to segment income is broken down by customer location.

IN EUR THOUSANDS	2017	2016
Revenue from sales to external customers		
USA	22 709	24 861
UK	23 215	18 708
France	18 487	15 836
UAE	10 916	11 508
Hong Kong	7 917	7 647
Japan	7 165	6 817
Germany	7 342	6 495
Russia	3 024	3 081
Switzerland	3 731	4 186
Israel	2 466	1 058
Singapore	3 491	1 910
China	2 846	1 408
Other countries	15 521	20 055
Group	128 830	123 570

Geographical information pertaining to non-current assets comprises property, plant & equipment, intangible assets and other non-current assets.

IN EUR THOUSANDS	31.12.17	31.12.16
Non-current assets		
France	92 336	81 827
Switzerland	32 647	31 232
USA	2 019	2 257
Hong Kong	105	532
China	410	346
UK	181	261
Germany	-	-
Singapore	244	122
Group	127 942	116 577

DETAILS ON THE CONSOLIDATED INCOME STATEMENT

4. NET REVENUE FROM SALES AND GOODS AND SERVICES

IN EUR THOUSANDS	2017	2016
Gross revenue	138 201	130 715
Revenue reductions	-10 820	-9 481
TOTAL NET REVENUE	127 381	121 234

Revenue reductions relate primarily to discounts. Revenue per segment, including other operating income, is disclosed in the segment reporting.

5. OTHER OPERATING INCOME

IN EUR THOUSANDS	2017	2016
Other operating income	564	1 531
Licence income/royalties	885	805
TOTAL OTHER OPERATING INCOME	1 449	2 336

Other operating income mainly comprises income from service agreements.

6. MATERIAL COSTS, LICENCES AND THIRD-PARTY SERVICES

IN EUR THOUSANDS	2017	2016
Cost of components and finished goods	37 084	38 234
Other directly apportionable production costs	10 366	9 589
Licence expenses	2 399	1 949
Commission expenses	1 232	1 395
Other procurement costs	2 413	2 062
TOTAL MATERIAL COSTS, LICENCES AND THIRD-PARTY SERVICES	53 494	53 229

Other directly apportionable production costs mainly comprise wages and salaries of the production staff at the factory in Wingen. Licence expenses arise mainly in connection with Jaguar Fragrances and Bentley Fragrances. Commission expenses relate to the mediation of transactions. The item "Other procurement costs" includes costs that are incurred in connection with receipt and shipment of goods to/from stock, customs and freight charges relating to purchasing, and lithography and plating costs, net of any supplier discounts.

7. SALARIES AND WAGES

IN EUR THOUSANDS	2017	2016
Wages and salaries (incl. bonuses)	20 597	19 224
Social insurance and employee pension/welfare expenses	9 539	9 258
Other personnel costs	339	380
TOTAL PERSONNEL COSTS	30 475	28 862
Number of staff as at 31 December (in positions)	653	613

8. OTHER OPERATING EXPENSES

IN EUR THOUSANDS	2017	2016
Administrative expenses	4 802	5 143
Advertising and promotional expenses	7 377	6 241
Rental expenses	10 351	10 884
Vehicles	196	174
Property insurance, levies and charges	694	686
Miscellaneous operating expenses	6 815	7 799
TOTAL OTHER OPERATING EXPENSES	30 235	30 927

The item "Miscellaneous operating expenses" includes travel expenses (2017: EUR 2.816 million; 2016: EUR 2.452 million), expenses for creations (2017: EUR 223,000; 2016: EUR 245,000) and various other costs.

Operating lease

Maturity structure of off-balance-sheet liabilities from operating lease contracts:

in EUR thousands	31.12.17	31.12.16
Maturing within 1 year	5 982	6 056
Maturing between 1 and 5 years	10 202	13 745
Maturing in more than 5 years	2 447	2 936
TOTAL	18 631	22 737

Expenses for operating leasing recognized in the 2017 income statement amount to EUR 9.465 million (2016: EUR 9.892 million).

9. FINANCIAL INCOME AND EXPENSES

IN EUR THOUSANDS	2017	2016
Financial income		
Interest on loans and advance financing ¹	-	2
Income from exchange rate fluctuations ¹	4 960	3 086
Other financial income ¹	47	6
Total financial income	5 007	3 094
Financial expenses		
Expenses from exchange rate fluctuations ¹	4 205	3 144
Interest on loans and short-term financial liabilities ²	827	659
Other financial expenses ¹	925	928
Total financial expenses	5 957	4 731
FINANCIAL RESULT	-950	-1 637

The corresponding items originate from the following categories of financial instrument:
¹ Loans and receivables
² Financial liabilities carried at amortized cost

10. INCOME TAXES

The main components of income tax expenses are as follows:

IN EUR THOUSANDS	2017	2016
Current year income taxes	1 316	897
Income taxes from previous years	12	-60
Statutory tax expense	1 328	837
Deferred tax expenses/income resulting from change in temporary differences	323	240
Deferred tax expenses/income resulting from change in tax rates	-1 983	-433
Deferred tax expenses/income resulting from usage or capitalization respectively of deferred taxes on accumulated losses	-30	250
Deferred tax expenses	-1 690	57
TOTAL TAX EXPENSES	-363	894

The following breakdown shows a reconciliation of the expected and actual tax expenses calculated at the tax rates applicable to the Group.

IN EUR THOUSANDS	2017	2016
Group profit before taxes	6 515	1 932
Expected tax rate	-8.6%	-59.4%
Expected tax expenses	-560	-1 147
Non-deductible expenses	231	-162
Fiscal effect of income taxed at different rates	-1 086	-44
Effect of change in the tax rate	-1 983	-433
Unrecognized losses from the current financial year	3 051	2 709
Offsetting of unrecognized loss carry-forwards from previous financial years	-43	-83
Income taxes from previous years	12	-60
Other effects	13	114
TOTAL INCOME TAX	-363	894

The different profit and loss contributions of the individual Group companies in relation to total Group profit and the different tax rates produced an expected income tax rate of -8.6%.

11. EARNINGS PER SHARE AND DIVIDENDS

		2017	2016
Total number of shares issued	Number	5 000 000	5 000 000
Average number of treasury shares held	Number	11 236	41 021
Average number of shares in circulation	Number	4 988 764	4 958 979
Net Group profit in favour of shareholders of Lalique Group SA	EUR thousands	7 007	1 941
EARNINGS PER SHARE	EUR	1.40	0.39

For the 2016 financial year a dividend of CHF 0.50 per share was paid out. With respect to the 2017 financial year, the Board of Directors proposes a dividend payment of CHF 0.50 per share.

DETAILS ON THE CONSOLIDATED BALANCE SHEET

12. CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK LIABILITIES

IN EUR THOUSANDS	31.12.17	31.12.16
Cash	103	101
Bank	16 149	12 603
TOTAL CASH AND CASH EQUIVALENTS	16 252	12 704
BANK LIABILITIES	-45 568	-34 281
BALANCE OF NET CASH AND CASH EQUIVALENTS	-29 316	-21 577

Interest earned on assets denominated in CHF, EUR, GBP and USD was 0.00%. Interest charged on liabilities in CHF, USD and GBP was 0.65%, those on liabilities in EUR between 0.20% and 2.50% and in HKD between 3% and 4%.

13. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are non-interest-bearing and generally fall due between 0 and 90 days, and up to 150 days in special cases, depending on the customer. If, in the case of trade accounts receivable, there is objective evidence to suggest that Laliqe Group will not be in a position to receive all amounts in accordance with the original terms and conditions, an impairment will be recognized.

IN EUR THOUSANDS	TOTAL OUT- STANDING ITEMS	NOT DUE	DUE	OF WHICH DUE WITHIN 60 DAYS	OF WHICH OVERDUE 61-90 DAYS	OF WHICH OVERDUE MORE THAN 91 DAYS
2017						
Of which EUR	8 664	7 164	1 500	1 039	23	438
Of which CHF accounts shown in EUR	1 482	1 246	236	294	3	-61
Of which USD accounts shown in EUR	5 111	4 654	457	283	25	149
Of which other currencies shown in EUR	1 012	360	652	453	23	176
Allowance for doubtful debts	-546	-	-546	-	-	-546
Total	15 723	13 424	2 299	2 069	74	156
2016						
Of which EUR	8 683	5 541	3 142	1 772	312	1 058
Of which CHF accounts shown in EUR	885	827	58	27	-	31
Of which USD accounts shown in EUR	7 757	6 936	821	399	16	406
Of which other currencies shown in EUR	1 224	613	611	540	43	28
Allowance for doubtful debts	-415	-	-415	-	-	-415
Total	18 134	13 917	4 217	2 738	371	1 108

Allowance on trade receivables developed as follows:

IN EUR THOUSANDS	31.12.17	31.12.16
Opening balance	415	439
Formation (+)	173	14
Usage (-)	-1	-50
Currency effect	-41	12
CLOSING BALANCE	546	415

14. INVENTORIES

IN EUR THOUSANDS	31.12.17	31.12.16
Components and raw materials	24 139	24 873
Advertising materials	2 724	2 709
Finished goods	36 296	32 999
Advance payments	374	361
TOTAL INVENTORIES	63 533	60 942

Impairments on inventories recognized as expenditure amounted to EUR 955,000 in 2017 (2016: EUR 1.135 million).

15. OTHER RECEIVABLES

IN EUR THOUSANDS	31.12.17	31.12.16
Receivables from VAT claims	3 666	2 912
Accrued income and prepaid expenses	1 950	2 670
Deferred tax assets	11	16
Other receivables	1 457	1 344
TOTAL OTHER RECEIVABLES	7 084	6 942

For the most part, other receivables consist of security deposits for future operating expenses.

16. OTHER NON-CURRENT ASSETS

Other non-current assets comprise a collection of perfume flacons, drawings, and other collectables of the Lalique brand produced by company founder René Lalique and bought by Lalique Group.

17. PROPERTY, PLANT AND EQUIPMENT

IN EUR THOUSANDS	LAND, BUILDINGS	EQUIPMENT, FURNISHINGS	MACHINERY + EQUIPMENT, IT, HARDWARE, TOOLS	VEHICLES	PLANT UNDER CONSTRUC- TION	TOTAL PROPERTY, PLANT AND EQUIPMENT
Acquisition costs 01.01.2016	45 421	20 004	16 095	325	2 226	84 071
Additions	731	1 806	2 147	30	1 833	6 547
Reclassification/transfers	1 415	-	476	-	-1 891	-
Disposals	-901	-439	-482	-48	-9	-1 879
Exchange differences	362	-191	116	-2	-7	278
Acquisition costs 31.12.2016	47 028	21 180	18 352	305	2 152	89 017
Additions ¹	4 818	2 644	1 549	136	1 105	10 252
Additions from acquisition under common control	6 372	1 910	-	-	-	8 282
Reclassification/transfers	1 028	130	-	-	-1 158	-
Disposals	-742	-408	-2 818	-	-622	-4 590
Exchange differences	-1 281	-342	-708	-31	-34	-2 396
Acquisition costs 31.12.2017	57 223	25 114	16 375	410	1 443	100 565
Depreciation, cumulative 01.01.2016	-18 646	-10 710	-12 147	-254	-	-41 757
Additions	-3 206	-1 592	-1 478	-36	-	-6 312
Disposals	895	434	485	48	-	1 862
Exchange differences	-278	158	-94	-	-	-214
Depreciation, cumulative 31.12.2016	-21 235	-11 710	-13 234	-242	-	-46 421
Addition	-3 021	-1 746	-1 572	-29	-	-6 368
Additions from acquisition under common control	-180	-175	-	-	-	-355
Disposals	260	400	1 756	-	-	2 416
Exchange differences	920	271	583	20	-	1 794
Depreciation, cumulative 31.12.2017	-23 256	-12 960	-12 467	-251	-	-48 934
NET PROPERTY, PLANT AND EQUIPMENT 31.12.2017	33 967	12 154	3 908	159	1 443	51 631
Net property, plant and equipment 31.12.2016	25 793	9 470	5 118	63	2 152	42 596

¹ The additions of EUR 10.252 million (2016: EUR 6.547 million) resulted in a cash outflow of EUR 8.800 million (2016: EUR 5.858 million).
The total depreciation in 2017 of EUR 6.368 million (2016: EUR 6.312 million) did not include any impairment costs.

No items of property, plant and equipment serve as collateral for obligations.

18. INTANGIBLE ASSETS

IN EUR THOUSANDS	GOODWILL	BRANDS	LICENCE RIGHTS	CREATIONS	SOFTWARE	TOTAL INTANGIBLE ASSETS
Acquisition costs 01.01.2016	380	61 088	3 195	2 534	4 772	71 969
Additions	-	-	-	486	656	1 142
Disposals	-	-	-41	-422	-400	-863
Exchange differences	-21	260	33	29	26	327
Acquisition costs 31.12.2016	359	61 348	3 187	2 627	5 054	72 575
Additions ¹	-	-	5 562	836	255	6 653
Additions from acquisition under common control	-	-	34	-	-	34
Disposals	-	-	-3 058	-232	-	-3 290
Exchange differences	-10	-2 130	- 395	-254	-117	-2 906
Acquisition costs 31.12.2017	349	59 218	5 330	2 977	5 192	73 066
Amortization, cumulative 01.01.2016	-	-	-1 925	-1 884	-3 631	-7 440
Additions ²	-	-	-625	-306	-365	-1 296
Disposals	-	-	42	422	314	778
Exchange differences	-	-	-31	-19	-19	-69
Amortization, cumulative 31.12.2016	-	-	-2 539	-1 787	-3 701	-8 027
Additions ²	-	-	-615	-412	- 381	-1 408
Disposals	-	-	3 058	232	-	3 290
Additions from acquisition under common control	-	-	-6	-	-	-6
Exchange differences	-	43	90	161	85	379
Amortization, cumulative 31.12.2017	-	43	-12	-1 806	-3 997	-5 772
NET INTANGIBLE ASSETS 31.12.2017	349	59 261	5 318	1 171	1 195	67 294
Net intangible assets 31.12.2016	359	61 348	648	840	1 353	64 548

¹ The additions of EUR 6.653 million (2016: EUR 1.142 million) resulted in a cash outflow of EUR 985,000 (2016: EUR 694,000).

² The amortization of licence rights is recorded in licence expenses.

Brands

Brand values as at 31 December 2017: Parfums Grès CHF 6.574 million (2016: CHF 6.574 million), Parfums Samourai CHF 1.800 million (2016: CHF 1.800 million), Ultrasun CHF 11.000 million (2016: CHF 11.000 million), Lalique EUR 42.710 million (2016: EUR 43.266 million).

