EST. 1892
Abercrombie & Fitch
NEW YORK

Agent Provocateur

ANNA SUI

BANANA REPUBLIC

bebe

dunhill
LONDON

HOLLISTER
CALIFORNIA

Oscar de la Renta

SHANGHAI TANG
上海滩

BALMAIN
PARIS

BOUCHERON

COACH
NEW YORK

JIMMY CHOO

KARL LAGERFELD

LANVIN
PARIS

MONT BLANC

Paul Smith

Repetto
PARIS

ROCHAS
PARIS

S.T. Dupont
PARIS

Van Cleef & Arpels

interparfums, inc.

ANNUAL REPORT

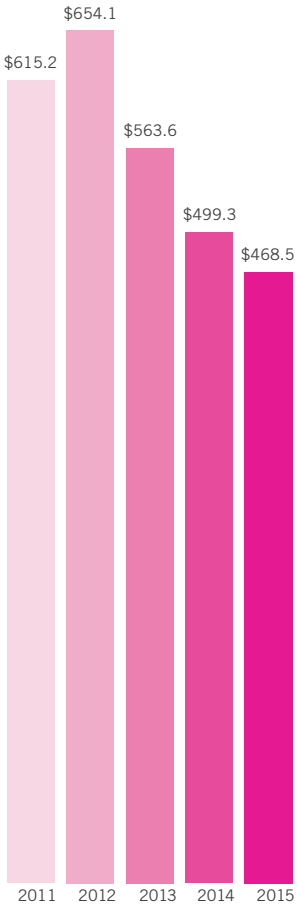
two thousand fifteen

2015

TABLE OF CONTENTS

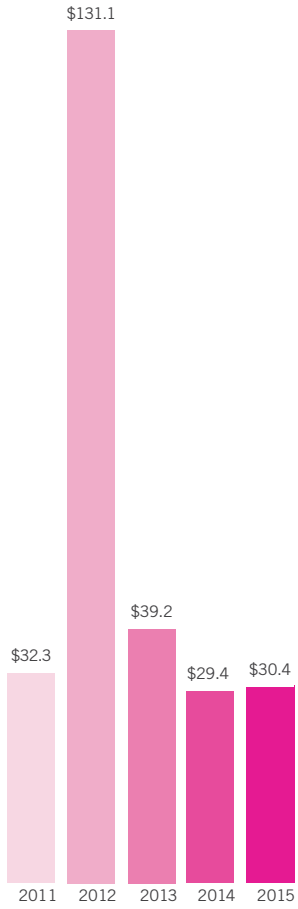
Financial Highlights 02
Letter to our Shareholders 04
The Company 08
The Products 14
The Organization 64

financial Highlights



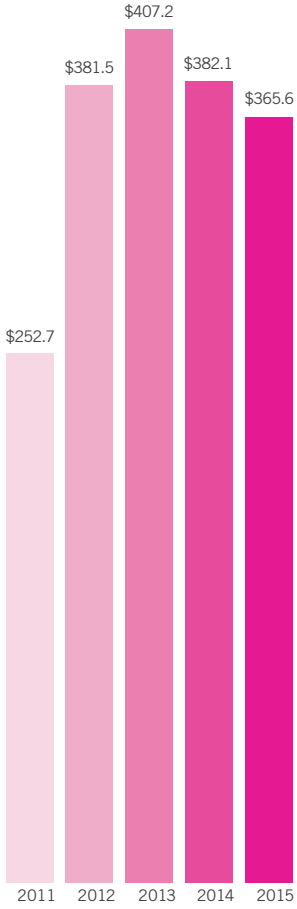
NET SALES

(In millions)



NET INCOME ATTRIBUTABLE TO INTER PARFUMS, INC.

(In millions)



INTER PARFUMS, INC. STOCKHOLDERS' EQUITY

(In millions)

SELECTED FINANCIAL DATA

The following selected financial data have been derived from our financial statements, and should be read in conjunction with those financial statements, including the related footnotes.

(In thousands, except per share data)

Years Ended December 31,	2015	2014	2013	2012	2011
INCOME STATEMENT DATA:					
Net Sales	$468,540	$499,261	$563,579	$654,117	$615,220
Cost of Sales	179,069	212,224	234,800	246,931	231,746
Selling, General and Administrative Expenses	228,268	233,634	250,025	325,799	315,698
Operating Income	61,203	53,403	78,754	278,414	66,939
Income Before Taxes	60,496	56,715	80,646	274,765	67,393
Net Income Attributable to the Noncontrolling Interest	8,532	7,909	11,755	45,754	10,646
Net Income Attributable to Inter Parfums, Inc.	30,437	29,436	39,211	131,136	32,303
Net Income Attributable to Inter Parfums, Inc. Common Shareholders' per Share:					
Basic	0.98	0.95	1.27	4.29	1.06
Diluted	0.98	0.95	1.27	4.26	1.05
Average Common Shares Outstanding:					
Basic	30,996	30,931	30,764	30,575	30,515
Diluted	31,100	31,060	30,954	30,716	30,678
Depreciation and Amortization	9,078	10,166	11,110	15,554	13,073
BALANCE SHEET AND OTHER DATA:					
Cash and Cash Equivalents	176,967	90,138	125,650	307,335	35,856
Short-Term Investments	82,847	190,152	181,677	—	—
Working Capital	337,674	382,935	399,344	366,680	205,730
Total Assets	687,659	604,506	664,058	759,920	516,034
Short-Term Bank Debt	—	298	6,104	27,776	11,826
Long-Term Debt (including current portion)	98,606	—	—	—	4,480
Inter Parfums, Inc. Shareholders' Equity	365,587	382,065	407,211	381,476	252,674
Dividends Declared per Share	0.52	0.48	0.96	0.32	0.32

2015 *letter to our* Shareholders

DEAR FELLOW SHAREHOLDERS,

Much was accomplished at Inter Parfums, Inc., in 2015, including:

- Steady sales growth for most major brands;
- Improved profitability;
- The addition of two prominent names, Rochas and Coach, to our brand portfolio;
- The extension of our license agreement with Montblanc, our largest fragrance brand; and,
- The launch of new scents for Montblanc, Jimmy Choo, Lanvin, Paul Smith, Balmain, Boucheron, Repetto, Karl Lagerfeld, Dunhill, Oscar de La Renta and Anna Sui.

FINANCIAL OVERVIEW

In a review of our performance for the year, it is useful to keep in mind that our reported financial results were impacted by changes in foreign currency exchange rates. In that regard, the average dollar/euro exchange rate for 2015 was 1.11, as compared to 1.33 for 2014. The strong U.S. dollar in 2015 had a negative impact on our net sales. However, earnings were positively affected by the strong dollar, because approximately 40% of net sales of our European operations are denominated in U.S. dollars, while almost all costs of our European operations are incurred in euro.

2015 FINANCIAL HIGHLIGHTS COMPARED TO 2014

- Net sales declined 6.2% to $468.5 million from $499.3 million in 2014; at comparable foreign currency exchange rates, net sales actually increased 1.5% year-over-year.
- Sales by European based operations were $362.7 million versus $394.0 million in 2014, but at comparable foreign currency exchange rates, net sales for European based operations were up a modest 1.8%.
- U.S. based operations generated net sales of $105.8, up 1% from 2014's $105.3 million.
- Gross margin was 61.8% compared to 57.5% in 2014.
- S, G & A expense as a percentage of sales was 48.7% compared to 46.8%.
- Net income attributable to Inter Parfums, Inc. was $30.4 million or $0.98 per diluted share, up from $29.4 million or $0.95 per diluted share in 2014.
- Our business generated cash flows from operating activities of approximately $50.1 million in 2015, up from 2014's $36.6 million.
- We closed the year with working capital of $338 million, including approximately $260 million in cash,

Philippe Benacin and Jean Madar

cash equivalents and short-term investments, resulting in a working capital ratio of 3.6 to 1.

- At year-end, long-term debt including current maturities aggregated $98.6 million, which relates to the financing of our May 2015 acquisition of the Rochas brand. Once again, based on our strong balance sheet, consistent cash flows, and favorable outlook, our Board of Directors increased our regular quarterly cash dividend, this time by 15% to $0.15 per share, or $0.60 per share annually.

BUSINESS OVERVIEW

HIGHLIGHTS OF EUROPEAN-BASED OPERATIONS

It is hard to understate the currency impact and its obscuration of the performance on sales of our European operations in 2015. As noted, our reported sales were down year-over-year, however, in local currency, our sales in our three largest markets for European operations, namely North America, Western Europe and Asia turned in growth of 25%, 10% and 3%, respectively. Top line growth was also achieved in some of the smaller markets, such as Middle East and Eastern Europe.

When we look at our three largest European based brands, we see a similar story. For our largest brand, Montblanc, sales increased 6% in local currency in 2015, but declined 12% in dollars to just under $100 million. Even in dollars, Montblanc brand sales growth has been nothing short of phenomenal, producing a four year compound annual growth rate of 23.1%. Therefore we were delighted to extend our license agreement with Montblanc by five years through December 31, 2025.

Similarly we recorded $92.4 million in Jimmy Choo fragrance sales in 2015, an 18% year-over-year increase in dollars, but in local currency, the increase was a far more impressive 41%. For Jimmy Choo fragrances, our second largest brand, our track record in dollars is nearly as impressive with a four year compound annual growth rate of 22.7%. With only line extensions and flankers in 2015, Lanvin brand sales were off 6% in local currency as compared to 2014, but in dollars the decline was 21%.

We had a number of new product launches and brand extensions in 2015. These include the *Lady Emblem* line for Montblanc, which was built upon the brand's foundational fragrance families, *Legend* and *Emblem*. The *Jimmy Choo Blossom* flanker, *Jimmy Choo Illicit*, and the excellent performance of *Jimmy Choo Man* which debuted in 2014, were the catalysts for brand growth in 2015. In 2015, although there were no major launches for our third largest brand, Lanvin, we brought to market two brand extensions for the very enduring *Éclat* Lanvin pillar, *Éclat de Fleurs* and *Éclat d'Arpège Pour Homme*. It's interesting to note, if not counterintuitive, that the brand turned in a good performance in Eastern Europe, including Russia, one of its dominant markets, despite prevailing difficult economic conditions.

Also in 2015, two men's and women's fragrance duos debuted, *Quatre* for Boucheron and *Private Klub* for Karl Lagerfeld. In addition, there were new scents created and introduced for some of our smaller niche brands, including Paul Smith, Balmain and Repetto.

Two major events took place in 2015 for our European based operations. The first was in April 2015 when we announced an 11-year exclusive worldwide fragrance license agreement with Coach, Inc., a leading New York design house of modern luxury accessories and lifestyle collections. Since signing that agreement, we have begun the development and production of new Coach perfumes for international distribution to department stores, specialty stores, duty free shops and Coach retail stores. Our first new Coach fragrance launch will be a women's scent scheduled for the fall of 2016, initially debuting in the U.S. and Asia. Then in 2017, the first new men's line, which is now in the works, will come to market in the second half of the year.

The other major event of 2015 was the May acquisition of the Rochas brand and trademarks for $108 million. Founded as a luxury fashion house by Marcel Rochas in 1925, the brand expanded into fragrance in the 1950s, which remains the largest part of the Rochas business, with, among others, the enduring *Eau de Rochas* fragrance line. In addition to the fragrance business, we acquired the fashion and accessory business operating through a portfolio of license agreements. The purchase price was financed by a five-year €100 million loan; however, we subsequently entered into a swap transaction effectively exchanging the variable interest rate to a fixed rate of approximately 1.2%, thus reducing our exposure to rising variable interest rates while keeping high levels of cash, cash equivalents and short-term investments intact, ready for future opportunities that may require quick responsiveness.

Our initial focus for Rochas was on existing fragrance lines, and we updated and refreshed the brand's images from packaging to advertising. By year-end the Rochas brand was successfully integrated and produced $13.4 million in brand sales, including over $1 million in royalties, most of which were recorded in the fourth quarter. It is worth noting that Spain and France are dominant markets for Rochas. Therefore, we have a very large opportunity ahead when we launch our first new women's scent in 50 countries in 2017.

Coming to market in 2016, we have Montblanc and Jimmy Choo brand extensions, *Legend Spirit* and *Illicit Flower*, respectively; a new women's line for Lanvin unveiling in France with global distribution to follow in 2017; a new men's and women's line for Van Cleef & Arpels; and as noted earlier, our first Coach scent for women. We are also well along in our planning for 2017, which will include launches for a new women's scent for Lanvin, a new collection for Boucheron, a line extension for the Jimmy Choo signature scent along with, as already noted, a men's scent for Coach, and a women's scent for Rochas.

HIGHLIGHTS OF U.S.-BASED OPERATIONS

The transition of our U.S. based operations into a prestige fragrance business has made it an increasingly important contributor to our overall growth and success. For example, our Dunhill fragrance business achieved 2015 sales of $22.3 million, up nearly 37% from 2014 due in great part to the launch of Dunhill *Icon* and flanker *Icon Absolute*. Similarly, 2015 sales of Oscar de la Renta fragrances were up 18% to $18.6 million from one year earlier benefitting from the launch of *Extraordinary*. Disappointing but understandable, Anna Sui fragrance sales suffered a significant decline as the brand's primary market, China, is undergoing economic difficulties.

We have come to recognize that in the world of fragrance, the line between specialty retail and prestige often blurs depending the brand, the geographic market where the product is sold and the demographics of the target customer. We will have the opportunity to put this observation, backed by past experience, to the test with the Abercrombie & Fitch and Hollister brands. Under the 7-year agreement inked in December 2014, we are developing and producing new perfumes and fragrance-related products under the Abercrombie & Fitch and Hollister brand names. Abercrombie & Fitch Co. is a leading global specialty retailer of high-quality, casual apparel for men, women and children with an active, youthful lifestyle under its Abercrombie & Fitch and Hollister brands. We are gearing up for our initial fragrance launches in 2016, starting with a men's scent for Abercrombie & Fitch and a duo for Hollister during the spring and summer time frame, which will be sold in department stores and duty free shops internationally and in Abercrombie & Fitch and Hollister retail and on-line stores.

2016 should be an excellent year for our U.S. operations. In addition to initial product launches for Abercrombie & Fitch and Hollister, Dunhill is building on its Icon pillar with still another flanker, *Icon Elite*. For the Oscar de la Renta brand, our first flanker for *Extraordinary*, *Extraordinary Pétale*, is now in stores. *Oscar Gentleman* will make its debut as will two variations of the 1977 signature women's scent, customized for the geographic markets where they will be sold. Agent Provocateur unveils *Aphrodisiaque* and *Pure Aphrodisiaque*, and new scents for Anna Sui are also in the works.

CONCLUSION

We have every reason for confidence in the future of Inter Parfums. This confidence comes from the breadth of our established brand portfolio, our track record of turning new brand associations into successful partnerships, our global distribution footprint, our more than 300 members of our highly disciplined, dedicated and creative staff, and a very strong financial position. We have the flexibility to disengage from brands and businesses that no longer fit our model along with the know-how and resources to evaluate and act upon potential promising new opportunities.

Sincerely yours,

Jean Madar
Chairman of the Board
Chief Executive Officer

Philippe Benacin
Vice Chairman of the Board
& President

Montblanc *Legend Spirit*

the Company

***Balmain** Homme*

WE ARE INTER PARFUMS, INC. WE OPERATE IN THE FRAGRANCE BUSINESS, AND MANUFACTURE, MARKET AND DISTRIBUTE A WIDE ARRAY OF FRAGRANCES AND FRAGRANCE RELATED PRODUCTS. ORGANIZED UNDER THE LAWS OF THE STATE OF DELAWARE IN MAY 1985 AS JEAN PHILIPPE FRAGRANCES, INC., WE CHANGED OUR NAME TO INTER PARFUMS, INC. IN JULY 1999. WE HAVE ALSO RETAINED OUR BRAND NAME, JEAN PHILIPPE FRAGRANCES, FOR SOME OF OUR MASS MARKET PRODUCTS.

