

Half-Year Consolidated Financial Statements 2017

LALIQUE
GROUP

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Consolidated Income Statement

in EUR thousand	1 st semester 2017	1 st semester 2016
Net revenue from sales of goods and services	63 135	56 846
Other operating income	1 054	1 805
Operating revenue	64 189	58 651
Material costs, licences and third-party services	-28 097	-24 696
Gross result	36 092	33 955
Salaries and wages	-14 977	-13 907
Other operating expenses	-14 807	-14 570
EBITDA	6 308	5 478
Depreciation and amortisation / impairment	-3 856	-3 585
EBIT	2 452	1 893
Financial income	1 299	1 529
Financial expenses	-2 154	-1 998
Group profit before taxes	1 597	1 424
Income taxes	1 376	- 862
Net group profit	2 973	562
of which attributable to:		
Non-controlling interests	- 300	- 435
Owners of the parent company	3 273	997
Earnings per share (in EUR)	0.66	0.20

Consolidated Statement of Comprehensive Income

in EUR thousand	1 st semester 2017	1 st semester 2016
Net group profit	2 973	562
Exchange difference	-1 077	- 453
Items that can be reclassified subsequently to i/s, net of tax	-1 077	- 453
Remeasurements of pension plans	-	- 307
Tax on remeasurements of pension plans	-	69
Items that cannot be reclassified subsequently to i/s, net of tax	-	- 238
Other comprehensive income, net of tax	-1 077	- 691
Consolidated comprehensive income	1 896	- 129
of which attributable to:		
Non-controlling interests	- 320	- 456
Owners of the parent company	2 216	327

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Consolidated Balance Sheet

ASSETS

in EUR thousand	30.06.2017	31.12.2016
Cash and cash equivalents	15 538	12 704
Trade accounts receivable	20 692	18 134
Inventories	65 488	60 942
Other receivables	7 767	6 942
Total current assets	109 485	98 722
Property, plant and equipment	43 981	42 596
Intangible assets	63 872	64 548
Other non-current assets	5 099	5 113
Deferred tax assets	4 187	4 320
Total non-current assets	117 139	116 577
Total assets	226 624	215 299

LIABILITIES AND EQUITY

in EUR thousand	30.06.2017	31.12.2016
Bank liabilities	41 184	34 281
Trade accounts payable	13 887	14 314
Income tax provision	827	887
Other current liabilities	16 068	14 956
Total current liabilities	71 966	64 438
Provisions	201	368
Long-term financial liabilities	34 889	34 081
Pension fund liabilities	5 179	4 976
Deferred tax liabilities	17 914	20 370
Total non-current liabilities	58 183	59 795
Total liabilities	130 149	124 233
Share capital	816	816
Capital reserves	20 834	17 129
Retained earnings / other reserves	73 403	71 379
Total equity before non-controlling interests	95 053	89 324
Non-controlling interests	1 422	1 742
Total equity	96 475	91 066
Total liabilities and equity	226 624	215 299

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Consolidated Cash Flow Statement

in EUR thousand	1 st semester 2017	1 st semester 2016
Group profit before taxes	1 597	1 424
Depreciation and amortisation / impairment	3 856	3 585
Change in pension liabilities	250	775
Change in provisions	- 167	- 153
Financial expenses	2 154	1 998
Financial income	- 1 299	- 1 529
Other non-cash income / expenditure	- 770	530
Cash flow from operations before change in net current assets	5 621	6 630
Decrease (+) / increase (-) in trade accounts receivable	- 2 925	2 683
Decrease (+) / increase (-) in inventories	- 6 308	- 3 682
Decrease (+) / increase (-) in other receivables	- 1 032	237
Increase (+) / decrease (-) in trade accounts payable	41	- 3 314
Increase (+) / decrease (-) in other current liabilities	1 249	- 257
Interest paid	- 495	- 422
Tax paid	- 1 140	- 651
Cash flow from business operations	- 4 989	1 224
Investments in property, plant and equipment	- 4 885	- 2 940
Sale of property, plant and equipment	1 097	-
Investments in intangible assets	- 411	- 53
Cash flow from investments	- 4 199	- 2 993
Capital reserves	3 705	-
Repayment of / reduction in shareholder loans	- 929	- 913
Purchase of treasury shares	- 44	- 93
Sale of treasury shares	267	-
Increase (+) / decrease (-) in other non-current liabilities	2 443	- 1 186
Dividend payment	- 415	- 319
Cash flow from financing activities	5 027	- 2 511
Exchange differences on cash and cash equivalents	92	- 789
Decrease / increase in net cash and cash equivalents	- 4 069	- 5 069
Balance of net cash and cash equivalents as at 01. 01.	- 21 577	- 33 515
Balance of net cash and cash equivalents as at 30.06. ¹⁾	- 25 646	- 38 584

¹⁾ The net cash balance as of 30 June 2017 comprises bank assets of EUR 15 538 thousand and bank liabilities of EUR 41 184 thousand. The bank liabilities lie within the granted credit line and, in view of the current interest situation the loans have no fixed repayment date.

