

AD HOC ANNOUNCEMENT

Art & Fragrance makes headway in the first half of 2009

Zollikerberg near Zurich, 30 September 2009 – Art & Fragrance SA (BX:ARTN), which is active in the creation, development, marketing and worldwide distribution of luxury goods, made headway in its core operating business and in the realignment of Lalique in the first half of 2009. The loss at Group level, which includes costs of CHF 2.0 million related to the restructuring of Lalique, decreased to CHF -1.0 million. In the perfume segment, EBIT rose by 49% year-on-year.

In view of the global economic crisis, which hit the luxury goods sector particularly hard in many market areas, Art & Fragrance's core activities recorded satisfactory results in the first half of 2009. In the perfume segment, earnings before interest and taxes (EBIT) increased by 49% to CHF 2.0 million despite a 4% decrease in sales. The main driver was Parfums Alain Delon (Samourai), whose EBIT virtually tripled following a change of distributor and thanks to higher royalties. The operating results for Lalique Parfums and Parfums Grès increased too, although the comparison is distorted by the inclusion of sales of crystal perfumes by Lalique SA in the calculation for the Lalique Parfums brand portfolio for the previous period. Conversely, Jaguar Fragrances posted a marginally lower result due to price reductions on product lines that are being phased out. In the cosmetics segment, sales of Ultrasun products increased by around 10%, whilst EBIT decreased by 9% to CHF 650,000 following increased investments in marketing and advertising.

Lalique's crystal and jewellery segment, which is no longer fully consolidated in the balance sheet of Art & Fragrance as of the first half of 2009 due to the joint venture with Financière Saint-Germain (FSG), produced a participation loss of CHF -3.0 million pro rata. This reflects the gloomy consumer sentiment, which put a dampener on sales. A further CHF 2.0 million was also incurred in restructuring costs, associated primarily with the implementation of the social plan. The realignment of the traditional company is scheduled for completion by the end of the year. Art & Fragrance expects market conditions to remain difficult in 2010, although the savings made through restructuring and the synergies achieved with FSG-owned Haviland and Cristallerie Daum will have a positive impact on Lalique's result. Art & Fragrance expects Lalique to return to profit over the next few years.

Overall, in the first half of 2009, Art & Fragrance achieved sales of CHF 22.4 million (prior-year period: CHF 45.9 million, with the crystal and jewellery segment still fully consolidated), a negative EBIT of CHF -700,000 (CHF -5.0 million) and a loss at Group level of CHF -1.0 million (CHF -6.2 million). The increase in the financial result from CHF -900,000 to CHF 40,000 also contributed to the improvement in the overall result.

Roger von der Weid, CEO of Art & Fragrance: "In view of the market environment, we are satisfied with the progress we made in our core business and in restructuring Lalique in the first half of 2009. We also have confidence in our performance going forward, particularly once the restructuring of Lalique is complete. However, we do not expect market conditions to normalise before 2011. The new licence agreement signed with Nikki Beach should have a positive impact on our core business as of next summer."

Key performance data for Art & Fragrance

The complete half-year financial statement for 2009 can be downloaded at www.art-fragrance.com.

Notes on consolidation:

- 1st half of 2009: Lalique Parfums SA fully consolidated; Lalique SA (crystal and jewellery) consolidated according to the equity method.
- 1st half of 2008: Lalique SA (perfumes, crystal and jewellery) fully consolidated from February

In CHF million

| | 1st half of 2009 | 1st half of 2008 |
|---------------------------------|------------------|------------------|
| Operating revenue | 22.4 | 45.9 |
| Gross result | 9.5 | 28.8 |
| Salaries and wages | - 3.1 | - 18.2 |
| Other operating expenses | - 3.8 | - 14.0 |
| Lalique SA participation income | - 3.0 | n.a. |
| EBITDA | - 0.3 | - 3.4 |
| EBIT | - 0.7 | - 5.0 |
| EBIT margin | - 3.1% | - 10.9% |
| Financial result | 0.04 | - 0.9 |
| Net group profit | - 1.0 | - 6.2 |

In CHF

| | | |
|---------------------------|--------|--------|
| Earnings per share | - 0.20 | - 1.25 |
|---------------------------|--------|--------|

In CHF million

| | 30.06.2009 | 01.01.2009 |
|--|-------------|-------------|
| Total equity (after minority interests) | 53.4 | 80.6 |
| Equity ratio | 56% | 47% |



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Art & Fragrance is a niche player in the creation, development, marketing and global distribution of luxury goods, and specialises in perfumes, cosmetics, crystal and jewellery. Founded in 2000, the company employs approx. 430 staff and is headquartered in Zollikerberg near Zurich. The registered shares of Art & Fragrance (ARTN) are listed on the BX Berne eXchange.

Further information is available at www.art-fragrance.com.