Our worldwide headquarters and the office of our three (3) wholly-owned United States subsidiaries, Jean Philippe Fragrances, LLC and Inter Parfums USA, LLC, both New York limited liability companies, and IP Beauty, Inc. (formerly Nickel USA, Inc.), a Delaware corporation, are located at 551 Fifth Avenue, New York, New York 10176, and our telephone number is 212.983.2640. We also own 100% of Inter Parfums USA Hong Kong Limited indirectly through our 100% owned subsidiary, Inter Parfums USA, LLC.

Our consolidated wholly-owned subsidiary, Inter Parfums Holdings S.A., and its majority-owned subsidiary, Interparfums SA, maintain executive offices at 4, Rond Point des Champs Elysées, 75008 Paris, France. Our telephone number in Paris is 331.5377.0000. Interparfums SA is the majority owner of Inter Parfums Gmbh, a distr bution subsidiary for Germany, and is the sole owner of three (3) distribution subsidiaries, Inter Parfums srl for Italy, Inter España Parfums et Cosmetiques, SL, covering the territory of Spain, and Interparfums Luxury Brands, Inc., a Delaware corporation for distribution of prestige brands in the United States. In connection with the recent acquisition of the Rochas brand, Interparfums SA has also formed Parfums Rochas Spain, SL, a Spanish limited liability company, 51% owned by Interparfums SA. Interparfums SA is also the sole owner of Interparfums (Suisse) SARL, a company formed to hold and manage certain brand names, and Interparfums Singapore Pte., Ltd., an Asian sales and marketing office.

Our common stock is listed on The Nasdaq Global Select Market under the trading symbol “IPAR”. The common shares of our subsidiary, Interparfums SA, are traded on the NYSE Euronext Exchange.

Rochas

We maintain our internet website at www.interparfumsinc.com, which is linked to the Securities and Exchange Commission Edgar database. You can obtain through our website, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, interactive data files, current reports on Form 8-K, beneficial ownership reports (Forms 3, 4 and 5) and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 as soon as reasonably practicable after they have been electronically filed with or furnished to the SEC.

We operate in the fragrance business and manufacture, market and distribute a wide array of fragrance and fragrance related products. We manage our business in two segments, European-based operations and United States-based operations. Prestige fragrance products are produced and marketed by both our United States operations, and our European operations, the latter, through our 73% owned subsidiary in Paris, Interparfums SA, which is also a publicly traded company, as 27% of Interparfums SA shares trade on the NYSE Euronext.

Our business is not capital intensive, and it is important to note that we do not own manufacturing facilities. We act as a general contractor and source our needed components from our suppliers. These components are received at one of our distribution centers and then, based upon production needs, the components are sent to one of several third party fillers which manufacture the finished product for us and deliver them to one of our distribution centers.

Our prestige products focus on niche brands, each with a devoted following. By concentrating in markets where the brands are best known, we have had many successful launches. We typically launch new fragrance families for our brands every year or two, with some frequent "seasonal" fragrances introduced as well.

The creation and marketing of each product family is intimately linked with the brand's name, its past and present positioning, customer base and, more generally, the prevailing market atmosphere. Accordingly, we generally study the market for each proposed family of fragrance products for almost a full year before we introduce any new product into the mar-

ket. This study is intended to define the general position of the fragrance family and more particularly its scent, bottle, packaging and appeal to the buyer. In our opinion, the unity of these four elements of the marketing mix makes for a successful product.

As with any business, many aspects of our operations are subject to influences outside our control. We discuss in greater detail risk factors relating to our business in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and the reports that we file from time to time with the Securities and Exchange Commission.

EUROPEAN OPERATIONS

We produce and distribute our fragrance products primarily under license agreements with brand owners, and fragrance product sales through our European operations represented approximately 77% of net sales for 2015. We have built a portfolio of prestige brands, which include *Balmain, Boucheron, Coach, Jimmy Choo, Karl Lagerfeld, Lanvin, Montblanc, Paul Smith, S.T. Dupont, Repetto, Rochas* and *Van Cleef & Arpels,* whose products are distributed in over 100 countries around the world.

We own the Lanvin brand name for our class of trade, and license the Montblanc and Jimmy Choo brand names; for the year ended December 31, 2015, sales of product for these brands represented 15%, 21% and 20% of net sales, respectively.

UNITED STATES OPERATIONS

Prestige brand fragrance products are also marketed through our United States operations, and represented 23% of sales for the year ended December 31, 2015. These fragrance products are sold under trademarks owned by us or pursuant to license or other agreements with the owners of brands, which include *Abercrombie & Fitch, Agent Provocateur, Anna Sui, Banana Republic, bebe, Dunhill, Hollister, French Connection, Oscar de la Renta,* and *Shanghai Tang* brands.

BUSINESS STRATEGY

FOCUS ON PRESTIGE BEAUTY BRANDS

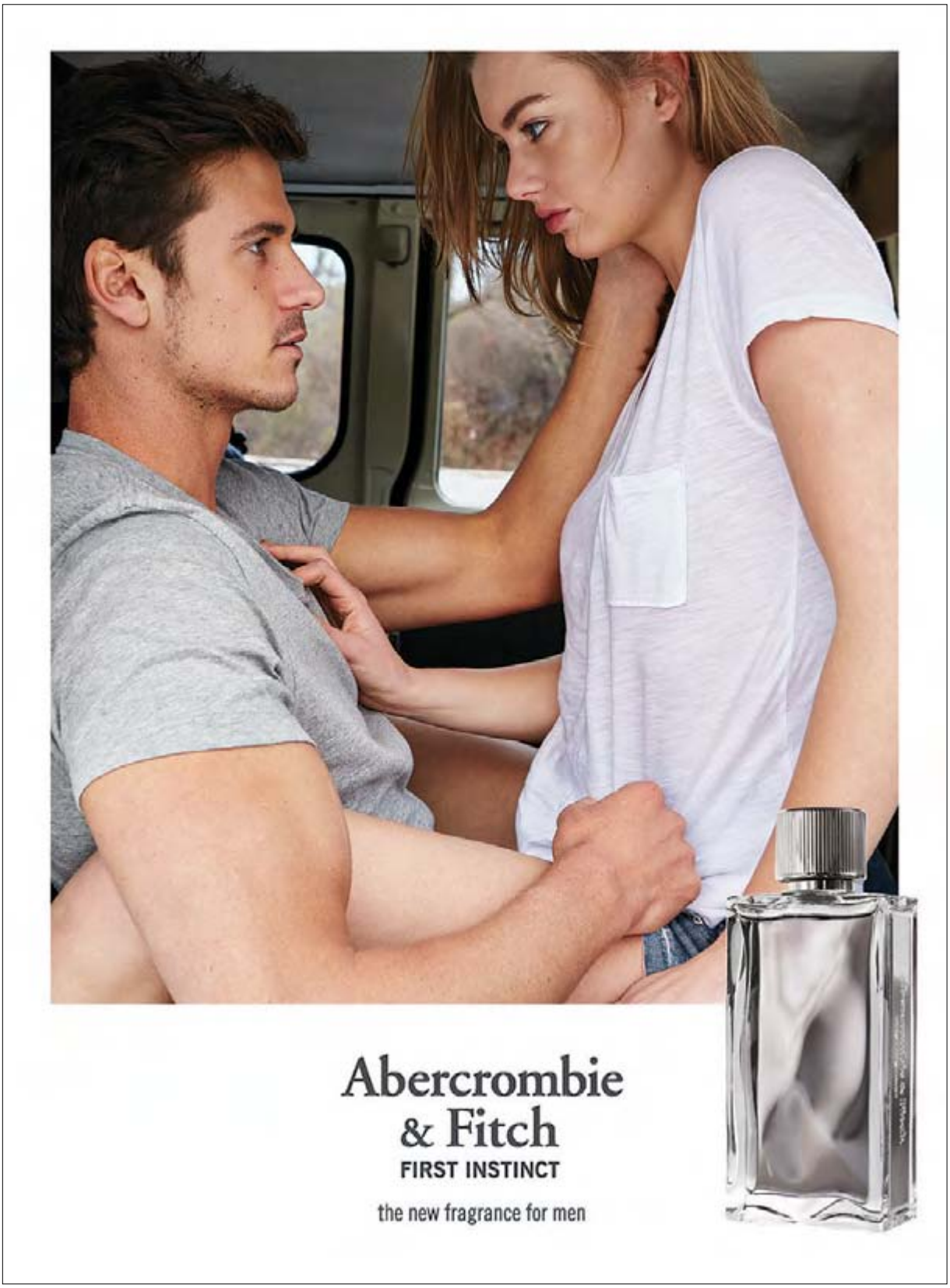
Prestige beauty brands are expected to contribute significantly to our growth. We focus on developing and launching quality fragrances utilizing internationally renowned brand names. By identifying and concentrating in the most receptive market segments and territories where our brands are known, and executing highly targeted launches that capture the essence of the brand, we have had a history of successful launches. Certain fashion designers and other licensors choose us as a partner because our Company's size enables us to work more closely with them in the product development process as well as our successful track record.

GROW PORTFOLIO BRANDS THROUGH NEW PRODUCT DEVELOPMENT AND MARKETING

We grow through the creation of fragrance family extensions within the existing brands in our portfolio. Every year or two, we create a new family of fragrances for each brand in our portfolio. We frequently introduce "seasonal" fragrances as well. With new introductions, we leverage our ability and experience to gauge trends in the market and further leverage the brand name into different product families in order to maximize sales and profit potential. We have had success in introducing new fragrance families (sub-brands, flanker brands or flankers) within our brand franchises. Furthermore, we promote the smooth and consistent performance of our prestige perfume operations through knowledge of the market, detailed analysis of the image and potential of each brand name, a "good dose" of creativity and a highly professional approach to international distribution channels.

CONTINUE TO ADD NEW BRANDS TO OUR PORTFOLIO THROUGH NEW LICENSES OR ACQUISITIONS

Prestige brands are the core of our business and we intend to add new prestige beauty brands to our portfolio. Over the past twenty years, we have built our portfolio of well-known prestige brands through acquisitions and new license agreements. We intend to further build on our success in prestige fragrances and pursue new licenses and acquire new brands to strengthen our position in the prestige beauty market. To that end, during 2014, we signed fragrance licenses for Abercrombie & Fitch and Hollister brands, and in 2015, we signed the fragrance license for Coach and French Connection, extended our Montblanc fragrance license and purchased the Rochas brand. As of December 31, 2015, we had cash, cash equivalents and short-term investments of approximately $260 million, which we believe should assist us in entering new brand licenses or outright acquisitions. However, we cannot assure you that we will be able to enter into any future agreements, or acquire brands or assets on terms favorable to us, or if we do, that any such transaction will be successful. We identify prestige brands that can be developed and marketed into a full and varied product fam-



Abercrombie & Fitch *First Instinct*

ilies and, with our technical knowledge and practical experience gained over time, take licensed brand names through all phases of concept, development, manufacturing, marketing and distribution.

EXPAND EXISTING PORTFOLIO INTO NEW CATEGORIES

We intend to continue to broaden our product offering beyond the fragrance category and offer other fragrance related products and personal care products under some of our existing brands. We believe such product offerings meet customer needs and further strengthen customer loyalty.

CONTINUE TO BUILD GLOBAL DISTRIBUTION FOOTPRINT

Our business is a global business and we intend to continue to build our global distribution footprint. In order to adapt to changes in the environment and our business, we have formed and are operating joint ventures or distribution subsidiaries in the major markets of the United States, Italy, Spain and Germany for distribution of prestige fragrances. We may look into future joint ventures arrangements or acquire distribution companies within other key markets to distribute certain of our prestige brands. While building a global distribution footprint is part of our long-term strategy, we may need to make certain decisions based on the short-term needs of the business. We believe that in certain markets, vertical integration of our distribution network may be one of the keys to future growth of our Company, and ownership of such distribution should enable us to better serve our customers' needs in local markets and adapt more quickly as situations may determine.

RECENT DEVELOPMENTS

MONTBLANC

In October 2015, we extended our license agreement with Montblanc by five years. The original agreement, signed in 2010, provided us with the exclusive worldwide license rights to create, produce and distribute fragrances and fragrance related products under the Montblanc brand through December 31, 2020. The new 10-year agreement, which went into effect on January 1, 2016, extends the partnership through December 31, 2025 without any material changes in operating conditions from the prior license. The license agreement is subject to certain minimum sales, advertising expenditures and royalty payments as are customary in our industry.

FRENCH CONNECTION

In September 2015, we entered into a 12-year license agreement to create, produce and distribute fragrances and fragrance related products under the French Connection brand names. The agreement is subject to certain minimum advertising expenditures and royalty payments as are customary in our industry. The license agreement was subject to certain conditions precedent, which have now been satisfied, and the Company took over distribution of selected fragrances within the brand's existing fragrance portfolio in 2016.

ROCHAS

In May 2015, we acquired the Rochas brand from The Procter & Gamble Company. This transaction includes all brand names and registered trademarks for Rochas (*Femme, Madame, Eau de Rochas,* etc.), mainly for class 3 (cosmetics) and class 25 (fashion). Substantially the entire €106 million purchase price for the assets acquired (approximately $118 million), including approximately $5.4 million in acquisition related expenses, was allocated to trademarks with indefinite lives including approximately $21 million of which was allocated to fashion trademarks. An additional $4.4 million was paid for related inventory.

The cost of the acquisition was paid in cash on the closing date and was financed entirely through a 5-year term loan payable in equal quarterly installments plus interest. In order to reduce exposure to rising variable interest rates, the Company entered into a swap transaction effectively exchanging the variable interest rate to a fixed rate of approximately 1.2%. The swap is a derivative instrument and is therefore recorded at fair value and changes in fair value are reflected in the accompanying consolidated statements of income.

COACH

In April 2015, we entered into an 11-year exclusive worldwide license with Coach, Inc. to create, produce and distribute new men's and women's fragrances and fragrance related products under the Coach brand name. We will distribute these fragrances globally to department stores, specialty stores and duty free shops, as well as in Coach

retail stores beginning in 2016. The agreement is subject to certain minimum sales, advertising expenditures and royalty payments as are customary in our industry.

PRODUCTION AND SUPPLY

THE STAGES OF THE DEVELOPMENT AND PRODUCTION PROCESS FOR ALL FRAGRANCES ARE AS FOLLOWS:

- Simultaneous discussions with perfume designers and creators (includes analysis of aesthetic and olfactory trends, target clientele and market communication approach)
- Concept choice
- Produce mock-ups for final acceptance of bottles and packaging
- Receive bids from component suppliers (glass makers, plastic processors, printers, etc.) and packaging companies
- Choose suppliers
- Schedule production and packaging
- Issue component purchase orders
- Follow quality control procedures for incoming components; and
- Follow packaging and inventory control procedures.

SUPPLIERS WHO ASSIST US WITH PRODUCT DEVELOPMENT INCLUDE:

- Independent perfumery design companies (Aesthete, Carré Basset, PI Design, Cent Degres)
- Perfumers (IFF, Givaudan, Firmenich, Robertet, Takasago, Mane) which create a fragrance consistent with our expectations and, that of the fragrance designers and creators;
- Bottle manufacturers (Pochet du Courval, SGD, Verreries Brosse, Bormioli Luigi, Stoelzle Masnières), caps (Qualipac, ALBEA, RPC, Codiplas, Jackel, CMSI) or boxes (Edelmann, Autajon, Alliora, Nortier, Draeger);
- Production specialists who carry out packaging (CCI, Edipar, Jacomo, SDPP, MF Productions, Biopack) or logistics (SAGA for storage, order preparation and shipment).

Suppliers' accounts for our European operations are primarily settled in euro and for our United States operations, suppliers' accounts are primarily settled in U.S. dollars. For our European operations, prestige fragrances, components and contract filling needs are purchased from many different suppliers located around the world. For United States operations, components for our prestige fragrances are primarily sourced, produced and filled in the United States, and our mass market products are primarily manufactured, produced or filled in the United States or China.

MARKETING AND DISTRIBUTION

Our products are distributed in over 100 countries around the world through a selective distribution network. For the majority of our international distribution, we contract with independent distribution companies specializing in luxury goods. In each country, we designate anywhere from one to three distributors on an exclusive basis for one or more of our name brands. We also distribute our products through variety of duty free operators, such as airports and airlines and select vacation destinations.