The discounted cash flow method was used to test the various brand values for impairment. The calculation was based on the assumptions listed below. The latter include planning assumptions made over a maximum period of five years, and

a residual value. The residual value incorporates a growth rate of 1.5% for Ultrasun and Lalique, 0.3% for Parfums Samourai, and 1.7% for Parfums Grès respectively. In the case of Ultrasun, it has been assumed that the EBITDA margin will rise from 12.5% in 2018 to 18.5% in 2022. With regard to Lalique, it has been assumed that the EBITDA margin will rise from 3.2% in 2018 to 13.3% in 2022. These assumptions were determined by management based on its expectations for future market development. In the event of significant changes in the basic data used, utility values may differ from the carrying amounts indicated.

IN %	AVERAGE GROWTH IN SALES ¹		AFTER-TAX DISCOUNT RATE	
	2017	2016	2017	2016
Lalique	6.1	5.0	9.8	9.3
Ultrasun	2.3	2.3	9.8	9.0
Parfums Grès	1.1	1.0	11.9	6.0
Parfums Samourai	2.1	2.3	9.7	6.0

¹ Calculated over the planning horizon of five years.

Sensitivity

At Lalique, the brand value would only be diminished in the event of a negative change in sales growth of 4.9 percentage points or a negative change in the EBITDA margin of 1.5 percentage points or an increase in the discount rate of 1.7 percentage points. The brand value of Lalique would be diminished upon a negative change of sales growth of 0.4 percentage points or EUR 1.276 million or a negative change in the EBITDA margin of 0.3 percentage points or EUR 2.716 million or a change in the discount rate of 0.2 percentage points or EUR 1.639 million.

At Ultrasun, Parfums Grès and Parfums Samourai the values in use are greater than the reported net assets, which would also pertain in the case of significant changes in the base values applied at the end of 2017 and 2016.

Licence rights

Write-downs in 2017 and in the previous financial year relate to licence agreements and rights for Jaguar Fragrances and Bentley Fragrances that are depreciated over the contractual term or the useful life of the licence and recognized under licensing expenses. The residual amortization period for both licence rights is two years.

Creations

The item "Creations" comprises expenses incurred through the commissioning of external designers to create flacons and packaging, and the associated development costs. The residual amortization period is between zero and three years. In 2017, as in the previous year, there were no extraordinary write-downs.

Software

The item "Software" consists of purchased IT software usage licences and the costs of specific customization of software. Software is amortized on a straight-line basis over a useful life of five years.

With the exception of depreciation on new licence rights, which is recognized under licence expenses, all amortization on intangible assets appears under "Depreciation and amortization" in the income statement. In 2017, there were no extraordinary write-downs (2016: EUR 0).

There are no restrictions on the use of intangible assets. There are no commitments to make further payments or to take on additional intangible assets. No intangible assets serve as collateral for obligations.

19. PENSION SCHEMES

IN EUR THOUSANDS	31.12.17	31.12.16
Defined benefit pension plans	4 620	4 752
Other long-term post-employment benefits	216	224
TOTAL PENSION FUND LIABILITIES	4 836	4 976

Defined benefit pension plans

There is only a defined benefit pension plan in Switzerland and this has the following characteristics: The plan is designed to ensure that current and future contributions are sufficient to cover future obligations. As defined in the fund regulations, the employer and the employees make matching annual contributions. Contributions are based on an age-related sliding scale which defines the relevant percentage of an employee's insured salary in relation to the insured salary. In accordance with Swiss law, the pension fund guarantees its insured members vested benefits which are confirmed each year. Upon retirement, insured members are entitled to draw their benefits as a single lump-sum payment, an annuity, or a combination of both. For the purpose of providing an occupational pension scheme, Laliq Group has joined a collective foundation in which the assets are invested on a joint basis with other scheme participants (with the same investment profile). This collective foundation is what is known as a full insurance solution. Thus, as at 31 December 2017, 100% of the plan assets were invested in a collective insurance policy held with Basler Leben AG. Direct pension entitlements vis-à-vis the insurance company constitute 100% of the investment. The pension plan meets legal provisions stipulating the minimum benefits payable. There were no significant changes, curtailments or settlements involving the plan during the reporting period.

Other long-term post-employment benefits

In France, there are plans that fall into this category. These can be described as follows: one plan exists which, in accordance with the statutory requirements governing privately held companies, builds up capital which is then used to pay appropriate compensation to employees when they leave the company. The benefit payable is based on years of service, the reference salary, the collective wage agreement and the circumstances which led to the employee's departure. Payment of pensions conforms to the national collective agreement for handmade glass manufacture.

Another plan or regulation exists which, under certain conditions, entitles specific pension recipients to claim a supplementary annuity corresponding to 55% of the beneficiary's last annual net salary (average salary over the last three years).

The table below shows the status of the Swiss pension plan and the amount recognized in the consolidated balance sheet on 31 December:

IN EUR THOUSANDS	DEFINED BENEFIT PENSION PLANS		OTHER LONG-TERM POST-EMPLOYMENT BENEFITS	
	31.12.17	31.12.16	31.12.17	31.12.16
Present value of defined benefit pension obligation	-10 919	-11 021	-216	-224
Fair value of the plan assets	6 299	6 494	-	-
(SHORTFALL)/SURPLUS	-4 620	-4 527	-216	-224

Annual expenditure on pension benefits recognized in wages and salaries breaks down as follows:

IN EUR THOUSANDS	2017	2016	2017	2016
Current service cost	-807	-720	-18	-18
Net interest cost of pension plans	-16	-20	-	-
TOTAL EMPLOYEE BENEFIT EXPENSES RECOGNIZED IN THE INCOME STATEMENT	-823	-740	-18	-18

Remeasurement of pension plans recognized directly in other comprehensive income breaks down as follows:

IN EUR THOUSANDS	2017	2016	2017	2016
Actuarial gain/(loss) from the pension obligation	-5	445	29	4
Change in the plan assets (not incl. interest)	-84	-47	-	-
TOTAL REMEASUREMENTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME	-89	398	29	4

The change in the present value of the pension obligations and the fair value of the plan assets was as follows:

IN EUR THOUSANDS	2017	2016	2017	2016
Present value of defined benefit pension obligations on 1 January	-11 021	-10 241	-224	-227
Interest expenses	-61	-75	-	-
Current service cost	-807	-720	-18	-18
Employee contributions	-419	-414	-3	-5
Actuarial gains and losses	- 5	445	29	4
Contributions/benefits	384	33	-	22
Liquidation	434	-	-	-
Currency effect	576	-49	-	-
PRESENT VALUE OF DEFINED BENEFIT PENSION OBLIGATIONS ON 31 DECEMBER	-10 919	-11 021	-216	-224

IN EUR THOUSANDS	2017	2016	2017	2016
Fair value of the plan assets on 1 January	6 495	5 701	-	-
Interest income from the plan assets	45	54	-	-
Actuarial losses	-	-	-	-
Employer contributions	394	372	-	-
Employee contributions	394	372	-	-
Contributions/benefits	-373	24	-	-
Currency effect	-656	17	-	-
FAIR VALUE OF THE PLAN ASSETS ON 31 DECEMBER	6 299	6 494	-	-

Sensitivity of key actuarial assumptions

Actuarial assumptions are made in respect of the discount rate, future salary trends and life expectancy, and these can be summarized as follows.