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Consolidated Statement of Changes in Equity

in EUR thousand	Share capital	Capital reserves	Treasury shares	Other reserves	Retained earnings	Total equity before minority interests	Non-controlling interests	Total equity
Balance as at 01.01.2016	816	7 782	- 807	990	68 827	77 608	2 674	80 282
Consolidated comprehensive income	-	-	-	- 432	759	327	- 456	- 129
Balance 01.01. to 30.06.2016	816	7 782	- 807	558	69 586	77 935	2 218	80 153
Dividend payment	-	-	-	-	- 319	- 319	-	- 319
Purchase of treasury shares	-	-	- 93	-	-	- 93	-	- 93
Balance as at 30.06.2016	816	7 782	- 900	558	69 267	77 523	2 218	79 741
Balance as at 01.01.2017	816	17 129	- 553	1 096	70 836	89 324	1 742	91 066
Consolidated comprehensive income	-	-	-	- 1 057	3 273	2 216	- 320	1 896
Balance 01.01. to 30.06.2016	816	17 129	- 553	39	74 109	91 540	1 422	92 962
Dividend payment	-	-	-	-	- 415	- 415	-	- 415
Capital reserves	-	3 705	-	-	-	3 705	-	3 705
Purchase of treasury shares	-	-	- 44	-	-	- 44	-	- 44
Sale of treasury shares	-	-	152	-	115	267	-	267
Balance as at 30.06.2017	816	20 834	- 445	39	73 809	95 053	1 422	96 475

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Notes to the Consolidated Financial Statements

1. Basis of preparation

The Consolidated Financial Statements of the Lalique Group were prepared in accordance with International Financial Reporting Standards (IFRS). Accordingly, the Half-Year Consolidated Financial Statements 2017 for the period ending 30 June 2017 were also prepared in accordance with IAS 34 (Interim Financial Reporting).

2. Selected accounting policies

The recording, valuation and consolidation principles applied correspond to the Consolidated Financial Statements as of 31 December 2016 (see note 2 of annual report 2016). The Half-Year Consolidated Financial Statements 2017 should therefore be read in conjunction with the Consolidated Financial Statements 2016.

The Consolidated Financial Statements of the Lalique Group are prepared in euros. Unless otherwise stated, all figures have been rounded to the nearest EUR thousand.

3. Seasonal Influences on Business Activities

The various segments are subject to seasonal influences, which are offset in the overall analysis. The Ultrasun segment, for example, tends to generate higher revenue in the first half (sales of sunscreen products), in contrast to the Lalique segment, which normally sees an increase in revenue in the second half due to Christmas trade (sales of crystal-glass objects).

4. Scope of Consolidation

The scope of consolidation of Lalique Group as of 30 June 2017 did not change compared with 31 December 2016.

5. Income Taxes/ deferred Taxes

Income tax expense is recorded in the half-year results on the basis of the best-possible current estimate of the income tax rate for 2016. Based on a new tax legislation in France the tax rate will be stepwise decrease from 33.3% to 28% until 2020. The change of deferred tax has an impact of EUR 1 957 thousand on the group result.

6. Inventories

As in the prior-year period, there were no impairments on inventories recorded as expenses.

7. Fixed Assets

During the first half of 2017, the group invested EUR 6 458 thousand (2016: EUR 2 940 thousand) in fixed assets. The largest position relates to investment in production and storage facility of Art & Fragrance Service SASU in Ury, France.

8. Provisions

Additional provisions of EUR 30 thousand (2016: EUR 90 thousand) were recognised during the reporting period. The provisions were reduced mainly by consumption of EUR 197 thousand.

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9. Segment Reporting

The Lalique Group splits its segments into the “Lalique”, “Ultrasun”, “Jaguar” and “Grès” brands, “Other brands” and “Holding and eliminations”.

Segment Reporting for the First Half of 2017

Business segments

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

in EUR thousand	Lalique	Ultrasun	Jaguar	Grès	Other brands ¹⁾	Holding + elim. ²⁾	Group
Operating revenue							
Revenue from sales to external customers	34 298	10 961	10 768	2 815	5 413	- 66	64 189
Revenue from transactions with other segments	433	- 16	1	34	3 391	-3 843	-
Total operating revenue	34 731	10 945	10 769	2 849	8 804	-3 909	64 189
EBIT	-3 308	2 598	1 929	459	1 002	- 228	2 452
Financial result							- 855
Group profit before taxes							1 597
Income taxes expense							1 376
Net group profit							2 973
Assets and liabilities							
Segment assets	148 195	24 641	11 349	10 038	25 785	6 616	226 624
Segment liabilities	104 381	11 661	7 756	3 005	26 341	-22 995	130 149
Other segment information							
Investments							
Property, plant and equipment	1 928	9	-	-	4 190	331	6 458
Intangible assets	35	261	23	6	84	83	492
Depreciation and amortisation							
Property, plant and equipment	2 920	43	70	32	428	7	3 500
Intangible assets	77	91	28	4	155	1	356