As our business is a global one, we intend to continue to build our global distribution footprint. For distribution of brands within our European based operations we operate through our distribution subsidiaries in the major markets of the United States, Italy, Spain and Germany. Our third party distributors vary in size depending on the number of competing brands they represent. This extensive and diverse network together with our own distribution subsidiaries provides us with a significant presence in over 100 countries around the world.

Approximately 40% of our European based prestige fragrance net sales are denominated in U.S. dollars. We address certain financial exposures through a controlled program of risk management that includes the use of derivative financial instruments. We primarily enter into foreign currency forward exchange contracts to reduce the effects of fluctuating foreign currency exchange rates.

The business of our European operations has become increasingly seasonal due to the timing of shipments by our majority-owned distribution subsidiaries to their customers, which are weighted to the second half of the year.

For our United States operations, we distribute product to approved retailers and distributors in the United States as well as internationally, including duty free and other travel-related retailers. We utilize our in house sales team to reach our third party distributors and customers outside the United States. In addition, the business of our United States operations has become increasingly seasonal as shipments are weighted toward the second half of the year.

the Products

WE ARE THE OWNER OF THE ROCHAS BRAND, AND LANVIN BRAND NAME AND TRADEMARK FOR OUR CLASS OF TRADE. IN ADDITION, WE HAVE BUILT A PORTFOLIO OF LICENSED PRESTIGE BRANDS WHEREBY WE PRODUCE AND DISTRIBUTE OUR PRESTIGE FRAGRANCE PRODUCTS UNDER LICENSE AGREEMENTS WITH BRAND OWNERS. UNDER LICENSE AGREEMENTS, WE OBTAIN THE RIGHT TO USE THE BRAND NAME, CREATE NEW FRAGRANCES AND PACKAGING, DETERMINE POSITIONING AND DISTRIBUTION, AND MARKET AND SELL THE LICENSED PRODUCTS, IN EXCHANGE FOR THE PAYMENT OF ROYALTIES. OUR RIGHTS UNDER LICENSE AGREEMENTS ARE ALSO GENERALLY SUBJECT TO CERTAIN MINIMUM SALES REQUIREMENTS AND ADVERTISING EXPENDITURES AS ARE CUSTOMARY IN OUR INDUSTRY.

Our exclusive worldwide licenses for these brands expire on the following dates:

Brand Name	Expiration Date
Abercrombie & Fitch	December 31, 2021
Agent Provocateur	December 31, 2023
Anna Sui	December 31, 2021, plus two 5-year optional terms if certain conditions are met
Balmain	December 31, 2023
Banana Republic	December 31, 2016
bebe Stores	June 30, 2017
Boucheron	December 31, 2025, plus a 5-year optional term if certain sales targets are met
Coach	June 30, 2026
Dunhill	September 30, 2023, subject to earlier termination on September 30, 2019, if certain minimum sales are not met
Hollister	December 31, 2021
Jimmy Choo	December 31, 2021
Karl Lagerfeld	October 31, 2032
Montblanc	December 31, 2025
Oscar de la Renta	December 31, 2025, plus a 5-year optional term if certain sales targets are met
Paul Smith	December 31, 2017
Repetto	December 31, 2024
Shanghai Tang	December 31, 2025, subject to earlier termination on December 31, 2019, if certain minimum sales are not met; subject to 2-year extensions unless 1-year advance notice not to renew is provided
S.T. Dupont	December 31, 2016
Van Cleef & Arpels	December 31, 2018, plus a 5-year optional term if certain sales targets are met

In connection with the acquisition of the Lanvin brand names and trademarks, we granted Lanvin the right to repurchase the brand names and trademarks in 2025 for the greater of €70 million (approximately $76 million) or one times the average of the annual sales for the years ending December 31, 2023 and 2024.

fragrance Portfolio

EST. 1892

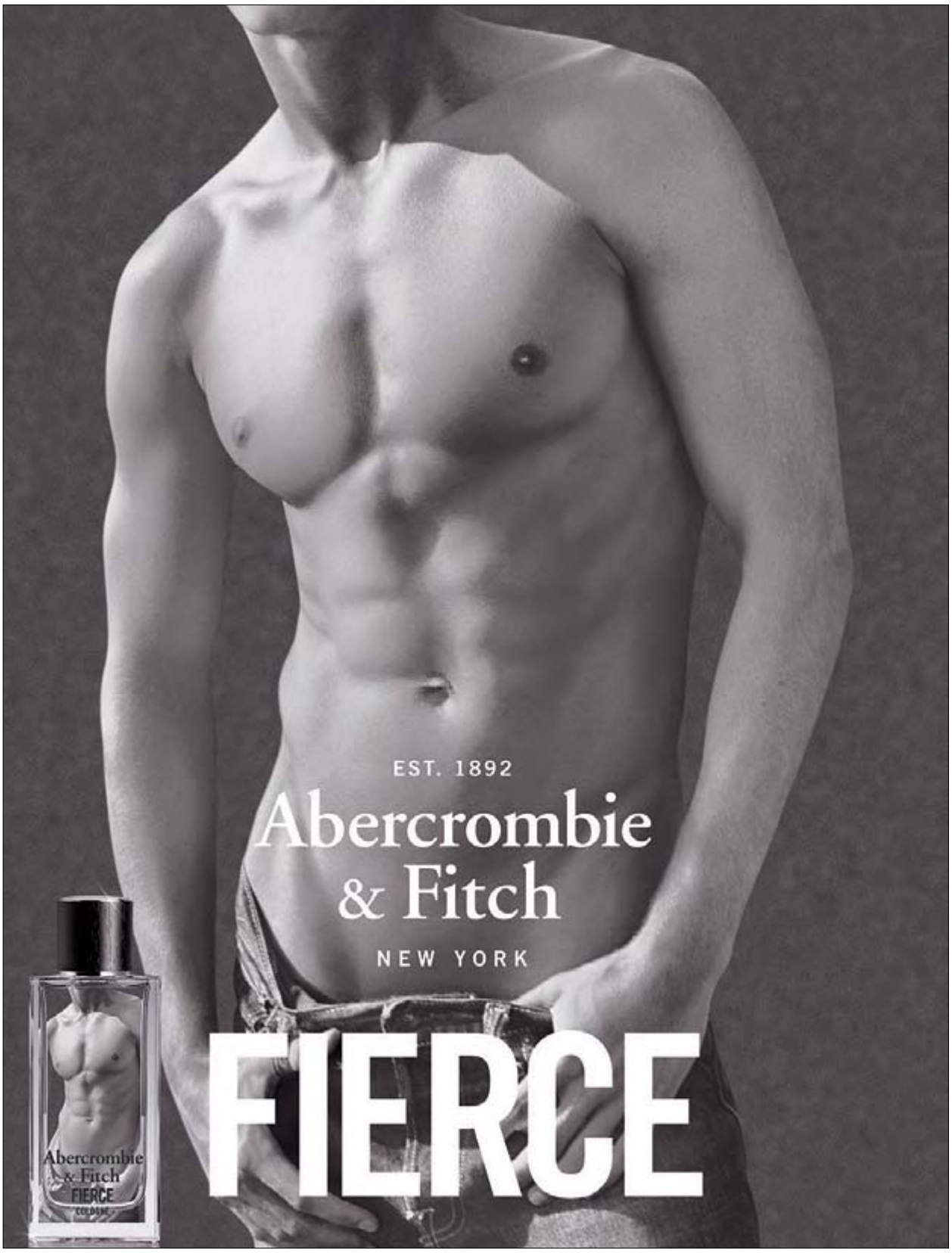
Abercrombie & Fitch

NEW YORK

ABERCROMBIE & FITCH

In December 2014, we entered into a 7-year exclusive worldwide license to create, produce and distribute new fragrances and ancillaries under the Abercrombie & Fitch brand name. The Company will distribute these fragrances internationally in specialty stores, high-end department stores and duty free shops, and in the U.S., in duty free shops and in Abercrombie & Fitch retail and on-line stores. A new men's scent is planned for Abercrombie & Fitch in 2016. A women's Abercrombie & Fitch scent is in development for 2017.

Abercrombie & Fitch stands for effortless American style. Since 1892, the brand has been known for its attention to detail with designs that embody simplicity and casual luxury. Rooted in a heritage of quality craftsmanship, Abercrombie & Fitch continues to bring its customers iconic, modern classics with an aspirational look, feel, and attitude.



Abercrombie & Fitch *Fierce*

Agent Provocateur *Fatale Intense*

Agent Provocateur

AGENT PROVOCATEUR

In July 2013, we entered into a 10.5-year exclusive worldwide license to create, produce and distribute fragrances and fragrance related products under London-based luxury lingerie brand, Agent Provocateur. In 2013, we commenced distribution of selected fragrances within the brand's legacy fragrance portfolio and in 2014, we launched our first new Agent Provocateur scents, *Fatale* and *Fatale Pink*. In 2016, we plan to launch Agent Provocateur *Aphrodisiaque*, our second fragrance family for the brand. Agent Provocateur fragrance sales are concentrated in the United Kingdom and the Middle East.

Founded in 1994 by Joseph Corré, and Serena Rees and acquired by the private equity firm, 3i Group plc in 2007, Agent Provocateur is an iconic, globally-recognized brand, breaking new ground with every collection and rightfully earning its place as a benchmark brand in the world of lingerie. It is a brand that is confident, sensual and irreverent. Agent Provocateur celebrates and empowers women with a unique brand image renowned for being provocative and yet always leaving something to the imagination.

In recent years, Agent Provocateur has been opening doors at a steady growth and plans to continue to grow its door count, especially in Asia. Currently, its products which extend into swimwear, bridal and accessories, are sold globally, at 100 of its own boutiques and shop-in-shops within the finest department stores, as well as specialty stores and on-line.

ANNA SUI

ANNA SUI

In June 2011, we entered into a 10-year exclusive worldwide fragrance license agreement to produce and distribute fragrances and fragrance related products under the Anna Sui brand. Our rights under the agreement commenced on January 1, 2012 when we took over production and distribution of the existing Anna Sui fragrance collections.

We are working in partnership with American designer, Anna Sui, and her creative team to build upon the brand's growing customer appeal, and develop new fragrances that capture the brand's very sweet feminine girly aspect, combined with touch of nostalgia, hipness and rock-and-roll. Anna Sui's devoted customer base, which spans the world, is especially strong in Asia.

Anna Sui product sales have declined in the past two years primarily owing to the slowdown in the Chinese economy where the brand is especially popular. We have continued to build the brand after our 2013 successful launch of *La Vie de Bohème*. In 2015, we released our second new Anna Sui fragrance family, *Romantica*, and we have several flankers in development for 2016.

Anna Sui *Romantica*

Balmain *Extatic*

BALMAIN

PARIS

BALMAIN

In July 2011, we entered into a 12-year exclusive worldwide license agreement to create, produce and distribute fragrances and fragrance related products under the Balmain brand. Our rights under the agreement commenced on January 1, 2012 when we took over the production and distribution of existing Balmain fragrances for men and women.

The Balmain couture house was founded in 1945 by Pierre Balmain. In recent years, Balmain has undergone a significant transformation. With the redefinition of its image in ready-to-wear, the brand has become a reference for style, while retaining its distinctive design codes from the haute couture universe. In doing so, the brand has become a major trendsetter. Our first new Balmain women's fragrance, *Extatic*, made its debut in 2014 in selective distribution and in 2015, we launched a new men's scent *Balmain Homme*.

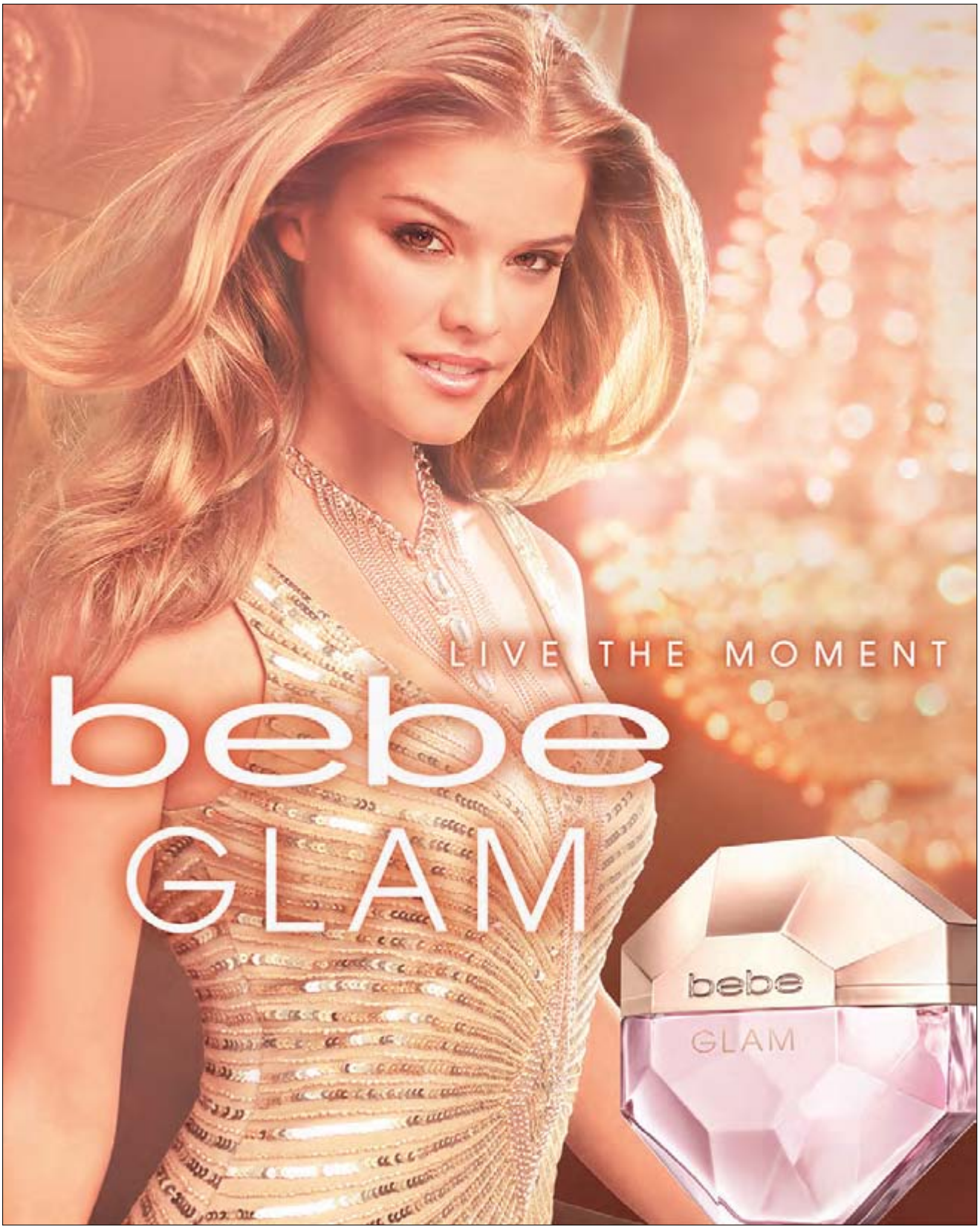
BANANA REPUBLIC

BANANA REPUBLIC

Our relationship with the Gap and Banana Republic brands dates back to 2005. Our rights to produce and sell Gap branded products to Gap retail stores in the United States and Canada expired in December 2014, and international rights expired December 31, 2015.