	2017	2016
Bases used for calculation		
Discount rate	0.70%	0.90%
Expected rate of salary increase	1.00%	1.00%
Life expectancies	BVG2015 GT	BVG2010 GT

The implications for the defined benefit obligation (DBO) are as follows:

- A 0.25% increase/decrease in the discount rate would result in a decrease of EUR 513,000 (-4.9%)/increase of EUR 554,000 (+5.3%) in defined benefit pension obligations.
- A 0.25% increase/decrease in the expected rate of salary increase would result in an increase of EUR 84,000 (+0.8%)/decrease of EUR 83,000 (-0.8%) in defined benefit pension obligations.
- An increase/decrease in life expectancies of one year would result in an increase of EUR 95,000 (+0.9%)/decrease of EUR 71,000 (-0.7%) in defined benefit pension obligations.

The average duration of a defined benefit pension obligation was 20.1 years at the end of the reporting period (2016: 20.3 years).

Forecasted contributions

The forecasted contributions of the company for the 2018 financial year amount to EUR 379,000 (2017: EUR 375,000).

	2017	2016
Bases used for calculation of French plans		
Discount rate	1.38%	1.38%
Expected rate of salary increase	1%/1.17%	1%/1.17%
Life expectancies	TGH 05/TGF 05	TGH 05/TGF 05

20. OTHER CURRENT LIABILITIES

This item contains above all deferrals arising from goods received but not yet invoiced by the supplier, and from social benefits that have yet to be paid.

21. OTHER NON-CURRENT LIABILITIES

As at 31 December 2017, other non-current liabilities comprised minimal fees for licence rights owed in respect of the Jaguar Fragrances and Bentley Fragrances brands, as well as deferrals in connection with the settlement of increases in rental payments occurring over the term of the contract (straight-line accounting).

22. PROVISIONS

IN EUR THOUSANDS	OTHER PROVISIONS	TOTAL PROVISIONS
As at 01.01.2016	400	400
Formation	287	287
Usage	-316	-316
Currency effect	-3	-3
As at 31.12.2016	368	368
Formation	247	247
Usage	-218	-218
Currency effect	-	-
As at 31.12.2017	397	397
Of which current	-	-
Of which non-current	397	397

As at 31.12.2017, other provisions included provisions for litigation in France arising from job cuts.

23. NON-CURRENT FINANCIAL LIABILITIES

IN EUR THOUSANDS	DUE IN > 1 YEAR, < 5 YEARS	DUE IN MORE THAN 5 YEARS	2017 TOTAL	DUE IN > 1 YEAR, < 5 YEARS	DUE IN MORE THAN 5 YEARS	2016 TOTAL
Loans from the principal shareholder	1 709	17 086	18 795	3 733	18 666	22 399
Non-current financial liabilities	12 999	1 885	14 884	10 936	746	11 682
TOTAL	14 708	18 971	33 679	14 669	19 412	34 081

The principal shareholder has declared EUR 17.086 million (2016: EUR 18.666 million) of the loan to be subordinate to the bank liability. Loans from the principal shareholder bear interest at a rate of 0.75% (2016: 0.75%).

Reconciliation of liabilities from financing activities

IN EUR THOUSANDS	01.01.17	CASHFLOWS	CURRENCY EXCHANGE MOVEMENTS	NEW LEASES	OTHER	31.12.17
Current financial liabilities (excluding items listed below)	1 748	- 808	-	-	1 156	2 096
Short-term liabilities from finance lease	1 310	-1 373	-35	560	815	1 277
Short-term liabilities main shareholder	1 867	-1 800	-158	-	1 800	1 709
Non-current financial liabilities (excluding items listed below)	7 972	3 672	-315	-	658	11 987
Long-term liabilities from finance lease	3 717	-	-3	-	-815	2 899
Non-current liabilities main shareholder	22 399	-	-1 805	-	-1 800	18 794
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	39 013	-309	-2 316	560	1 814	38 762

The "Other" column includes the effect of reclassification of the non-current portion of interest-bearing loans and borrowings and finance leases to current due to the passage of time. The Group classifies interest paid as cash flows from operating activities.

24. FINANCIAL LEASING

The maturity structure of all future minimum finance leasing payments and the corresponding interest expense are given below:

IN EUR THOUSANDS	2017	2016
Maturity within 1 year	1 478	1 455
Maturity between 1 and 5 years	3 303	4 319
Maturity over 5 years	-	-
TOTAL	4 781	5 774
Interest portion	-158	-189
TOTAL FINANCIAL LEASING	4 623	5 585

The capitalized net book value of property, plant and equipment and intangible assets financed by financial leases is as follows:

IN EUR THOUSANDS	2017	2016
Net book value of leased machinery	6 393	6 965
Net book value of buildings	2 563	2 619
Net book value of software	369	485
TOTAL NET BOOK VALUE FINANCIAL LEASINGS	9 325	10 069

25. DEFERRED TAXES

Deferred taxes developed as follows in the year under review and can be attributed to the following items:

IN EUR THOUSANDS	2017	2016
Deferred tax assets	-3 189	-4 320
Deferred tax liabilities	17 246	20 370
NET DEFERRED TAX LIABILITIES	14 058	16 050

The net deferred tax liabilities developed as follows:

IN EUR THOUSANDS	2017	2016
Net deferred tax liabilities		
Opening balance 1.1.	16 050	15 816
Formation (+)/release (-) recognized in income statement	-1 690	58
Formation (+)/release (-) recognized in other comprehensive income	-15	100
Currency translation differences	-287	76
CLOSING BALANCE 31.12	14 058	16 050

The deferred tax income is determined by the local income tax rate. Capitalized deferred tax assets related to losses carried forward deductible from future profits are recorded in case the usage of such losses is probable. The capitalized deferred tax assets related to losses carried forward as well as other balance sheet positions that include deferred taxes present as follows:

IN EUR THOUSANDS	2017	2016
Receivables	225	339
Inventories	2 889	3 030
Property, plant and equipment	1 728	1 987
Intangible assets	15 794	16 376
Deferred tax liabilities	20 636	21 732
Payables	-1 463	-80
Pension fund liabilities	-1 146	-1 201
Inventories	-2 675	-2 894
Property, plant and equipment	-34	-52
Offsetting of unrecognized loss carry-forwards from previous financial years	-1 261	-1 455
Deferred tax assets	-6 579	-5 682
NET DEFERRED TAX LIABILITIES	14 058	16 050

The Group has not capitalized deferred taxes for losses carried forward in the amount of EUR 48.112 million (2016: EUR 49.025 million). These income tax deductible losses carried forward expire as follows:

IN EUR THOUSANDS	2017	2016
Expire next year	1 616	665
Expire in 2–4 years	3 187	2 938
Expire in 5–7 years	3 165	4 303
Expire after 7 years	-	-
No expiry	40 144	41 119
TOTAL UNRECOGNIZED CAPITALIZED DEFERRED TAX ASSETS FROM LOSSES CARRY-FORWARD	48 112	49 025

26. EQUITY

Share capital

The share capital amounts to EUR 816,000 (CHF 1 million), consisting of 5,000,000 registered shares with a nominal value of CHF 0.20 each. In addition, there is conditional share capital of CHF 50,000 for an employee incentive plan.

All registered shares issued are fully paid up and bear equal rights in all regards.