¹⁾ Operating revenue per perfume

Parfums Samourai	2 919
Bentley Fragrances	1 917
Parfums Alain Delon	53
Art & Fragrance Distribution	295
Art & Fragrance Services	3 620
Total Operating revenue other brands	8 804

²⁾ The “Holding + elim.” segment covers the holding and management companies and eliminations. The segment’s assets mainly comprise 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 elimination:

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Segment Reporting for the First Half of 2016

Business segments

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

in EUR thousand	Lalique	Ultrasun	Jaguar	Grès	Other brands ¹⁾	Holding + elim. ²⁾	Group
Operating revenue							
Revenue from sales to external customers	34 281	9 296	7 791	2 302	5 043	- 62	58 651
Revenue from transactions with other segments	558	- 16	- 19	101	2 308	- 2 932	-
Total operating revenue	34 839	9 280	7 772	2 403	7 351	- 2 994	58 651
EBIT	- 2 118	2 279	1 360	448	45	- 121	1 893
Financial result							- 469
Group profit before taxes							1 424
Income taxes expense							- 862
Net group profit							562
Assets and liabilities							
Segment assets	154 387	20 819	9 228	11 594	20 116	6 048	222 192
Segment liabilities	103 201	8 274	6 037	4 304	20 756	- 121	142 451
Other segment information							
Investments							
Property, plant and equipment	2 040	-	114	-	466	320	2 940
Intangible assets	-	-	38	-	15	-	53
Depreciation and amortisation							
Property, plant and equipment	2 747	26	59	38	398	3	3 271
Intangible assets	131	58	23	4	97	1	314

¹⁾ Operating revenue per perfume

Parfums Samourai	2 706
Bentley Fragrances	1 593
Parfums Alain Delon	68
Art & Fragrance Distribution	371
Art & Fragrance Services	2 613
Total Operating revenue other brands	7 351

²⁾ The "Holding + elim." segment covers the holding and management companies and eliminations. The segment's assets mainly comprise 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.

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10. Transactions with Related Parties

in EUR thousand	30.06.2017	30.06.2016	Type of transaction
Liabilities			
Members of the Board of Directors of Lalique Group SA	14	14	Mont-Blanc Resourcing
Principal shareholder	3	-	Vignobles Silvio Denz, purchase of wine
Loans			
Loan from principal shareholder	22 927	24 841	

in EUR thousand	1 st semester 2017	1 st semester 2016	Type of transaction
Proceeds from:			
Affiliates under common control	58	6	Art & Terroir SA, rent
Principal shareholder	2	2	Proceeds from sale of Lalique objects
Expenditure of:			
Affiliates under common control	181	160	Ermitage Estate AG, rent
Principal shareholder	104	102	Interest on loans
	8	69	Wermuth Auktionen, purchase of wine
	5	3	Vignobles Silvio Denz, purchase of wine
	-	2	Villa Madura, purchase of wine
	7	20	Denz Weine, purchase of wine
Members of the Board of Directors of Lalique Group SA	58	57	Mont-Blanc Resourcing, consulting

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

11. Dividends

In accordance with the motion of the Board of Directors and the resolution passed at the Annual General Meeting held on 23 June 2017 in Zurich, dividends of CHF 0.50 per share were paid out. The principal shareholder waived the dividend payout of his stake of 72% of the share capital (3 602 000 shares). The total payout for the remaining shareholders, after deduction of the Company's treasury shares (23 590 shares at payout date) was CHF 687 thousand (gross amount).

12. Contingent Liabilities

Contingent liabilities are detailed in the Notes to the Consolidated Financial Statements 2016 (Note 28) and have remained unchanged since then, i.e. there are no contingent liabilities.

13. Events after the Balance Sheet Date

Lalique SA agreed on the 11 July 2017 to purchase the remaining 35% of Lalique Shanghai from its joint venture partner for a consideration of CNY 918 thousand. As Lalique SA already owns indirectly 65% the company is already fully consolidated. As such no impact on the consolidated financial statement of Lalique Group except for the allocation of the company's profit to owner of the parent company and non-controlling interests.

On 27 July 2017, Lalique SA has acquired 100 % of the Château Hochberg SAS shares for the price of EUR 1. Refurbished by Lalique, the hotel restaurant brasserie Château Hochberg in Wingen sur Moder is the perfect complement to the Relais & Château Hotel

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and 2 Michelin stars Restaurant Villa René Lalique, located in Wingen sur Moder as well.

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