In 2015, we renewed our agreement with Banana Republic to develop, produce, manufacture and distribute fragrances for Banana Republic branded products to be sold in Banana Republic retail stores in the United States and Canada and our license agreement for international distribution of Banana Republic product to specialty and department stores outside the United States, including duty free and other travel related retailers through December 31, 2016. If the agreement is not renewed, then we would have until December 31, 2017 to sell off all remaining inventory. Banana Republic products currently available include: *Classic, W, Alabaster, Rosewood, Slate, Black Walnut, Cordovan, Wildbloom* and *Modern.*

Banana Republic *Modern*



bebe *Glam*

bebe

bebe STORES

In July 2008, we entered into an exclusive 6-year worldwide agreement with bebe Stores, Inc., that was renewed through June 30, 2017, under which we design, manufacture and supply fragrances for company-owned bebe stores in the United States and Canada, as well as select specialty and department stores worldwide. We have incorporated bebe's signature look into fragrances for the brand's strong, hip, sexy, and sophisticated clientele. Scents currently available for domestic and international markets include: *bebe, bebe Sheer, bebe Gold* and *bebe Glam.*

BOUCHERON
PARIS

BOUCHERON

In December 2010, we entered into an exclusive worldwide license agreement for the creation, development and distribution of fragrances under the Boucheron brand. Boucheron is the French jeweler "par excellence". Founded by Frederic Boucheron in 1858, the House has produced some of the world's most beautiful and precious creations. Today Boucheron creates jewelry and timepieces and, under license from global brand leaders, fragrances and sunglasses. Currently Boucheron operates through over 40 boutiques worldwide as well as an e-commerce site.

Our first new fragrance under the Boucheron brand, *Jaïpur Bracelet*, debuted in 2012, and *Boucheron Place Vendôme*, which has a beautiful glasswork bottle with a cabochon, the emblematic stone of House Boucheron, was released in 2013. In 2015, we launched a new fragrance duo for the Boucheron brand around its iconic Quatre ring, *Boucheron Quatre*, which received a favorable market response.

Boucheron *Quatre*

Montblanc *Lady Emblem*

MONTBLANC

In October 2015, we extended our license agreement with Montblanc by five years. The original agreement, signed in 2010, provided us with the exclusive worldwide license rights to create, produce and distribute fragrances and fragrance related products under the Montblanc brand through December 31, 2020. The new 10-year agreement, which went into effect on January 1, 2016, extends the partnership through December 31, 2025 without any material changes in operating conditions from the prior license.

Montblanc has achieved a world-renowned position in the luxury segment and has become a purveyor of exclusive products, which reflect today's exacting demands for timeless design, tradition and master craftsmanship. Through its leadership positions in writing instruments, watches and leather goods, promising growth outlook in women's jewelry, active presence in more than 70 countries, network of more than 350 boutiques worldwide and high standards of product design and quality, Montblanc has quickly grown to be our largest and fastest growing fragrance brand.

In 2011, we launched our first new Montblanc fragrance, *Legend*, which quickly became our best-selling men's line. In 2012, we launched our first women's fragrance under the Montblanc brand, and our second men's line, *Emblem*, was launched in 2014. Montblanc has quickly become our largest selling brand, and for 2015, the Montblanc *Legend* line was the 11th best-selling fragrance line in the United States. The *Emblem* line was expanded in 2015 to include, Montblanc *Emblem Intense* and the new women's scent, *Lady Emblem*. For 2016, we are further extending our successful Montblanc *Legend* line with a new men's scent, Montblanc *Legend Spirit*.

OSCAR DE LA RENTA

In October 2013, we entered into a 12-year exclusive worldwide license to create, produce and distribute fragrances and fragrance related products under the Oscar de la Renta brand, which closed in December 2013. In 2014, we took over distribution of fragrances within the brand's legacy fragrance portfolio. Our first new women's fragrance under the Oscar de la Renta brand, *Extraordinary*, was launched in 2015. For 2016, in addition to several flankers that are launching throughout the year in certain markets, we are planning to debut a new men's fragrance family, Oscar de la Renta *Gentlemen*.

Oscar de la Renta is one of the world's leading luxury goods firms. The New York-based company was established in 1965, and encompasses a full line of women's accessories, bridal, childrenswear, fragrance, beauty and home goods, in addition to its internationally renowned signature women's ready-to-wear collection. Oscar de la Renta products are sold globally in fine department and specialty stores, www.oscardelarenta.com and through wholesale channels. The Oscar de la Renta brand has a loyal following in the United States, Canada and Latin America.

Oscar de la Renta *Extraordinary Pétale*

Paul Smith *Essential*

Paul Smith

PAUL SMITH

We signed an exclusive worldwide license agreement with Paul Smith in December 1998 for the creation, development and distribution of Paul Smith fragrances. In 2008, we extended this license for an additional seven years through December 31, 2017.

Paul Smith is an internationally renowned British designer who creates fashion with a clear identity. Paul Smith has a modern style which combines elegance, inventiveness and a sense of humor and enjoys a loyal following, especially in the UK and Japan. Fragrances include: *Paul Smith*, *Paul Smith Extreme*, *Paul Smith Rose*, *Paul Smith Man 2* and *Paul Smith Essential*.

Repetto

PARIS

REPETTO

In December 2011, we entered into a 13-year exclusive worldwide license agreement to create, produce and distribute fragrances under the Repetto brand.

Created in 1947 by Rose Repetto at the request of her son, dancer and choreographer Roland Petit, Repetto is today a legendary name in the world of dance. For a number of years, it has developed timeless and must-have collections with a fully modernized signature style ranging from dance shoes, ballet slippers, flat shoes, and sandals to more recently handbags and high-end accessories.

With Repetto boutiques in 37 countries, the brand is branching out into Asia, notably China, Hong Kong, Singapore, Thailand, South Korea and Japan where its mix of cross-generational appeal and French chic has been met with unprecedented enthusiasm. Our first Repetto fragrance line was launched in 2013 and a floral scent was added in 2015. The brand has experienced gradual sales penetration in France, but slower acceptance internationally.

Repetto *Eau Florale*

Rochas *Eau de Rochas*

ROCHAS
PARIS

ROCHAS

In May 2015, we acquired the Rochas brand from The Procter & Gamble Company. Founded by Marcel Rochas in 1925, the brand began as a fashion house and expanded into perfumery in the 1950s under Hélène Rochas' direction. This transaction included all brand names and registered trademarks for Rochas (*Femme, Madame, Eau de Rochas,* etc.), mainly for class 3 (cosmetics) and class 25 (fashion). Substantially the entire €106 million purchase price for the assets acquired (approximately $118 million) was allocated to trademarks with indefinite lives, including approximately $5.4 million in acquisition related expenses.

This acquisition opens up a new page in the Company's history by integrating for the first time both fragrances and fashion. This will allow us to apply a global approach to managing a fragrance brand with complete freedom in terms of creativity and aesthetic choices, as well as a very high degree of visibility to establish a position of even greater preeminence for Rochas in the luxury goods universe. Rochas brand sales currently include approximately $2 million of royalties generated by the fashion and accessory business via its portfolio of license agreements. Our first new fragrance for Rochas is under development, and is expected to launch 2017.

SHANGHAI TANG
滩 海 上

SHANGHAI TANG

In July 2013, we created a wholly-owned Hong Kong subsidiary, Inter Parfums USA Hong Kong Limited, which entered into a 12-year exclusive worldwide license to create, produce and distribute fragrances under China's leading luxury brand, Shanghai Tang. Our first Shanghai Tang fragrance collection for men and women debuted in 2015.

Founded in 1994, Shanghai Tang is the leading Chinese luxury brand with international recognition and distribution. As the global curator of modern Chinese chic, Shanghai Tang champions the richness and beauty of the Chinese culture through its contemporary lifestyle offer of apparel and accessories for men, women and children, as well as home collections. Shanghai Tang supports an international network of 45 boutiques, including the world's largest lifestyle flagship–The Shanghai Tang Mansion in Hong Kong, and its largest flagship Boutique, The Cathay Mansion in Shanghai, China and on-line.

Shanghai Tang *Gold Lily*

S.T. Dupont *So Dupont*

S.T. Dupont PARIS

S.T. DUPONT

In June 1997, we signed an exclusive worldwide license agreement with S.T. Dupont for the creation, manufacture and distribution of S.T. Dupont fragrances. In 2011, the agreement was renewed and now runs through December 31, 2016. S.T. Dupont is a French luxury goods house founded in 1872, which is known for its fine writing instruments, lighters and leather goods.

S.T. Dupont fragrances include: *S.T. Dupont*, *S.T. Dupont Essence Pure*, *S.T. Dupont Noir*, *S.T. Dupont Blanc*, *S.T. Dupont Passenger*, *S.T. Dupont Intense*, *S.T. Dupont Passenger Cruise*, *58 avenue Montaigne*, *So Dupont* and *Paris Saint-Germain*.

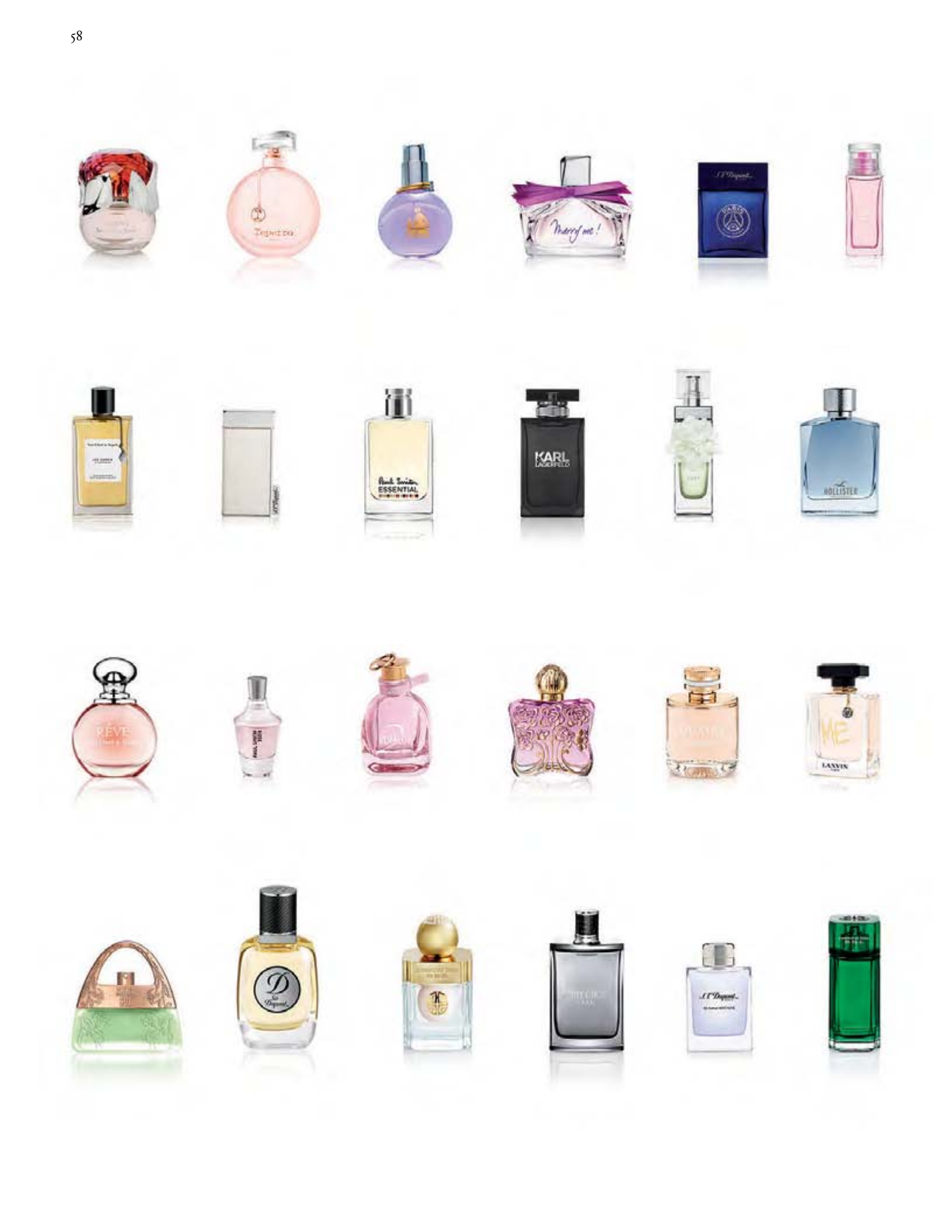
Van Cleef & Arpels

VAN CLEEF & ARPELS

In September 2006, we entered into an exclusive worldwide license agreement for the creation, development and distribution of fragrance products under the Van Cleef & Arpels brand and related trademarks.

Van Cleef & Arpels fragrances in current distribution include: *First*, *Van Cleef pour Homme*, *Tsar*, *Van Cleef*, *First 1er Bouquet*, *Féerie*, *Collection Extraordinaire*, *Oriens*, *Midnight in Paris* and *Rêve.* For 2016, we anticipate launching a new men's line, *In New York*, and a new women's line, *So First.*

Van Cleef & Arpels *Ambre Impérial*


Marry me!
ESSENTIAL
KARL
LAGERFELD
HOLLISTER
RÊVE
ME
LANVIN

S.T.Dupont
MODERN
FLASH
LANVIN
LANVIN

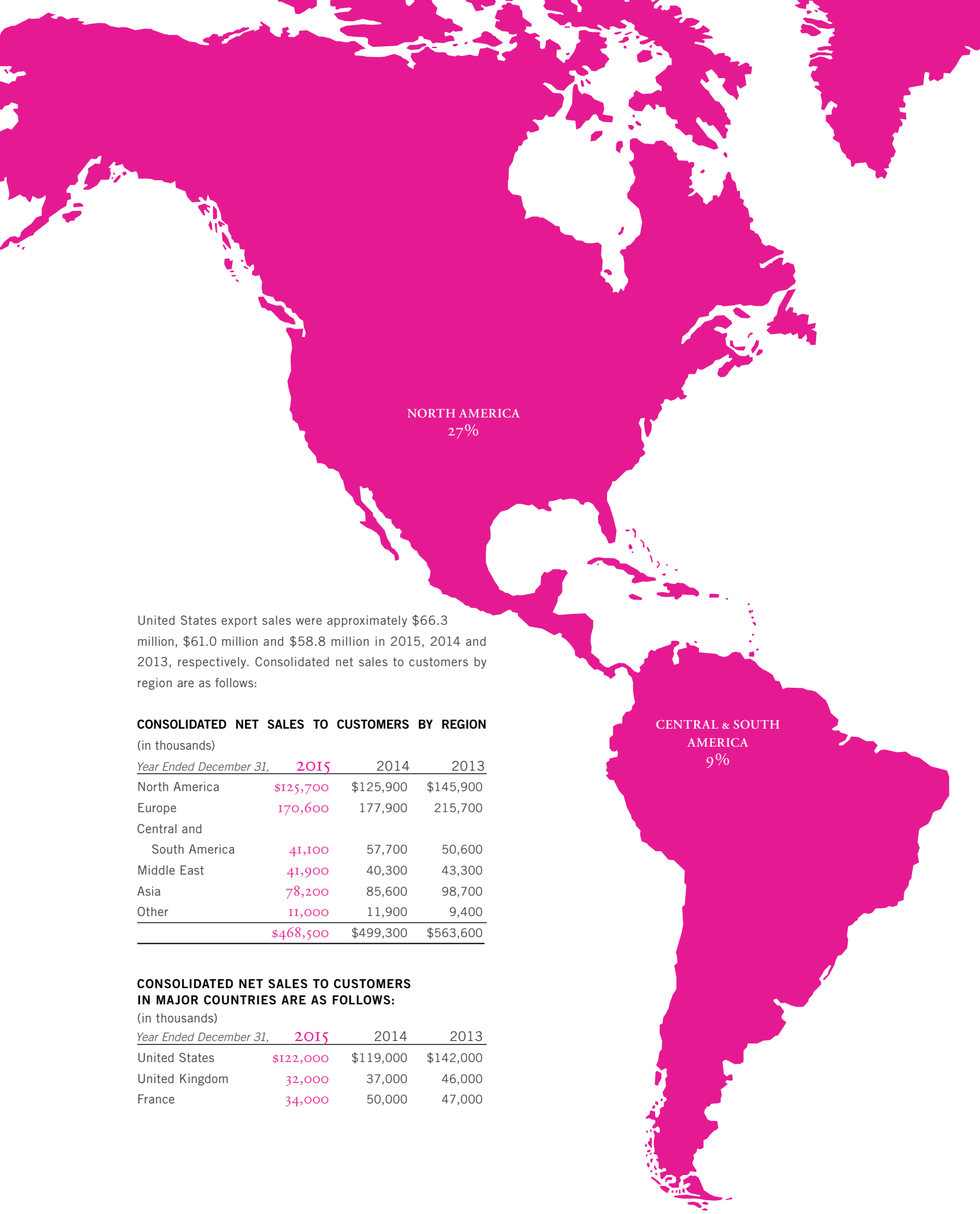
Lanvin *Éclat d'Arpège Pour Homme*

QUARTERLY DATA: (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands, Except Per Share Data)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Net Sales	$109,249	$102,021	$138,944	$118,326	$468,540
Gross Margin	67,610	60,325	85,826	75,710	289,471
Net Income	13,305	5,520	18,634	1,510	38,969
Net Income Attributable to					
Inter Parfums, Inc.	10,007	4,351	14,220	1,859	30,437
Net Income Attributable to					
Inter Parfums, Inc. per Share:					
Basic	$0.32	$0.14	$0.46	$0.06	$0.98
Diluted	$0.32	$0.14	$0.46	$0.06	$0.98
Average Common Shares Outstanding:					
Basic	30,979	30,988	31,005	31,012	30,996
Diluted	31,072	31,107	31,098	31,125	31,100