Capital reserves

The capital reserves relate to the acquisition of Parfums Grès SA and Parfums Samouraï SA in 2007 and the increase in equity in 2017 (see also section “Capital management”).

Retained earnings and other reserves

These reserves include retained earnings and currency translation differences. There are non-distributable reserves in various Group companies.

27. CONSOLIDATED GROUP AND CHANGES

Lalique Group comprises the following companies:

COMPANY, HEADQUARTERS, COUNTRY	CURRENCY (THOUSANDS)	SHARE CAPITAL		PARTICIPATING INTEREST	
		2017	2016	2017	2016
Lalique Group SA, Zurich, Switzerland	CHF	1 000	1 000	Holding	Holding
Lalique Beauty SA, Zurich, Switzerland	CHF	1 000	1 000	100%	100%
LLQ Management SA, Zurich, Switzerland	CHF	500	500	100%	100%
Lalique Parfums SA, Zurich, Switzerland	CHF	1 000	1 000	100%	100%
Parfums Grès SA, Zurich, Switzerland	CHF	250	250	100%	100%
Parfums Samourai SA, Zurich, Switzerland	CHF	250	250	100%	100%
Parfums Alain Delon SA, Zurich, Switzerland ¹	CHF	100	100	100%	100%
Jaguar Fragrances SA, Zurich, Switzerland	CHF	250	250	100%	100%
Bentley Fragrances SA, Zurich, Switzerland	CHF	250	250	100%	100%
Lalique Beauty Distribution SA, Zurich, Switzerland	CHF	100	100	100%	100%
Lalique Beauty Distribution Sàrl, Ury, France	EUR	100	100	100%	100%
Ultrasun AG, Zurich, Switzerland	CHF	250	250	100%	100%
Ultrasun (UK) Ltd, Reigate, UK	GBP	10	10	100%	100%
Lalique Beauty Services SASU, Ury, France	EUR	1 503	1 503	100%	100%
SCI du Mont à Grillon, Ury, France	EUR	1	1	100%	100%
Lalique Maison SA, Zurich, Switzerland ¹	CHF	100	100	100%	100%
Lalique Art SA, Zurich, Switzerland ¹	CHF	100	100	100%	100%
Lalique Suisse SA, Zurich, Switzerland	CHF	100	100	100%	100%
Lalique SA, Paris, France	EUR	34 400	34 400	95%	95%
Lalique North Americas Inc., East Rutherford, NJ, USA	USD	2 300	2 300	100%	100%
Lalique Ltd, London, UK	GBP	2 050	2 050	100%	100%
Lalique Asia Ltd, Hong Kong, China	HKD	8 000	8 000	100%	65%
Lalique Shanghai Ltd, Shanghai, China	CNY	6 115	6 115	100%	100%
Lalique (Xuhui) Ltd, Shanghai, China	CNY	1 000	1 000	100%	100%
Lalique Crystal Singapore PTE Ltd, Singapore	SGD	300	300	100%	100%
Lalique GmbH, Frankfurt, Germany	EUR	870	870	100%	100%
Lalique China Ltd, Hong Kong, China	HKD	1 000	1 000	100%	100%
Villa René Lalique SAS, Wingen-sur-Moder, France	EUR	60	60	100%	100%
Château Hochberg, Wingen-sur-Moder, France	EUR	10	-	100%	0%
Lalique Japan Co., Tokyo	CNY	80 005	-	60%	0%

¹ of which paid-in share capital: CHF 50,000 each

Following a resolution of the last general meeting, the subholding company Art & Fragrance SA was renamed Lalique Beauty SA. The scope of consolidation was extended compared with the previous year, with the newly founded company Lalique Japan Co. in Tokyo, Japan and the acquisition of Château Hochberg in Wingen. Furthermore, 35% minority shares in Lalique Asia in Hong Kong, China were added.

28. TRANSACTIONS WITH RELATED PARTIES

Members of the Board of Directors, members of the Executive Board

IN EUR THOUSANDS	2017	2016
Total emoluments and salaries (incl. bonuses and interest) paid to members of the Board of Directors and Executive Board	2 566	2 062
Total pension fund contributions paid to members of the Board of Directors and Executive Board	254	117

The compensation elements indicated relate to the previous financial year.

Affiliates and shareholders

IN EUR THOUSANDS	31.12.17	31.12.16	TYPE OF TRANSACTION
Liabilities:			
Members of the Board of Directors of Laliq Group SA	14	18	Mont-Blanc resourcing, consulting
Principal shareholder	-	4	Silvio Denz
Affiliates under common control	17	3	Vignobles Silvio Denz
	12	26	Denz Weine
Receivables:			
Affiliates under common control	11	12	Art & Terroir SA, Rent
Principal shareholder	58	-	Silvio Denz
Loans:			
Principal shareholder	20 503	24 266	Loan
Proceeds from:			
Affiliates under common control	12	12	Art & Terroir, rent, insurance
Principal shareholder	65	105	Proceeds from sale of Laliq objects
Expenditure of:			
Principal shareholder	185	204	Interest on loans
Affiliates under common control	8	174	Wermuth Auktionen, purchase of wine
	26	24	Vignobles Silvio Denz, purchase of wine
	5	9	Villa Madura, purchase of wine
	79	48	Denz Weine, purchase of wine
Members of the Board of Directors of Laliq Group SA	115	117	Mont-Blanc Resourcing, consulting
	416	395	Ermitage Estate Ltd, Rent
	135	-	Claudio Denz, purchase of car
	1	-	Art&Terroir, purchase of Château Hochberg

Transactions with related parties are settled on an arm's-length basis.

29. ACQUISITION UNDER COMMON CONTROL AND ACQUISITION OF NON-CONTROLLING INTEREST

As at 26 July 2017, Lalique SA acquired 100% of the shares in Château Hochberg SAS, Wingen-sur-Moder, France for the price of 1 EUR. Château Hochberg SAS is a 4 star hotel and a modern restaurant for travellers and banquets. The hotel offers 15 rooms and suites and a modern brasserie with 60 covers.

IN EUR THOUSANDS	BOOK VALUE ON THE ACQUISITION DATE
Cash and cash equivalents	2
Other current assets	454
Property, plant and equipment/intangible assets	7 955
Total assets	8 411
Bank liabilities	7 455
Current liabilities	1 166
Non-current liabilities	1 091
Total liabilities	9 712
SUM OF IDENTIFIABLE NET ASSETS, MEASURED AT BOOK VALUE	-1 301
BOOK VALUE OF THE CONSIDERATION	-1 301
Analysis of the cash outflow resulting from the acquisition	
Purchase price (recognized in cash flow from investments)	0
Acquired cash and cash equivalents (recognized in cash flow investments)	7453
Cash outflow resulting from the acquisition	7453

The transaction was recorded in accordance with the "Pooling of interest" method (POI), meaning the deviation between purchase price, net assets was accounted in equity and consolidated as of purchase date. The POI method was applied as the acquisition took place between companies under common control. As Château Hochberg was not part of the consolidation group in 2016, the 2016 financial statement was not restated.

Lalique SA acquired as at 31 October 2017 35% of the shares in Lalique Asia Ltd, Hongkong, China at a price of EUR 88,000 (HKD 824,000) and holds 100% of the shares in the company. Lalique Asia was already consolidated prior to the transaction. The difference between purchase price and equity of the company was recorded in the retained earnings of Lalique Group.