QUARTERLY DATA: (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands, Except Per Share Data)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Net Sales	$121,730	$118,192	$134,206	$125,133	$499,261
Gross Margin	69,230	68,116	75,328	74,363	287,037
Net Income	12,150	7,667	13,764	3,764	37,345
Net Income Attributable to					
Inter Parfums, Inc.	8,894	6,109	11,113	3,320	29,436
Net Income Attributable to					
Inter Parfums, Inc. per Share:					
Basic	$0.29	$0.20	$0.36	$0.11	$0.95
Diluted	$0.29	$0.20	$0.36	$0.11	$0.95
Average Common Shares Outstanding:					
Basic	30,900	30,938	30,941	30,945	30,931
Diluted	31,058	31,069	31,054	31,061	31,060



United States export sales were approximately $66.3 million, $61.0 million and $58.8 million in 2015, 2014 and 2013, respectively. Consolidated net sales to customers by region are as follows:

CONSOLIDATED NET SALES TO CUSTOMERS BY REGION
(in thousands)

Year Ended December 31,	2015	2014	2013
North America	$125,700	$125,900	$145,900
Europe	170,600	177,900	215,700
Central and South America	41,100	57,700	50,600
Middle East	41,900	40,300	43,300
Asia	78,200	85,600	98,700
Other	11,000	11,900	9,400
	$468,500	$499,300	$563,600

CONSOLIDATED NET SALES TO CUSTOMERS IN MAJOR COUNTRIES ARE AS FOLLOWS:
(in thousands)

Year Ended December 31,	2015	2014	2013
United States	$122,000	$119,000	$142,000
United Kingdom	32,000	37,000	46,000
France	34,000	50,000	47,000

EUROPE
36%
ASIA
17%
MIDDLE EAST
9%

the Organization

ALL CORPORATE FUNCTIONS,

Including product analysis and development, production and sales, and finance are coordinated at the Company's corporate headquarters in New York and at the corporate offices of Interparfums SA in Paris. Each company is organized into two operational units that report directly to general management, and European operations ultimately report to Mr. Benacin and United States operations ultimately report to Mr. Madar.

FINANCE, INVESTOR RELATIONS AND ADMINISTRATION:

Russell Greenberg in the United States and Philippe Santi in France:

- Financial policy and communication, investor relations;
- Financial accounting, cost accounting, budgeting and cash flow management;
- Disclosure requirements of the Securities and Exchange Commission and Commission des Operations de Bourse;
- Labor relations, tax and legal matters and management information systems.

OPERATIONS:

Henry B. Clarke and Alex Canavan in the United States, and Axel Marot in France:

- Product development;
- Logistics and transportation;
- Purchasing and industrial relations;
- Quality control and inventory cost supervision.

EXPORT SALES:

Herve Bouillonnec in the United States and Frédéric Garcia-Pelayo in France:

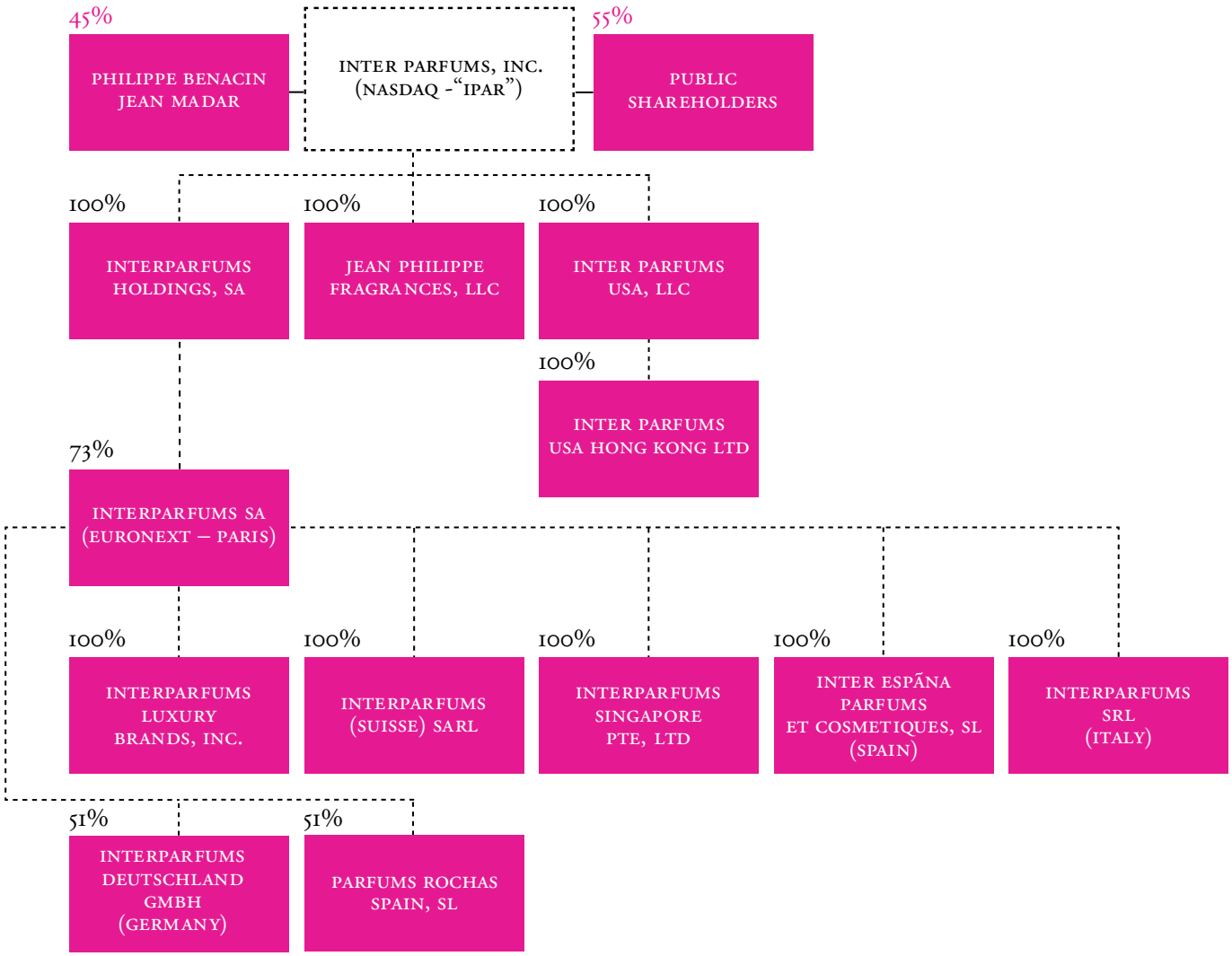
- International development strategy;
- Establishment of distributor networks and negotiation of contracts;
- Monitoring of profit margins and advertising expenditures.

DOMESTIC (HOME COUNTRY) SALES:

Michel Bes in the United States and Jérôme Thermoz in France:

- Establish and apply domestic sales strategy and distribution policy;
- Sales team management and development;
- Monitoring of profit margins and advertising expenditures.

SIMPLIFIED CHART OF THE ORGANIZATION



CONTENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations 67
Reports on Internal Control Over Financial Reporting 78
Report of Independent Registered Public Accounting Firm 80
Financial Statements 81
Directors and Executive Officers 99
Corporate and Market Information 100

management's discussion and analysis of financial condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We operate in the fragrance business, and manufacture, market and distribute a wide array of fragrances and fragrance related products. We manage our business in two segments, European based operations and United States based operations. Certain prestige fragrance products are produced and marketed by our European operations through our 73% owned subsidiary in Paris, Interparfums SA, which is also a publicly traded company as 27% of Interparfums SA shares trade on the NYSE Euronext.

We produce and distribute our European based fragrance products primarily under license agreements with brand owners, and European based fragrance product sales represented approximately 77%, 79% and 82% of net sales for 2015, 2014 and 2013, respectively. We have built a portfolio of prestige brands, which include *Balmain, Boucheron, Coach, Jimmy Choo, Karl Lagerfeld, Lanvin, Montblanc, Paul Smith, S.T. Dupont, Repetto, Rochas* and *Van Cleef & Arpels,* whose products are distributed in over 100 countries around the world.

Until early 2013, Burberry was our most significant license as Burberry products represented 23% of net sales for the year ended December 31, 2013. (See Note 2 "Termination of Burberry License" in notes to consolidated financial statements on page 89 of this Annual Report). With respect to the Company's largest brands, we own the Lanvin brand name for its class of trade, and license the Montblanc and Jimmy Choo brand names. As a percentage of net sales, product sales for the Company's largest brands were as follows:

Year Ended December 31,	2015	2014	2013
Montblanc	21%	22%	15%
Lanvin	15%	18%	15%
Jimmy Choo	20%	16%	13%

Through our United States operations we also market fragrance and fragrance related products. United States operations represented 23%, 21% and 18% of net sales in 2015, 2014 and 2013, respectively. These fragrance products are sold or to be sold primarily pursuant to license or other agreements with the owners of the *Abercrombie & Fitch, Agent Provocateur, Anna Sui, Banana Republic, bebe, Dunhill, French Connection, Hollister, Oscar de la Renta,* and *Shanghai Tang* brands.

Quarterly sales fluctuations are influenced by the timing of new product launches as well as the third and fourth quarter holiday season. In certain markets where we sell directly to retailers, seasonality is more evident. We sell directly to retailers in France as well as through our own distribution subsidiaries in Italy, Germany, Spain and the United States.

We grow our business in two distinct ways. First, we grow by adding new brands to our portfolio, either through new licenses or other arrangements or outright acquisitions of brands. Second, we grow

through the introduction of new products and supporting new and established products through advertising, merchandising and sampling as well as phasing out existing products that no longer meet the needs of our consumers. The economics of developing, producing, launching and supporting products influence our sales and operating performance each year. Our introduction of new products may have some cannibalizing effect on sales of existing products, which we take into account in our business planning.

Our business is not capital intensive, and it is important to note that we do not own manufacturing facilities. We act as a general contractor and source our needed components from our suppliers. These components are received at one of our distribution centers and then, based upon production needs, the components are sent to one of several third party fillers, which manufacture the finished product for us and then deliver them to one of our distribution centers.

As with any global business, many aspects of our operations are subject to influences outside our control. We believe we have a strong brand portfolio with global reach and potential. As part of our strategy, we plan to continue to make investments behind fast-growing markets and channels to grow market share.

During 2015, the economic and political uncertainty and financial market volatility taking place in certain European countries, the Middle East, China and Brazil had a small negative impact on our business, and at this time we do not believe it will significantly affect our overall business for the foreseeable future. However, if the degree of uncertainty or volatility worsens or is prolonged, then there will likely be a negative effect on ongoing consumer confidence, demand and spending and as a result, our business. Currently, we believe general economic and other uncertainties still exist in select markets in which we do business, and we continue to monitor global economic uncertainties and other risks that may affect our business.

Our reported net sales are impacted by changes in foreign currency exchange rates. A strong U.S. dollar has a negative impact on our net sales. However, earnings are positively affected by a strong dollar, because approximately 40% of net sales of our European operations are denominated in U.S. dollars, while almost all costs of our European operations are incurred in euro. Our Company addresses certain financial exposures through a controlled program of risk management that includes the use of derivative financial instruments. We primarily enter into foreign currency forward exchange contracts to reduce the effects of fluctuating foreign currency exchange rates.

RECENT IMPORTANT EVENTS

MONTBLANC

In October 2015, we extended our license agreement with Montblanc by five years. The original agreement, signed in 2010, provided us with the exclusive worldwide license rights to create, produce and distribute fragrances and fragrance related products under the Montblanc brand through December 31, 2020. The new 10-year agreement, which went into effect on January 1, 2016, extends the partnership through December 31, 2025 without any material changes in operating conditions from the prior license. The license agreement is subject to certain minimum sales, advertising expenditures and royalty payments as are customary in our industry.

FRENCH CONNECTION

In September 2015, we entered into a 12-year license agreement to create, produce and distribute fragrances and fragrance related products under the French Connection brand names. The agreement is subject to certain minimum advertising expenditures and royalty payments as are customary in our industry. The license agreement was subject to certain conditions precedent, which have now been satisfied, and we took over distribution of selected fragrances within the brand's existing fragrance portfolio in 2016.

ROCHAS

In May 2015, we acquired the Rochas brand from The Procter & Gamble Company. This transaction includes all brand names and registered trademarks for Rochas (*Femme, Madame, Eau de Rochas,* etc.), mainly for class 3 (cosmetics) and class 25 (fashion). Substantially the entire €106 million purchase price for the assets acquired (approximately $118 million), including approximately $5.4 million in acquisition related expenses, was allocated to trademarks with indefinite lives including approximately $21 million of which was allocated to fashion trademarks. An additional $4.4 million was paid for related inventory.

COACH

In April 2015, we entered into an 11-year exclusive worldwide license with Coach, Inc. to create, produce and distribute new men's and women's fragrances and fragrance related products under the Coach brand name. We will distribute these fragrances globally to department stores, specialty stores and duty free shops, as well as in Coach retail stores beginning in 2016. The agreement is subject to certain minimum sales, advertising expenditures and royalty payments as are customary in our industry.

DISCUSSION OF CRITICAL ACCOUNTING POLICIES

We make estimates and assumptions in the preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations. These accounting policies generally require our management's most difficult and subjective judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management of the Company has discussed the selection of significant accounting policies and the effect of estimates with the Audit Committee of the Board of Directors.

REVENUE RECOGNITION

We sell our products to department stores, perfumeries, specialty stores, mass market retailers, supermarkets and domestic and international wholesalers and distributors. Sales of such products by our domestic subsidiaries are denominated in U.S. dollars and sales of such products by our foreign subsidiaries are primarily denominated in either euro or U.S. dollars. We recognize revenues when merchandise is shipped and the risk of loss passes to the customer. Net sales are comprised of gross revenues less returns, trade discounts and allowances.

ACCOUNTS RECEIVABLE

Accounts receivable represent payments due to the Company for previously recognized net sales, reduced by allowances for sales returns and doubtful accounts. Accounts receivable balances are written-off against the allowance for doubtful accounts when they become uncollectible. Recoveries of accounts receivable previously recorded against the allowance are recorded in the consolidated statement of income when received. We generally grant credit based upon our analysis of the customer's financial position as well as previously established buying patterns.

SALES RETURNS

Generally, we do not permit customers to return their unsold products. However, for U.S. distribution of our prestige products, we allow returns if properly requested, authorized and approved. We regularly review and revise, as deemed necessary, our estimate of reserves for future sales returns based primarily upon historic trends and relevant current data, including information provided by retailers regarding their inventory levels. In addition, as necessary, specific accruals may be established for significant future known or anticipated events. The types of known or anticipated events that we have considered, and will continue to consider, include, but are not limited to, the financial condition of our customers, store closings by retailers, changes in the retail environment and our decision to continue to support new and existing products. We record estimated reserves for sales returns as a reduction of sales, cost of sales and accounts receivable. Returned products are recorded as inventories and are valued based upon estimated realizable value. The physical condition and marketability of returned products are the major factors we consider in estimating realizable value. Actual returns, as well as estimated realizable values of returned products, may differ significantly, either favorably or unfavorably, from our estimates, if factors such as economic conditions, inventory levels or competitive conditions differ from our expectations.

INVENTORIES

Inventories are stated at the lower of cost or market value. Cost is principally determined by the first-in, first-out method. We record adjustments to the cost of inventories based upon our sales forecast and the physical condition of the inventories. These adjustments are estimates, which could vary significantly, either favorably or unfavorably, from actual requirements if future economic conditions or competitive conditions differ from our expectations.

EQUIPMENT AND OTHER LONG-LIVED ASSETS

Equipment, which includes tools and molds, is recorded at cost and is depreciated on a straight-line basis over the estimated useful lives of such assets. Changes in circumstances such as technological advances, changes to our business model or changes in our capital spending strategy can result in the actual useful lives differing from our estimates. In those cases where we determine that the useful life of equipment should be shortened, we would depreciate the net book value in excess of the salvage value, over its revised remaining useful life, thereby

increasing depreciation expense. Factors such as changes in the planned use of equipment, or market acceptance of products, could result in shortened useful lives.

We evaluate indefinite-lived intangible assets for impairment at least annually during the fourth quarter, or more frequently when events occur or circumstances change, such as an unexpected decline in sales, that would more likely than not indicate that the carrying value of an indefinite-lived intangible asset may not be recoverable. When testing indefinite-lived intangible assets for impairment, the evaluation requires a comparison of the estimated fair value of the asset to the carrying value of the asset. The fair values used in our evaluations are estimated based upon discounted future cash flow projections using a weighted average cost of capital of 8.02%. The cash flow projections are based upon a number of assumptions, including, future sales levels and future cost of goods and operating expense levels, as well as economic conditions, changes to our business model or changes in consumer acceptance of our products which are more subjective in nature. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment charge is recorded.

We believe that the assumptions we have made in projecting future cash flows for the evaluations described above are reasonable and currently no impairment indicators exist for our indefinite-lived intangible assets. However, if future actual results do not meet our expectations, we may be required to record an impairment charge, the amount of which could be material to our results of operations.

At December 31, 2015 indefinite-lived intangible assets aggregated $119.5 million. The following table presents the impact a change in the following significant assumptions would have had on the calculated fair value in 2015 assuming all other assumptions remained constant:

	Change	Increase (decrease) to fair value
Weighted average cost of capital	+10%	$(12.3)
Weighted average cost of capital	-10%	$ 15.1
Future sales levels	+10%	$ 12.4
Future sales levels	-10%	$(12.4)

Intangible assets subject to amortization are evaluated for impairment testing whenever events or changes in circumstances indicate that the carrying amount of an amortizable intangible asset may not be recoverable. If impairment indicators exist for an amortizable intangible asset, the undiscounted future cash flows associated with the expected service potential of the asset are compared to the carrying value of the asset. If our projection of undiscounted future cash flows is in excess of the carrying value of the intangible asset, no impairment charge is recorded. If our projection of undiscounted future cash flows is less than the carrying value of the intangible asset, an impairment charge would be recorded to reduce the intangible asset to its fair value. The cash flow projections are based upon a number of assumptions, including future sales levels and future cost of goods and operating expense levels, as well as economic conditions, changes to our business model or changes in consumer acceptance of our products which are more subjective in nature. We believe that the assumptions we have made in projecting future cash flows for the evaluations described above are reasonable and currently no impairment indicators exist for our intangible assets subject to amortization. In those cases where we determine that the useful life of long-lived assets should be shortened, we would depreciate the net book value in excess of the salvage value (after testing for impairment as described above), over the revised remaining useful life of such asset thereby increasing amortization expense.

In determining the useful life of our Lanvin brand names and trademarks, we applied the provisions of ASC topic 350-30-35-3. The only factor that prevented us from determining that the Lanvin brand names and trademarks were indefinite life intangible assets was Item c. “Any legal, regulatory, or contractual provisions that may limit the useful life.” The existence of a repurchase option in 2025 may limit the useful life of the Lanvin brand names and trademarks to the Company. However, this limitation would only take effect if the repurchase option were to be exercised and the repurchase price was paid. If the repurchase option is not exercised, then the Lanvin brand names and trademarks are expected to continue to contribute directly to the future cash flows of our Company and their useful life would be considered to be indefinite.

With respect to the application of ASC topic 350-30-35-8, the Lanvin brand names and trademarks would only have a finite life to our Company if the repurchase option were exercised, and in applying ASC topic 350-30-35-8, we assumed that the repurchase option is exercised. When exercised, Lanvin has an obligation to pay the exercise price and the Company would be required to convey the Lanvin brand names and trademarks back to Lanvin. The exercise price to be received (Residual Value) is well in excess of the carrying value of the Lanvin brand names and trademarks, therefore no amortization is required.

DERIVATIVES

We account for derivative financial instruments in accordance with ASC topic 815, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. This topic also requires the recognition of all derivative instruments as either assets or liabilities on the balance sheet and that they are measured at fair value.

We currently use derivative financial instruments to hedge certain anticipated transactions and interest rates, as well as receivables denominated in foreign currencies. We do not utilize derivatives for trading or speculative purposes. Hedge effectiveness is documented, assessed and monitored by employees who are qualified to make such assessments and monitor the instruments. Variables that are external to us such as social, political and economic risks may have an impact on our hedging program and the results thereof.

INCOME TAXES

The Company accounts for income taxes using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in its financial statements or tax returns. The net deferred tax assets assume sufficient future earnings for their realization, as well as the continued application of currently anticipated tax rates. Included in net deferred tax assets is a valuation allowance for deferred tax assets, where management believes it is more-likely-than-not that the deferred tax assets will not be realized in the relevant jurisdiction. If the Company determines that a deferred tax asset will not be realizable, an adjustment to the deferred tax asset will result in a reduction of net income at that time. In addition, the Company follows the provisions of uncertain tax positions as addressed in ASC topic 740-10-65-1.

QUANTITATIVE ANALYSIS

During the three-year period ended December 31, 2015, we have not made any material changes in our assumptions underlying these critical accounting policies or to the related significant estimates. The results of our business underlying these assumptions have not differed significantly from our expectations.

While we believe the estimates we have made are proper and the related results of operations for the period are presented fairly in all material respects, other assumptions could reasonably be justified that would change the amount of reported net sales, cost of sales, and selling, general and administrative expenses as they relate to the provisions for anticipated sales returns, allowance for doubtful accounts and inventory obsolescence reserves. For 2015, had these estimates been changed simultaneously by 5% in either direction, our reported gross profit would have increased or decreased by approximately $0.5 million and selling, general and administrative expenses would have changed by approximately $0.02 million. The collective impact of these changes on 2015 operating income, net income attributable to Inter Parfums, Inc., and net income attributable to Inter Parfums, Inc. per diluted common share would be an increase or decrease of approximately $0.5 million, $0.2 million and $0.01, respectively.

RESULTS OF OPERATIONS

NET SALES

(in millions)

Years Ended December 31,	2015	% Change	2014	% Change	2013
European-based ongoing brand product sales	$362.7	(8)%	$394.0	18%	$334.0
United States-based product sales	105.8	1%	105.3	6%	99.3
Total ongoing brand net sales	468.5	(6)%	$499.3	15%	$433.3
Burberry brand net sales	–	N/A	–	n/a	130.3
Total net sales	$468.5	(6)%	$499.3	(11)%	$563.6

Net sales decreased 6% in 2015 to $468.5 million, as compared to $499.3 million in 2014. At comparable foreign currency exchange rates, net sales increased 1.5%. Net sales in 2014 declined 11% to $499.3 million, as compared to $563.6 million in 2013. However, with respect to the Company's ongoing brands (excluding Burberry brand sales), net sales in 2014 increased 15% to $499.3 million, as compared to $433.3 million in 2013. At comparable foreign currency exchange rates, ongoing brand net sales increased 16% in 2014, as there was no discernible effect of currency rates on net sales in 2013. The average U.S. dollar/euro exchange rates were 1.11 in 2015 and 1.33 in both 2014 and 2013.

European based prestige product sales decreased 8% in 2015 to $362.7 million, as compared to $394.0 million in 2014. At comparable foreign currency exchange rates, European based prestige product sales increased 1.8%. The strength of the U.S. dollar versus the euro has impacted our European based prestige product sales for the entire year. The currency impact was most apparent with our three largest brands, led by Jimmy Choo, where brand sales for 2015 increased 41% in local currency, but only 18% in dollars, as compared to 2014. The excellent performance in Jimmy Choo fragrance sales reflects robust gains from the Jimmy Choo *Man* line, and the launch of Jimmy Choo *Illicit*, the brand's third women's fragrance initiative. With only a new line extension launched for the Lanvin brand in 2015, sales were off only 6% in local currency, but 21% in dollars, in 2015 as compared to 2014. Montblanc brand sales increased 6% in local currency but declined 12% in dollars in 2015, as compared to 2014. The brand benefitted from both established scents, such as *Legend* and *Emblem* along with initial sales for the *Lady Emblem* line. While the Montblanc brands growth rate slowed somewhat in 2015, it followed the exceptional 2012 through 2014 year-over-year growth rates in local currency of 51%, 35% and 33%, respectively. The excellent market response to Boucheron *Quatre* enhanced that brands performance in 2015 with sales up 6% to $19.7 million in 2015 as compared to $18.5 million in 2014. The most disappointing performance was that of the Karl Lagerfeld brand, which saw brand sales decline 43% in local currency or 53% in dollars, as its initial 2014 launch did not gain the traction originally anticipated.

Ongoing European based prestige product sales increased 18% in 2014 to $394.0 million, as compared to 2013. New product launches were the primary catalyst for sales growth in 2014. Karl Lagerfeld's signature scents for both men and women yielded $24.2 million in incremental sales in 2014. Steady gains from *Legend* fragrances along with the 2014 launch of *Emblem*, enabled Montblanc brand sales to continue to outperform expectations with sales reaching $110.8 million in 2014, up 33% as compared to 2013. The successful 2014 launch of Jimmy Choo *Man* enabled Jimmy Choo brand sales in 2014 to reach $78.5 million, up 8% as compared to 2013. With a strong performance by *Éclat d'Arpège* and the launch of *Lanvin Me L'Eau* in 2014, Lanvin brand sales increased 5% to $90.3 million in 2014 as compared to 2013.

It was anticipated that 2015 was going to be a very challenging year from a currency perspective. The significant strength of the U.S. dollar began early on in 2015 and its effect on currency exchange rates continued throughout the year. As mentioned above, the average U.S. dollar/euro exchange rate for all of 2015 was 1.11, as compared to 1.33 for both 2014 and 2013. Irrespective of the strong U.S. dollar environment continuing thus far in 2016, we maintain confidence in our future as we continue to strengthen advertising and promotional investments supporting all portfolio brands, accelerate brand development and build upon the strength of our worldwide distribution network.

For 2016, we expect most of the growth for our European operations to come from our newest brands Coach and Rochas. Our first Coach women's line is set to launch in September 2016 and we have ramped up our distribution network for our Rochas current product lines while we prepare our new Rochas line for 2017. Of our other European based brands, only Lanvin and Van Cleef & Arpels will see launches of a new scent family. For our other brands, line extensions and/or flankers are in the works. Lastly, we hope to benefit from our strong financial position to potentially acquire one or more brands, either on a proprietary basis or as a licensee.

United States based product sales increased 1% in 2015 to $105.8 million, as compared to $105.3 million in 2014. Dunhill fragrances had an exceptionally strong performance with brand sales aggregating $22.3 million, up 37% in 2015 as compared to 2014. The success of the 2015 launch of Dunhill *Icon* has enabled Dunhill to quickly become our largest brand within our United States operations. Oscar de la Renta brand sales increased 18%, aggregating $18.6 million in 2015, benefitting from the 2015 launch of *Extraordinary* by Oscar de la Renta. With a very difficult comparison from last year's new product launch, Agent Provocateur performed well with sales up 6% reaching $5.6 million in 2015. Declines in our specialty retail and mass market product lines mitigated some of these gains. In addition, sales of Anna Sui fragrances, which were down nearly 23% in 2015, as compared to 2014, continue to be depressed by negative market conditions in China.

United States based product sales increased 6% in 2014 to $105.3 million as compared to $99.3 million in 2013. Dunhill legacy scents added $16.2 million to 2014 sales, up 25% from $13.0 million in 2013. Sales of Oscar de la Renta legacy products began in 2014 and aggregated $15.8 million for the year. In addition, the spring launches, *Fatale* and *Fatale Pink* for Agent Provocateur, were well received in international markets, generating $5.3 million in 2014 sales. Declines in our specialty retail and mass market product

lines mitigated some of these gains. In addition, a difficult Asian market resulted in a 16% decline in Anna Sui brand sales aggregating $21.5 million in 2014.

Future growth within our United States based operations is expected to come from our prestige fragrance licenses. We plan to grow our brands by launching new products and pursuing expanded distribution. For 2016, a new women's scent for Agent Provocateur and a new men's scent for Oscar de la Renta are expected to fuel growth. In addition, we are well on our way in the development of a men's and women's scent for the Hollister brand as well as a new men's scent for Abercrombie & Fitch, which are all expected to launch this summer.

ONGOING BRAND NET SALES TO CUSTOMERS BY REGION

(In millions)

Years Ended December 31,	2015	2014	2013
North America	$125.7	$125.9	$110.1
Western Europe	123.6	130.9	114.4
Eastern Europe	47.0	47.0	46.4
Central & South America	41.1	57.7	41.4
Middle East	41.9	40.3	34.1
Asia	78.2	85.6	78.4
Other	11.0	11.9	8.5
	$468.5	$499.3	$433.3

The chart above demonstrates the effect of negative market conditions in China and South America in 2015. The decline in Western Europe in 2015 includes the effect of the 17% devaluation of the euro against the dollar and the difficult comparison for Karl Lagerfeld brand sales in 2015 compared to the initial launch of that brand in the 2014 period.

In 2014, ongoing brand sales were ahead in all regions. Our three largest markets Western Europe, North America and Asia had sales growth of 14.4%, 14.4% and 9.2%, respectively. Eastern Europe, which had been a difficult market that year as a result of political and economic turmoil in the area, was up 1.3% in 2014.

GROSS MARGINS

(In millions)

Years Ended December 31,	2015	2014	2013
Net sales	$468.5	$499.3	$563.6
Cost of sales	179.0	212.3	234.8
Gross margin	$289.5	$287.0	$328.8
Gross margin as a percent of net sales	61.8%	57.5%	58.3%

As a percentage of net sales, gross profit margins were 61.8%, 57.5%, and 58.3% in 2015, 2014 and 2013, respectively. For European operations, gross profit margin was 65%, 60% and 61% in 2015, 2014 and 2013, respectively. The margin fluctuation for European operations is directly related to currency fluctuation. We carefully monitor movements in foreign currency exchange rates as almost 40% of our European based operations net sales in 2015 were denominated in U.S. dollars, while most of our costs are incurred in euro. From a margin standpoint, a strong U.S. dollar has a positive effect on our gross margin while a weak U.S. dollar has a negative effect. The average dollar/euro exchange rate was 1.11 in 2015 and 1.33 in both 2014 and 2013. The small gross margin decline for European based operations in 2014 was directly related to the termination of the Burberry license. The discontinuance of Burberry product sales, which were sold at higher margins than ongoing brand sales, resulted in that small decline in 2014.

For United States operations, gross profit margin was 50%, 48% and 46% in 2015, 2014 and 2013, respectively. Sales growth for our United States operations has primarily come from higher margin prestige product licenses while sales of other lower margin fragrance products have been in a decline.

Costs relating to purchase with purchase and gift with purchase promotions are reflected in cost of sales and aggregated $25.4 million, $24.4 million and $25.7 million in 2015, 2014 and 2013, respectively, and represented 5.4%, 4.9% and 4.6% of net sales, respectively.