30. CONTINGENT LIABILITIES

As at 31 December 2017, there were no unrecognized contingent liabilities (31. 12. 2016: EUR 0).

31. ASSETS PLEDGED OR ASSIGNED TO SECURE OWN COMMITMENTS

There are no assets pledged or assigned to secure our own commitments.

32. SUBSEQUENT EVENTS

The Group has evaluated events from 31 December, 2017 up to the date the financial statements were issued. There were no subsequent events that need disclosure.



Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Lalique Group SA, Zurich

Zurich, 13 April 2018

Statutory auditor's report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Lalique Group SA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (page 3 – 46) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial

statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of brands

Risk	<p>As of 31 December 2017, the brand values of Laliq Group amounted to EUR 59.3 million. The separate capitalized brands relate to Laliq (divided into perfumes, crystal and jewellery), Ultrasun, Parfums Samourai and Parfums Grès.</p> <p>The segments of the group are Laliq, Ultrasun, Jaguar, Grès and other brands (Parfums Samourai, Bentley Fragrances, Art & Fragrance Services).</p> <p>The annual impairment testing process is complex, contains items based on judgments and includes assumptions that are affected by expected future market conditions. There is a risk that the future cash flows may not meet the Group's expectation or outcomes may differ from the estimated values.</p>
Our audit response	<p>We reviewed management's assessment related to impairment indicators for the value of the brands.</p> <p>We involved our internal valuation specialists for the review of the valuation model and the discount rate used.</p> <p>Additionally, we analyzed the impairment test process, the management forecasts regarding expected revenues and further input data with the responsible person as well as reviewed its reasonability compared to previous year. We also assessed the disclosure according to IAS 36 in the consolidated financial statements.</p>



Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd



Christian Krämer
Licensed audit expert
(Auditor in charge)



Olga Semenova
ACCA

LALIQUE GROUP REMUNERATION REPORT

51

General information/Principles

52

Directors' remuneration

53

Remuneration for the Executive Board

54

Remuneration Committee

54

Shareholdings of the management bodies

55

Loans and credit

56

Report of the statutory auditor on the audit of
the remuneration report

GENERAL INFORMATION/PRINCIPLES

Lalique Group strives to attract and retain qualified and motivated managers and skilled personnel. This aspiration is underpinned by a fair remuneration system. In the interests of the sustainable development of the company this system takes short-, medium- and long-term targets into account.

The present Remuneration Report offers an overview of the remuneration policy for the Board of Directors and the Executive Board, and of the equity participation of the members of those bodies in the company. This information complies with Articles 663b^{bis} and 663c of the Swiss Code of Obligations, the Ordinance against Excessive Compensation in Listed Corporations (VegüV) and the company's Articles of Association. The currently applicable articles were approved at the General Meeting of Shareholders on 23 June 2015.

Remuneration rates for the members of the Board of Directors and the Executive Board were put to shareholders for approval at the General Meeting of Shareholders on 26 June 2015. Neither amendments to the contracts of the Executive Board members nor any new agreements with members of the Board of Directors relating to the new legal and statutory requirements were necessary.

DIRECTORS' REMUNERATION

Composition of directors' remuneration

The members of the Board of Directors receive a fixed payment for their work. The Remuneration Committee can provide for them to receive an optional variable rate of remuneration. Where a variable remuneration rate is implemented, it is based on qualitative and quantitative targets. Evaluating the extent to which these targets are achieved is the responsibility of the directors themselves. The variable remuneration rate must not exceed 200% of the fixed sum.

Bonuses can be paid to members of committees or those who assume particular roles or tasks.

With regard to activities in companies directly or indirectly controlled by Laliq Group and activities performed in the exercise of the role of member of the Board of Directors, the company concerned may remunerate directors as long as this remuneration is covered by the amount approved by the General Meeting of Shareholders.

The fixed remuneration sum can be paid in part in shares, and the variable remuneration in part or in full in shares.

Members of the Board of Directors receive compensation for personal expenditure and expenses. The reimbursement of expenditure and payment of expenses does not count as remuneration. In addition, where the law permits, the company can compensate directors for financial disadvantages relating to legal proceedings, court cases or settlement deals, and advance sums accordingly and take out insurance policies. Any such compensation, advances or insurance policies are similarly not considered as remuneration.

Approval of directors' remuneration

The General Meeting of Shareholders approves the maximum amount of fixed remuneration for the Board of Directors for the period up to the next General Meeting of Shareholders.

The General Meeting of Shareholders approves the total amount of variable remuneration for the Board of Directors for the previous financial year.

Total remuneration for members of the Board of Directors

IN CHF THOUSANDS		SALARIES FEES, BONUSES	PENSION FUND CONTRI- BUTIONS PAID	OTHER SOCIAL CHARGES	TOTAL
2017					
Silvio Denz	Chairman of the Board of Directors	65	5	3	73
Roger von der Weid	Delegate of the Board of Directors & CEO	601	42	40	683
Roland Weber	Vice-chairman of the Board of Directors	25	-	2	27
Marc Roesti	Member of the Board of Directors	25	-	1	26
Claudio Denz	Member of the Board of Directors & CD	200	8	14	222
Jan Kollros	Member of the Board of Directors	13	-	-	13
Total Board of Directors		929	55	60	1 044
2016					
Silvio Denz	Chairman of the Board of Directors	185	-	27	212
Roger von der Weid	Delegate of the Board of Directors & CEO	609	42	42	693
Roland Weber	Vice-chairman of the Board of Directors	25	-	2	27
Marc Roesti	Member of the Board of Directors	25	-	-	25
Claudio Denz	Member of the Board of Directors & CD	199	8	14	221
Total Board of Directors		1 043	50	85	1 178

No remuneration was paid to former members of the Board of Directors.

REMUNERATION FOR THE EXECUTIVE BOARD

Composition of remuneration for the Executive Board

The members of the Executive Board receive a fixed annual remuneration sum and variable remuneration for their work. The variable remuneration rate is based on qualitative and quantitative targets. Evaluating the extent to which these targets are achieved is the responsibility of the Board of Directors. The variable remuneration rate must not exceed 100% of the fixed sum.

Bonuses can be paid to members of committees or those who assume particular roles or tasks.

With regard to activities in companies directly or indirectly controlled by Laliq Group and activities performed in the exercise of the role of member of the Executive Board, the company concerned may remunerate Executive Board members as long as this remuneration is covered by the amount approved by the General Meeting of Shareholders.

The variable remuneration sum can be paid in part or in full in shares.

Members of the Executive Board receive compensation for personal expenditure and expenses. The reimbursement of expenditure and the payment of expenses does not count

as remuneration. In addition, where the law permits, the company can compensate Executive Board members for financial disadvantages relating to legal proceedings, court cases or settlement deals, and advance sums accordingly and take out insurance policies. Any such compensation, advances or insurance policies are similarly not considered as remuneration.

Approval of remuneration for the Executive Board

The General Meeting of Shareholders approves the maximum amount of fixed remuneration for the Board of Directors for the period up to the next General Meeting of Shareholders.

The General Meeting of Shareholders approves the total amount of the variable remuneration for the Board of Directors for the previous financial year.

Where new Executive Board members are appointed subsequent to the approval being given by the General Meeting of Shareholders, the supplementary pro rata sum per new member is 150% of the highest fixed remuneration paid to an Executive Board member in the financial year preceding the last General Meeting of Shareholders. Approval by the shareholders for the supplementary remuneration is not required.