Generally, we do not bill customers for shipping and handling costs and such costs, which aggregated $4.7 million, $5.2 million and $6.1 million in 2015, 2014 and 2013, respectively, are included in selling, general and administrative expenses in the consolidated statements of income. As such, our Company's gross margins may not be comparable to other companies, which may include these expenses as a component of cost of goods sold.

SELLING, GENERAL & ADMINISTRATIVE EXPENSES

(In millions)

Years Ended December 31,	2015	2014	2013
Selling, general & administrative expenses	$228.3	$233.6	$250.0
Selling, general & administrative expenses as a percent of net sales	49%	47%	44%

Selling, general and administrative expenses decreased 2% in 2015 as compared to 2014 and decreased 7% in 2014 as compared to 2013. As a percentage of sales, selling, general and administrative expenses were 49%, 47% and 44% in 2015, 2014 and 2013, respectively. For European operations, selling, general and administrative expenses decreased 4% in 2015, as compared to 2014 and represented 52% of sales in 2015 as compared to 50% in 2014. With European based constant currency sales up only 1.8%, it is very difficult to gain leverage over fixed costs while still trying to drive the business.

For United States operations, selling, general and administrative expenses increased 9% in 2015 and represented 39% of sales, as compared to 36% in 2014. This increase is related to the sales growth within our United States operations, which comes primarily from our newest, prestige product licenses, such as Oscar de la Renta and Dunhill, which bear royalty and advertising expenses.

Promotion and advertising included in selling, general and administrative expenses aggregated $83.8 million, $86.7 million and $94.0 million in 2015, 2014 and 2013, respectively. Promotion and advertising as a percentage of sales represented 17.9%, 17.4% and 16.7% of net sales in 2015, 2014 and 2013, respectively. As planned, we invest heavily in promotional spending to support new product launches and continued worldwide building of brand awareness for our brand portfolio.

Royalty expense included in selling, general and administrative expenses aggregated $33.8 million, $35.6 million and $40.5 million in 2015, 2014 and 2013, respectively. Royalty expense as a percentage of sales represented 7.2%, 7.1% and 7.2% of net sales in 2015, 2014 and 2013, respectively. Royalty expense in 2014 includes a $2.3 million increase to the estimated royalty liability due to Burberry. Without this adjustment, royalty expense would have represented 6.7% of net sales in 2014. Slightly less than half of the 2015 increase is the result of increased licensing activities within our U.S. operations, while the balance represents a shift in sales mix within our European operations. The decline in 2014, as compared to 2013, is directly related to the termination of the Burberry license.

Service fees, which are fees paid to third parties relating to the activities of our distribution subsidiaries, aggregated $12.3 million, $11.1 million and $15.1 million in 2015, 2014 and 2013, respectively. Approximately two-thirds of the 2015 increase is the result of higher service fees paid in the U.S. resulting from increased sales. The balance is from the addition of our newly formed distribution subsidiary in Spain, Parfums Rochas. The decline in 2014, as compared to 2013 is directly related to the termination of the Burberry license and related discontinuation of our United Kingdom distribution subsidiary.

Income from operations increased 15% to $61.2 million in 2015 as compared to 2014, rebounding from the 32% decrease to $53.4 million in 2014 from $78.8 million in 2013. Operating margins aggregated 13.1%, 10.7% and 14.0% for the years ended December 31, 2015, 2014 and 2013, respectively. As discussed above, the increase in gross margin partially mitigated by the increase in selling, general and administrative expenses explains the effect on operating margin in 2015 as compared to 2014. Results for 2013 were influenced by an exceptional first quarter, whereby operating pursuant to the transition agreement with Burberry, profits were extraordinarily strong due to a substantial increase in sales, coupled with low promotional expenses. In 2014, we experienced a slight decline in gross margin, as compared to 2013; however, sales levels were not high enough to gain leverage of our selling, general and administrative expenses.

With only limited reorganization measures employed, the Company's business model is expected to continue to demonstrate effectiveness. A significant portion of the expenses associated with the Burberry brand were variable in nature. The Company plans to continue to absorb substantially all of its fixed costs through increased sales of other brands in our prestige fragrance portfolio as well as with the sale of products of recently licensed new brands. Our goal is to reach an operating margin of at least 14% in the coming years.

OTHER INCOME AND EXPENSES

Interest expense aggregated $2.8 million, $1.5 million and $1.4 million in 2015, 2014 and 2013, respectively. The increase in 2015 is primarily related to the financing of the Rochas brand acquisition and includes an approximate $1.0 million loss relating to the interest rate swap. We use the credit lines available to us, as needed, to finance our working capital needs as well as our financing needs for acquisitions. Loans payable – banks and long-term debt

including current maturities aggregated $98.6 million, $0.3 million and $6.1 million as of December 31, 2015, 2014 and 2013, respectively.

Foreign currency gains or (losses) aggregated ($0.9) million $0.9 million and ($1.2) million in 2015, 2014 and 2013, respectively. The volatility in currency exchange rates during the first quarter of 2015 had not been seen in many years. The 2015 loss includes approximately $2.4 million in losses from intercompany balances of our majority owned subsidiary, Interparfums SA, and its other foreign subsidiaries, which were not hedged. We typically enter into foreign currency forward exchange contracts to manage exposure related to receivables from unaffiliated third parties denominated in a foreign currency and occasionally to manage risks related to future sales expected to be denominated in a foreign currency. Almost 40% of 2015 net sales of our European operations were denominated in U.S. dollars.

Interest income aggregated $3.0 million, $3.9 million and $4.4 million in 2015, 2014 and 2013, respectively. Cash and cash equivalents and short-term investments are primarily invested in certificates of deposit with varying maturities.

INCOME TAXES

Our effective income tax rate was 35.6%, 34.2% and 36.8% in 2015, 2014 and 2013, respectively. Our effective tax rates differ from statutory rates due to the effect of state and local taxes and tax rates in foreign jurisdictions. Beginning in 2013, the Company incurred a new tax levied by the French Government equal to 3% on any dividend paid by a French company to its shareholders. This tax aggregated approximately $0.7 million, $0.8 million and $1.6 million in 2015, 2014 and 2013, respectively. Excluding this tax, our effective tax rate of European operations was 34.5%, 31.7% and 34.0% in 2015, 2014 and 2013, respectively. The increase in 2015 is primarily the result of higher 2015 profits in high tax rate jurisdictions. In 2014, the exact opposite scenario played out where higher profits in lower tax rate jurisdictions contributed to the decline in the effective tax rate of our European operations. In addition, changes in allocation percentages related to state and local taxes of our U.S. operations continues to reduce our U.S. operations effective tax rate, which was 35.1%, 36.5% and 39.8% in 2015, 2014 and 2013, respectively.

The French Tax Authorities have examined the 2012 tax return of Interparfums, SA and issued a $6.9 million tax adjustment. It is our position that the French Tax Authorities are incorrect in their assessments. We believe that we have strong arguments to support our tax positions and that more likely than not, our tax positions will be sustained. The Company will vigorously contest the assessments.

The Company is no longer subject to U.S. federal, state, and local or non-U.S. income tax examinations by tax authorities for years before 2012.

Other than as discussed above, we did not experience any significant changes in tax rates, and none were expected in jurisdictions where we operate.

NET INCOME AND EARNINGS PER SHARE

(In thousands, except share and per share data)

Years Ended December 31,	2015	2014	2013
Net income attributable to European operations	$31,328	$29,276	$44,147
Net income attributable to United States operations	7,641	8,069	6,819
Net income	$38,969	$37,345	$50,966
Less: Net income attributable to the noncontrolling interest	8,532	7,909	11,755
Net income attributable to Inter Parfums, Inc.	$30,437	$29,436	$39,211
Net income attributable to Inter Parfums, Inc. common shareholders:			
Basic	$0.98	$0.95	$1.27
Diluted	0.98	0.95	1.27
Weighted average number of shares outstanding:			
Basic	30,996,137	30,931,308	30,763,955
Diluted	31,100,215	31,060,326	30,953,882

Net income was $39.0 million, $37.3 million and $51.0 million in 2015, 2014 and 2013, respectively. Net income attributable to European operations was $31.3 million, $29.3 million and $44.1 million in 2015, 2014 and 2013, respectively, while net income attributable to United States operations was $7.6 million, $8.1 million and $6.8 million in 2015, 2014 and 2013, respectively. The reasons for significant fluctuations in net income for both European operations and United States operations are directly related to the previous discussions relating to changes in sales, gross margin and selling, general and administrative expenses. As previously discussed, our European operations reported net sales are affected by changes in foreign currency exchange rates, as a strong U.S. dollar has a negative impact on reported net sales. However, earnings are positively affected by a strong U.S. dollar, because almost 40% of net sales of our European operations are denominated in U.S. dollars, while almost all costs of our European operations are incurred in euro. For United States operations in 2015, with sales relatively flat, the 9% increase in selling, general and administrative expenses was only partially mitigated by the 4% increase in gross margin.

The noncontrolling interest arises from our 73% owned subsidiary in Paris, Interparfums SA, which is also a publicly traded company as 27% of Interparfums SA shares trade on the NYSE Euronext. Net income attributable to the noncontrolling interest is directly related to the profitability of our European operations, and aggregated 27.2%, 27.0% and 26.6% of European operations net income in 2015, 2014 and 2013, respectively. Net income attributable to Inter Parfums, Inc. aggregated $30.4 million, $29.4 million and $39.2 million in 2015, 2014 and 2013, respectively. Net margins attributable to Inter Parfums, Inc. aggregated 6.5%, 5.9% and 7.0% in 2015, 2014 and 2013, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remains strong. At December 31, 2015, working capital aggregated $338 million and we had a working capital ratio of 3.6 to 1. Cash and cash equivalents and short-term investments aggregated $260 million most of which is held in euro by our European operations and is readily convertible into U.S. dollars. We have not had any liquidity issues to date, and do not expect any liquidity issues relating to such cash and cash equivalents and short-term investments held by our European operations. Approximately 90% of the Company's total assets are held by European operations. In addition to the cash and cash equivalents and short-term investments referred to above, approximately $190 million of trademarks, licenses and other intangible assets are held by European operations.

The Company hopes to benefit from its strong financial position to potentially acquire one or more brands, either on a proprietary basis or as a licensee. Opportunities for external growth continue to be examined, with the priority of maintaining the quality and homogeneous nature of our portfolio. However, we cannot assure you that any new license or acquisition agreements will be consummated.

Cash provided by operating activities aggregated $50.1 million, $36.6 million and $49.2 million in 2015, 2014 and 2013, respectively. In 2015, working capital items used $0.6 million in cash from operating activities, as compared to $10.9 million in 2014 and $18.4 million in 2013. Although accounts receivable is up from that of the prior year, day's sales outstanding remains relatively consistent at 75 days in 2015, as compared to 66 days and 73 days in 2014 and 2013, respectively. Inventory day's on hand aggregated 213 in 2015, as compared to 198 in 2014 and 199 in 2013, respectively. The increase reflects the inventory buildup needed to support product development for the newest brands added to our fragrance portfolio. Although we saw some initial sales for existing Rochas products in 2015, new fragrances for Coach, Abercrombie & Fitch and Hollister will each make their debut in 2016.

Cash flows used in investing activities reflect the purchase and sales of short-term investments by our European operations. These investments are primarily certificates of deposit with maturities greater than three months. At December 31, 2015, approximately $82 million of such certificates of deposit contain penalties where we would forfeit a portion of the interest earned in the event of early withdrawal. Our business is not capital intensive as we do not own any manufacturing facilities. However, on a full year basis, we spend approximately $4 million on tools and molds, depending on our new product development calendar. Capital expenditures also include amounts for office fixtures, computer equipment and industrial equipment needed at our distribution centers.

In May 2015, the Company, through its majority owned Paris-based subsidiary, Interparfums SA, acquired the Rochas brand from The Procter & Gamble Company. This transaction includes all brand names and registered trademarks for Rochas (Femme, Madame, Eau de Rochas, etc.), mainly for class 3 (cosmetics) and class 25 (fashion). Substantially the entire €106 million purchase price for the assets acquired (approximately $118 million) was allocated to trademarks with indefinite lives, including approximately $5.4 million in acquisition related expenses. An additional $4.4 million was paid for related inventory.

The cost of the acquisition was paid in cash on the closing date and was financed entirely through a 5-year term loan payable in equal quarterly installments plus interest. In order to reduce exposure to rising variable interest rates, the Company entered into a swap transaction effectively exchanging the variable interest rate to a fixed rate of approximately 1.2%. The swap is a derivative instrument and is therefore recorded at fair value and changes in fair value are reflected in the accompanying consolidated statements of income.

Our short-term financing requirements are expected to be met by available cash on hand at December 31, 2015, cash generated by operations and short-term credit lines provided by domestic and foreign banks. The principal credit facilities for 2015 consist of a $20.0 million unsecured revolving line of credit provided by a domestic commercial bank and approximately $27.0 million in credit lines provided by a consortium of international financial institutions. Short-term borrowings aggregated zero and $0.3 million as of December 31, 2015 and 2014, respectively. Proceeds from sale of stock of subsidiary reflect the proceeds from shares issued by our French subsidiary, Interparfums SA, pursuant to options exercised.

In addition to our regular annual dividend, in November 2013, our Board of Directors authorized a special cash dividend of $0.48 per share. In January 2014, our Board of Directors authorized the continuation of the regular $0.48 per share annual dividend for 2014 and in January 2015, our Board of Directors authorized an 8% increase to $0.52 per share. In January 2016, the Board of Directors authorized a 15% increase in the annual dividend to $0.60 per share. The next quarterly cash dividend of $0.15 per share is payable on April 15, 2016 to shareholders of record on March 31, 2016. Dividends paid, including dividends paid once per year to noncontrolling stockholders of Interparfums SA, aggregated $19.6 million, $19.5 million and $36.7 million for the years ended December 31, 2015, 2014 and 2013, respectively. The cash dividends to be paid in 2016 are not expected to have any significant impact on our financial position.

We believe that funds provided by or used in operations can be supplemented by our present cash position and available credit facilities, so that they will provide us with sufficient resources to meet all present and reasonably foreseeable future operating needs.

Inflation rates in the U.S. and foreign countries in which we operate did not have a significant impact on operating results for the year ended December 31, 2015.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations over the periods indicated, as well as our total contractual obligations.
($ in thousands)

		Payments Due by Period			
Contractual Obligations	Total	Less than 1-year	Years 2-3	Years 4-5	More than 5-years
Long-Term Debt	$98,606	$22,163	$43,548	$32,895	–
Operating Leases	$32,688	$5,512	$10,198	$8,235	$8,743
Purchase Obligations[(1)]	$905,459	$101,067	$224,131	$227,191	$353,070
Total	$1,036,753	$128,742	$277,877	$268,321	$361,813

(1) Consists of purchase commitments for advertising and promotional items, minimum royalty guarantees, including fixed or minimum obligations, and estimates of such obligations subject to variable price provisions. Future advertising commitments were estimated based on planned future sales for the license terms that were in effect at December 31, 2015, without consideration for potential renewal periods and do not reflect the fact that our distributors share our advertising obligations.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

GENERAL

We address certain financial exposures through a controlled program of risk management that primarily consists of the use of derivative financial instruments. We primarily enter into foreign currency forward exchange contracts in order to reduce the effects of fluctuating foreign currency exchange rates. We do not engage in the trading of foreign currency forward exchange contracts or interest rate swaps.

FOREIGN EXCHANGE RISK MANAGEMENT

We periodically enter into foreign currency forward exchange contracts to hedge exposure related to receivables denominated in a foreign currency and to manage risks related to future sales expected to be denominated in a currency other than our functional currency. We enter into these exchange contracts for periods consistent with our identified exposures. The purpose of the hedging activities is to minimize the effect of foreign exchange rate movements on the receivables and cash flows of Interparfums SA, our French subsidiary, whose functional currency is the euro. All foreign currency contracts are denominated in currencies of major industrial countries and are with large financial institutions, which are rated as strong investment grade.

All derivative instruments are required to be reflected as either assets or liabilities in the balance sheet measured at fair value. Generally, increases or decreases in fair value of derivative instruments will be recognized as gains or losses in earnings in the period of change. If the derivative is designated and qualifies as a cash flow hedge, then the changes in fair value of the derivative instrument will be recorded in other comprehensive income.