Total remuneration to members of the Executive Board

IN CHF THOUSANDS	SALARIES FEES, BONUSES	PENSION FUND CONTRIBUTIONS PAID	OTHER SOCIAL CHARGES	TOTAL
2017				
Members of the Executive Board (9 members)	1 922	227	367	2 516
Total Executive Board¹	1 922	227	367	2 516
2016				
Members of the Executive Board (6 members)	1 204	78	86	1 368
Total Executive Board¹	1 204	78	86	1 368

¹ Excl. Roger von der Weid, Delegate of the BoD and CEO, and Claudio Denz, Member of the BoD and Creative Director

The constitution of the Executive Board was reviewed and adjusted during the reporting period. The Board comprises senior leaders from all businesses. No remuneration was paid to former members of the Executive Board.

REMUNERATION COMMITTEE

At the General Meeting of Shareholders of 23 June 2017, shareholders elected or confirmed respectively the members of the Remuneration Committee. They are Silvio Denz and Roger von der Weid. The members were elected for a period of office of one year. The Remuneration Committee is responsible for regularly checking and evaluating the company's remuneration system. In addition, the Remuner-

ation Committee makes proposals to the Board of Directors for both quantitative and qualitative targets and for their achievement by directors and Executive Board members and with regard to the remuneration rates for directors and Executive Board members, within the framework of the conditions set out above.

SHAREHOLDINGS OF THE MANAGEMENT BODIES

As of 31 December 2017, the members of the Board of Directors and the Executive Board held the following numbers of shares:

NAME	FUNCTION	31.12.17	IN %	31.12.16	IN %
Silvio Denz	Chairman of the Board of Directors	3 602 000	72.04%	3 775 000	75.50%
Roger von der Weid	Delegate of the Board of Directors & CEO	3 000	0.06%	3 000	0.06%
Roland Weber	Vice-chairman of the Board of Directors	3 500	0.07%	3 500	0.07%
Marc Roesti	Member of the Board of Directors	1 500	0.03%	1 500	0.03%
Claudio Denz	Member of the Board of Directors & CD	149 000	2.98%	149 000	2.98%
Jan Kollros	Member of the Board of Directors	-	0.00%	n/a	n/a
Rosemarie Abels	Head Procurement & Production, Perfumes	100	0.00%	100	0.00%
Jean Baptiste de Jaham	Head of Sales, Crystal	-	0.00%	n/a	n/a
Pascal Grussi	Head of HR, Crystal	-	0.00%	n/a	n/a
Ulrich Hürlimann	Group CFO (until 31.5.2017)	n/a	n/a	100	0.00%
Benedikt Irniger	Head of Ultrasun	-	0.00%	500	0.01%
Marie-Laure Joly	Head of Marketing, Perfumes	100	0.00%	100	0.00%
Marc Lamineaux	Head of Design, Crystal	-	0.00%	n/a	n/a
Thomas Leutenegger	Head of Sales, Perfumes	n/a	n/a	-	0.00%
Denis Mandry	Factory Director, Crystal	-	0.00%	n/a	n/a
David Rios Lopes	COO, Perfumes	500	0.01%	500	0.01%
Alexis Rubinstein	Group CFO (as of 1.6.2017)	-	0.00%	n/a	n/a
Total		3 759 700	75.19%	3 933 300	78.67%
Total Lalique Group shares		5 000 000	100.00%	5 000 000	100.00%

The shares listed above, held by members of the Board of Directors and Executive Board, are not subject to any vesting periods. The option of purchasing blocked shares in the company at market value (including a discount which reco-

gnizes the lock-up period and its duration) may be accorded to members of either body. Otherwise, the members of the Board of Directors and Executive Board are not granted any special rights concerning the purchase of shares.

LOANS AND CREDIT

Lalique Group may grant loans or credit to members of the Board of Directors or Executive Board in exceptional cases. The total sum of such loans and credits may not exceed CHF 1 million per member. No such loans or credits existed

in the 2017 financial year, either towards present (or former) members of the Board of Directors or Executive Board or persons closely connected with these members.



Ernst & Young Ltd
Maagplatz 1
Postfach
CH-8005 Zürich

Phone +41 58 286 86 86
Fax +41 58 286 86 00
www.ey.com/ch

To the General Meeting of
Lalique Group SA, Zürich

Zurich, 13 April 2018

Report of the statutory auditor on the remuneration report

We have audited the remuneration report on page 50 to 55 of Lalique Group SA for the year ended 31 December 2017.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

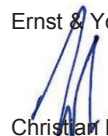
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.




Opinion

In our opinion, the remuneration report for the year ended 31 December 2017 of Lalique Group SA complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd


Christian Krämer
Licensed audit expert
(Auditor in charge)


Olga Semenova
ACCA

LALIQUE GROUP SA, ZURICH FINANCIAL STATEMENTS

59

Income statement

60

Balance sheet

61

Notes to the financial statements

64

Proposal for the appropriation of available earnings

65

Report of the statutory auditor on the financial statements

INCOME STATEMENT

IN CHF THOUSANDS	2017	2016
Income from participating interests	-	7 550
Personnel expenses	-356	-380
Other operating expenses	-269	-269
Depreciation on property, plant and equipment	-17	-11
Earnings before interest, taxes, depreciation and amortization	-642	6 890
Total financial income	3 052	2 655
Total financial expenses	-2 673	-2 156
Profit for the year before taxes	- 263	7 389
Direct taxes	-58	5
PROFIT FOR THE YEAR	-321	7 394

BALANCE SHEET

IN CHF THOUSANDS	31.12.17	31.12.16
Current assets		
Cash and cash equivalents	133	-
Other short-term receivables from third party	3	1
Other short-term receivables from related party	180	124
Total current assets	316	125
Non-current assets		
Investments	103 150	103 150
Loans to shareholdings	77 725	64 647
Total non-current assets	180 875	167 797
TOTAL ASSETS	181 191	167 922
Short-term liabilities		
Interest-bearing short-term bank liabilities	29 745	22 893
Trade account payables	-	14
Other current liabilities due to third-party	100	28
Interest-bearing short-term loan due to bodies	2 000	2 000
Total short-term liabilities	31 845	24 935
Long-term liabilities		
Long-term liabilities due to group companies	5 176	196
Interest-bearing loans due to bodies	22 000	24 000
Total long-term liabilities	27 176	24 196
Total liabilities	59 021	49 131
Equity		
Share capital	1 000	1 000
Statutory capital reserves	34 402	30 322
Capital contribution reserves	14 580	10 500
Other capital contribution reserves	19 822	19 822
Statutory retained earnings	1 255	1 255
Voluntary retained earnings: profit brought forward	86 111	79 404
Profit for the year	-321	7 394
Treasury shares	-277	-584
Total equity	122 170	118 791
TOTAL LIABILITIES AND EQUITY	181 191	167 922

NOTES TO THE FINANCIAL STATEMENTS

Applied valuation principles in the financial statements

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957–963b Swiss Code of Obligations (CO) (effective 1 January 2013).

Treasury shares

Treasury shares are valued at acquisition cost at date of recognition and recorded as a negative value of the equity. In case of sales a gain or loss will be recorded in financial income or expenses.

Interest-bearing long-term loans

Interest-bearing long-term loans are valued at nominal value.

Waiver of disclosing additional information for interest-bearing liabilities and cash flow statement

Because Lalique Group SA prepares its consolidated financial statements in accordance with a recognized standard for financial accounting (IFRS), in these financial statements it has omitted the additional information with respect to the interest-bearing liabilities and a cash flow statement from these financial statements.

Information about balance sheet and income statement items

Full-time positions

The number of full-time positions, on annual average, did not exceed ten in the year under review nor in the previous year.

Significant shareholders

With the exception of Silvio Denz's 72.04% shareholding (2016: 75.5%), as at the end of the financial year and the previous year-end, no shareholder exceeded 5% of the participation or voting rights.

Equity

The capital contribution reserve is the subject of ongoing negotiations with the federal tax administration.

IN CHF THOUSANDS	31.12.17	31.12.16
Contingent liabilities		
As at 31 December 2017, there were unrecognized contingent liabilities (joint guarantees) of EUR 11.697million (31.12.2016: EUR 11.412 million) arising from short- and long-term loans and guaranteed rental income in connection with Lalique SA and Villa René Lalique SAS.	13 693	12 228
Guarantees		
Joint and several liability for VAT debt resulting from the consolidated accounting of VAT (group taxation)	-	-
Authorized and conditional capital		
Authorized capital	-	-
Conditional capital	50	50
Directly held investments		
Lalique Beauty SA (formerly Art & Fragrance SA)		
Holding of participating interests		
Share capital in CHF thousands	1 000	1 000
Ownership and voting right	100%	100%
Lalique SA, Paris		
Production and sale/distribution of crystal, jewellery, perfume and cosmetic products		
Share capital in EUR thousands	34 400	34 400
Ownership and voting right	95%	95%
Lalique Suisse SA, Zurich		
Creation, development and trading of objects of art and decorative elements		
Share capital in CHF thousands	100	100
Ownership and voting right	100%	100%
Lalique Maison SA, Zurich		
Creation and sale/distribution of furniture and interior-design accessories		
Share capital in CHF thousands ¹	100	100
Ownership and voting right	100%	100%
Lalique Art SA, Zurich		
Creation, development and trading of art objects and decorative elements		
Share capital in CHF thousands ¹	100	100
Ownership and voting right	100%	100%
SCI du Mont à Grillon, Ury		
Management and rental of real estate		
Share capital in EUR thousands	1	1
Ownership and voting right	100%	100%

¹ Of which paid-in: CHF 50,000 each

Treasury shares

	NUMBER OF TRANSACTIONS	ANNUAL LOW SHARE PRICE IN CHF	ANNUAL HIGH SHARE PRICE IN CHF	AVERAGE PRICE PER SHARE IN CHF	NUMBERS
Treasury shares					
Balance as of 1.1.2016					45 400
Purchases	32	19,00	27,12	23,28	5 531
Sales	14	22	26	25	-20 731
Balance as of 31.12.2016					30 200
Purchases	19	27,01	43,95	31,43	2 241
Sales	24	26,54	40,00	35,83	-18 941
Balance as of 31.12.2017					13 500

As of balance sheet date, the acquisition cost of the treasury shares amounted to CHF 277,000 (31.12.2016: CHF 583,000).
All shares traded were placed at the current share price on the BX Berne eXchange.

Shares held by members of the Board of Directors and Executive Board

NAME	FUNCTION	31.12.17	IN %	31.12.16	IN %
Silvio Denz	Chairman of the Board of Directors	3 602 000	72.04%	3 775 000	75.50%
Roger von der Weid	Delegate of the Board of Directors & CEO	3 000	0.06%	3 000	0.06%
Roland Weber	Vice-chairman of the Board of Directors	3 500	0.07%	3 500	0.07%
Marc Roesti	Member of the Board of Directors	1 500	0.03%	1 500	0.03%
Claudio Denz	Member of the Board of Directors & CD	149 000	2.98%	149 000	2.98%
Jan Kollros	Member of the Board of Directors	-	0.00%	n/a	n/a
Rosemarie Abels	Head Procurement & Production, Perfumes	100	0.00%	100	0.00%
Jean Baptiste de Jaham	Head of Sales, Crystal	-	0.00%	n/a	n/a
Pascal Grussi	Head of HR, Crystal	-	0.00%	n/a	n/a
Ulrich Hürlimann	Group CFO (until 31.5.2017)	n/a	n/a	100	0.00%
Benedikt Irniger	Head of Ultrasun	-	0.00%	500	0.01%
Marie-Laure Joly	Head of Marketing, Perfumes	100	0.00%	100	0.00%
Marc Lamineaux	Head of Design, Crystal	-	0.00%	n/a	n/a
Thomas Leutenegger	Head of Sales, Perfumes	n/a	n/a	-	0.00%
Denis Mandry	Factory Director, Crystal	-	0.00%	n/a	n/a
David Rios Lopes	COO, Perfumes	500	0.01%	500	0.01%
Alexis Rubinstein	Group CFO (as of 1.6.2017)	-	0.00%	n/a	n/a
Total		3 759 700	75.19%	3 933 300	78.67%
Total Laliq Group shares		5 000 000	100.00%	5 000 000	100.00%

PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS

IN CHF THOUSANDS	31.12.17	31.12.16
Approval of the Annual Report and accounts for the 2017 financial year, closing with a profit of	-321	7 394
Brought forward from the previous year	86 109	79 402
Total available to the General Meeting	85 788	86 796
Appropriation of available earnings as follows		
Dividend payment (CHF 0.50 per share)	-2 500	-2 500
Disclaimer for dividend payment of principal shareholder	0	1 801
No dividend payments to treasury shares (status 13.04.2018)	6	12
BALANCE BROUGHT FORWARD TO NEW ACCOUNTS	83 294	86 109



Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Lalique Group SA, Zurich

Zurich, 13 April 2018

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Lalique Group SA, which comprise the balance sheet, income statement and notes, (page 58 – 64) for the year ended 31 December 2017.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2017 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each

matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Separate valuation of participations

Risk	Lalique Group SA is the parent company of the Lalique Group and holds the shares of its subsidiaries. Shareholdings amounted to CHF 103.2 million as of 31 December 2017 and represented 57% of the balance sheet. Due to potential impairment needs, we defined this topic as a key audit matter.
Our audit response	We reviewed the valuation method used for the individual valuation of the participations and verified the clerical accuracy of the amounts. We assessed the used input parameters and reviewed the disclosure according to the Swiss accounting law in the financial statements.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Christian Krämer
Licensed audit expert
(Auditor in charge)



Olga Semenova
ACCA

PUBLICATION DETAILS

PUBLISHER

Lalique Group SA, Zurich

EDITOR

Lalique Group SA, Zurich

DESIGN

Blyss, Zurich

REFERENCE SOURCE AND CONTACT

The Annual Report can be ordered from:

Lalique Group SA

Grubenstrasse 18

CH-8045 Zurich

Tel. +41 43 499 45 00

Fax +41 43 499 45 01

info@lalique-group.com

www.lalique-group.com

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on current assumptions and projections made by management.

Such statements are subject to known and unknown risks, uncertainties and other factors which may cause the actual results and performance of Lalique Group to differ from those expressed in, implied or projected by the forward-looking information and statements. The information published in this report is provided by Lalique Group SA and corresponds to the status as of the date of publication of this report.

Disclaimer

Lalique Group publishes its Annual Report in English and a Financial Report in German.