Before entering into a derivative transaction for hedging purposes, we determine that the change in the value of the derivative will effectively offset the change in the fair value of the hedged item from a movement in foreign currency rates. Then, we measure the effectiveness of each hedge throughout the hedged period. Any hedge ineffectiveness is recognized in the income statement.

At December 31, 2015, we had foreign currency contracts in the form of forward exchange contracts with notional amounts of approximately U.S. $12.8 million, GB £1.6 million and JPY ¥50.0 million which all have maturities of less than one year. We believe that our risk of loss as the result of nonperformance by any of such financial institutions is remote.

INTEREST RATE RISK MANAGEMENT

We mitigate interest rate risk by monitoring interest rates, and then determining whether fixed interest rates should be swapped for floating rate debt, or if floating rate debt should be swapped for fixed rate debt. We entered into an interest rate swap in June 2015 on €100 million of debt, effectively exchanging the variable interest rate to a fixed rate of approximately 1.2%. This derivative instrument is recorded at fair value and changes in fair value are reflected in the accompanying consolidated statements of income.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Inter Parfums, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13(a)-15(f) under the Securities Exchange Act of 1934. With the participation of the Chief Executive Officer and the Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2015.

Our independent auditor, WeiserMazars LLP, a registered public accounting firm, has issued its report on its audit of our internal control over financial reporting. This report appears below.

Jean Madar
Chief Executive Officer,
Chairman of the
Board of Directors

Russell Greenberg
Executive Vice President
and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

BOARD OF DIRECTORS AND SHAREHOLDERS
INTER PARFUMS, INC.
NEW YORK, NEW YORK

We have audited Inter Parfums, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Inter Parfums, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Inter Parfums, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Inter Parfums, Inc. as of December 31, 2015 and the related consolidated statements of income, comprehensive loss, changes in shareholders' equity, comprehensive income and cash flows for the year ended December 31, 2015 and our report dated March 14, 2016 expressed an unqualified opinion thereon.

WeisersMazars, LLP

New York, New York
March 14, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BOARD OF DIRECTORS AND SHAREHOLDERS
INTER PARFUMS, INC.
NEW YORK, NEW YORK

We have audited the accompanying consolidated balance sheets of Inter Parfums, Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income (loss), changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Inter Parfums, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Inter Parfums, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 14, 2016 expressed an unqualified opinion thereon.

WeiserMazars LLP

New York, New York
March 14, 2016

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

December 31,	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	$176,967	$90,138
Short-term investments	82,847	190,152
Accounts receivable, net	95,082	90,124
Inventories	98,346	102,326
Receivables, other	2,422	1,542
Other current assets	5,811	4,504
Income taxes receivable	100	929
Deferred tax assets	7,182	6,848
Total current assets	468,757	486,563
Equipment and leasehold improvements, net	9,333	9,187
Trademarks, licenses and other intangible assets, net	201,335	98,531
Other assets	8,234	10,225
Total assets	$687,659	$604,506
LIABILITIES AND EQUITY		
Current liabilities:		
Loans payable – banks	–	$298
Current portion of long-term debt	22,163	–
Accounts payable – trade	50,636	46,646
Accrued expenses	46,890	49,194
Income taxes payable	7,359	3,773
Dividends payable	4,035	3,717
Total current liabilities	131,083	103,628
Long–term debt, less current portion	76,443	–
Deferred tax liability	3,746	2,154
Commitments and contingencies		
Equity:		
Inter Parfums, Inc. shareholders' equity:		
Preferred stock, $0.001 par value. Authorized 1,000,000 shares; none issued	–	–
Common stock, $0.001 par value. Authorized 100,000,000 shares; outstanding, 31,037,915 and 30,977,293 shares, at December 31, 2015 and 2014, respectively	31	31
Additional paid-in capital	62,030	60,200
Retained earnings	388,434	374,121
Accumulated other comprehensive loss	(48,091)	(15,823)
Treasury stock, at cost, 9,880,058 and 9,897,995 common shares at December 31, 2015 and 2014, respectively	(36,817)	(36,464)
Total Inter Parfums, Inc. shareholders' equity	365,587	382,065
Noncontrolling interest	110,800	116,659
Total equity	476,387	498,724
Total liabilities and equity	$687,659	$604,506

(See accompanying notes to consolidated financial statements.)

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share and per share data)

Years Ended December 31,	2015	2014	2013
Net sales	$468,540	$499,261	$563,579
Cost of sales	179,069	212,224	234,800
Gross margin	289,471	287,037	328,779
Selling, general, and administrative expenses	228,268	233,634	250,025
Income from operations	61,203	53,403	78,754
Other expenses (income):			
Interest expense	2,826	1,478	1,380
(Gain) loss on foreign currency	876	(902)	1,168
Interest and dividend income	(2,995)	(3,888)	(4,440)
	707	(3,312)	(1,892)
Income before income taxes	60,496	56,715	80,646
Income taxes	21,527	19,370	29,680
Net income	38,969	37,345	50,966
Less: Net income attributable to the noncontrolling interest	8,532	7,909	11,755
Net income attributable to Inter Parfums, Inc.	$30,437	$29,436	$39,211
Net income attributable to Inter Parfums, Inc. common shareholders:			
Basic	$0.98	$0.95	$1.27
Diluted	0.98	0.95	1.27
Weighted average number of shares outstanding:			
Basic	30,996,137	30,931,308	30,763,955
Diluted	31,100,215	31,060,326	30,953,882
Dividends declared per share	$0.52	$0.48	$0.96

(See accompanying notes to consolidated financial statements)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands, except share and per share data

Years Ended December 31,	2015	2014	2013
Net income	$38,969	$37,345	$50,966
Other comprehensive income (loss):			
Transfer from OCI into earnings	–	–	(327)
Translation adjustments, net of tax	(44,346)	(57,806)	19,027
	(44,346)	(57,806)	18,700
Comprehensive income (loss)	(5,377)	(20,461)	69,666
Comprehensive income (loss) attributable to noncontrolling interests:			
Net income	8,532	7,909	11,755
Transfer from OCI into earning	–	–	(87)
Translation adjustments, net of tax	(12,078)	(16,123)	5,425
	(3,546)	(8,214)	17,093
Comprehensive income (loss) attributable to Inter Parfums, Inc.	$(1,831)	$(12,247)	$52,573

(See accompanying notes to consolidated financial statements.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands except share and per share data)

Years Ended December 31,	2015	2014	2013
Common stock, beginning and end of year	$31	$31	$31
Additional paid-in capital, beginning of year	60,200	57,877	54,679
Shares issued upon exercise of stock options	1,234	1,981	2,882
Sale of subsidiary shares to noncontrolling interests	(192)	(335)	(173)
Stock-based compensation	788	677	489
Additional paid-in capital, end of year	62,030	60,200	57,877
Retained earnings, beginning of year	374,121	359,459	349,672
Net income	30,437	29,436	39,211
Dividends	(16,124)	(14,855)	(29,582)
Stock-based compensation	–	81	158
Retained earnings, end of year	388,434	374,121	359,459
Accumulated other comprehensive income (loss), beginning of year	(15,823)	25,860	12,498
Foreign currency translation adjustment, net of tax	(32,268)	(41,683)	13,602
Transfer from OCI into earnings	–	–	(240)
Accumulated other comprehensive income (loss), end of year	(48,091)	(15,823)	25,860
Treasury stock, beginning of year	(36,464)	(36,016)	(35,404)
Shares issued upon exercise of stock options	140	219	203
Shares received as proceeds of option exercises	(493)	(667)	(815)
Treasury stock, end of year	(36,817)	(36,464)	(36,016)
Noncontrolling interest, beginning of year	116,659	128,145	118,505
Net income	8,532	7,909	11,755
Foreign currency translation adjustment, net of tax	(12,078)	(16,123)	5,425
Transfer from OCI into earnings	–	–	(87)
Sale of subsidiary shares to noncontrolling interest	1,523	1,365	830
Dividends	(3,836)	(4,667)	(8,341)
Stock-based compensation	–	30	58
Noncontrolling interest, end of year	110,800	116,659	128,145
Total equity	$476,387	$498,724	$535,356

(See accompanying notes to consolidated financial statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

Years Ended December 31,	2015	2014	2013
Cash flows from operating activities:			
Net income	$38,969	$37,345	$50,966
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,078	10,166	11,110
Provision for doubtful accounts	442	412	574
Non cash stock compensation	787	856	838
Excess tax benefits from stock-based compensation arrangements	(260)	(670)	(700)
Deferred tax expense (benefit)	829	(557)	4,844
Change in fair value of derivatives	903	355	(157)
Changes in:			
Accounts receivable	(12,573)	(19,607)	71,776
Inventories	(4,354)	4,344	29,240
Other assets	(1,622)	425	583
Accounts payable and accrued expenses	12,973	(4,996)	(33,156)
Income taxes, net	4,912	8,540	(86,724)
Net cash provided by operating activities	50,084	36,613	49,194
Cash flows from investing activities:			
Purchases of short-term investments	(62,415)	(245,810)	(381,843)
Proceeds from sale of short-term investments	151,771	212,762	207,082
Purchase of equipment and leasehold improvements	(4,158)	(3,302)	(5,015)
Payment for intangible assets acquired	(119,788)	(922)	(7,769)
Proceeds from sale of equipment	–	–	2,801
Proceeds from sale of trademark	–	–	3,481
Net cash used in investing activities	(34,590)	(37,272)	(181,263)
Cash flows from financing activities:			
Proceeds from (repayments of) loans payable – banks	–	(5,765)	(21,835)
Proceeds from issuance of long-term debt	110,970	–	–
Repayment of long-term debt	(11,761)	–	–
Purchase of treasury stock	(32)	(90)	(98)
Proceeds from exercise of options	653	953	1,668
Excess tax benefits from stock-based compensation arrangements	260	670	700
Proceeds from sale of stock of subsidiary	1,327	1,030	657
Dividends paid	(15,806)	(14,841)	(28,331)
Dividends paid to noncontrolling interests	(3,836)	(4,667)	(8,341)
Net cash provided by (used in) financing activities	81,775	(22,710)	(55,580)
Effect of exchange rate changes on cash	(10,440)	(12,143)	5,964
Net increase (decrease) in cash and cash equivalents	86,829	(35,512)	(181,685)
Cash and cash equivalents – beginning of year	90,138	125,650	307,335
Cash and cash equivalents – end of year	$176,967	$90,138	$125,650
Supplemental disclosures of cash flow information:			
Cash paid for:			
Interest	$2,400	$1,508	$1,524
Income taxes	19,668	10,430	104,992

(See accompanying notes to consolidated financial statements.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) The Company and its Significant Accounting Policies

BUSINESS OF THE COMPANY

Inter Parfums, Inc. and its subsidiaries (the "Company") are in the fragrance business, and manufacture and distribute a wide array of fragrances and fragrance related products.

Substantially all of our prestige fragrance brands are licensed from unaffiliated third parties, and our business is dependent upon the continuation and renewal of such licenses. Until early 2013, Burberry was our most significant license as Burberry products represented 23% of net sales in 2013 (see Note (2) "Termination of Burberry License"). With respect to the Company's largest brands, we own the Lanvin brand name for our class of trade, and license the Montblanc and Jimmy Choo brand names. As a percentage of net sales, product sales for the Company's largest brands were as follows:

Year Ended December 31,	2015	2014	2013
Montblanc	21%	22%	15%
Lanvin	15%	18%	15%
Jimmy Choo	20%	16%	13%

No other brand represented 10% or more of consolidated net sales.

BASIS OF PREPARATION

The consolidated financial statements include the accounts of the Company, including 73% owned Interparfums SA ("IPSA"), a subsidiary whose stock is publicly traded in France. In 2015, Interparfums SA formed a new subsidiary in Spain, Parfums Rochas. The subsidiary is 51% owned by Interparfums SA with the remaining 49% owned by its Rochas distributor for Spain. Parfums Rochas is responsible for Rochas brand distribution in the territory. All material intercompany balances and transactions have been eliminated.

MANAGEMENT ESTIMATES

Management makes assumptions and estimates to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. Those assumptions and estimates directly affect the amounts reported and disclosures included in the consolidated financial statements. Actual results could differ from those assumptions and estimates. Significant estimates for which changes in the near term are considered reasonably possible and that may have a material impact on the financial statements are disclosed in these notes to the consolidated financial statements.

FOREIGN CURRENCY TRANSLATION

For foreign subsidiaries with operations denominated in a foreign currency, assets and liabilities are translated to U.S. dollars at year end exchange rates. Income and expense items are translated at average rates of exchange prevailing during the year. Gains and losses from translation adjustments are accumulated in a separate component of shareholders' equity.

CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents. From time to time, the Company has short-term investments which consist of certificates of deposit with maturities greater than three months. The Company monitors concentrations of credit risk associated with financial institutions with which the Company conducts significant business. The Company believes its credit risk is minimal, as the Company primarily conducts business with large, well-established financial institutions. Substantially all cash and cash equivalents are held at financial institutions outside the United States and are readily convertible into U.S. dollars.

ACCOUNTS RECEIVABLE

Accounts receivable represent payments due to the Company for previously recognized net sales, reduced by allowances for sales returns and doubtful accounts or balances which are estimated to be uncollectible, which aggregated $5.9 million and $6.9 million as of December 31, 2015 and 2014, respectively. Accounts receivable balances are written-off against the allowance for doubtful accounts when they become uncollectible. Recoveries of accounts receivable previously recorded against the allowance are recorded in the consolidated statement of income when received. We generally grant credit based upon our analysis of the customer's financial position, as well as previously established buying patterns.

INVENTORIES

Inventories, including promotional merchandise, only include inventory considered saleable or usable in future periods, and is stated at the lower of cost or market, with cost being determined on the first-in, first-out method. Cost components include raw materials, direct labor and overhead (e.g., indirect labor, utilities, depreciation, purchasing, receiving, inspection and warehousing) as well as inbound freight. Promotional merchandise is charged to cost of sales at the time the merchandise is shipped to the Company's customers.

DERIVATIVES

All derivative instruments are recorded as either assets or liabilities and measured at fair value. The Company uses derivative instruments to principally manage a variety of market risks. For derivatives designated as hedges of the exposure to changes in fair value of the recognized asset or liability or a firm commitment (referred to as fair value hedges), the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The effect of that accounting is to include in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value. For cash flow hedges, the effective portion of the derivative's gain or loss is initially reported in equity (as a component of accumulated other comprehensive income) and is subsequently reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The ineffective portion of the gain or loss of a cash flow hedge is reported in earnings immediately. The Company also holds certain instruments for economic purposes that are not designated for hedge accounting treatment. For these derivative instruments, changes in their fair value are recorded in earnings immediately.

EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight line method over the estimated useful lives for equipment, which range between three and ten years and the shorter of the lease term or estimated useful asset lives for leasehold improvements. Depreciation provided on equipment used to produce inventory, such as tools and molds, is included in cost of sales.

LONG-LIVED ASSETS

Indefinite-lived intangible assets principally consist of trademarks which are not amortized. The Company evaluates indefinite-lived intangible assets for impairment at least annually during the fourth quarter, or more frequently when events occur or circumstances change, such as an unexpected decline in sales, that would more likely than not indicate that the carrying value of an indefinite-lived intangible asset may not be recoverable. When testing indefinite-lived intangible assets for impairment, the evaluation requires a comparison of the estimated fair value of the asset to the carrying value of the asset. The fair values used in our evaluations are estimated based upon discounted future cash flow projections using a weighted average cost of capital of 8.02%. The cash flow projections are based upon a number of assumptions, including future sales levels, future cost of goods and operating expense levels, as well as economic conditions, changes to our business model or changes in consumer acceptance of our products which are more subjective in nature. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment charge is recorded.

Intangible assets subject to amortization are evaluated for impairment testing whenever events or changes in circumstances indicate that the carrying amount of an amortizable intangible asset may not be recoverable. If impairment indicators exist for an amortizable intangible asset, the undiscounted future cash flows associated with the expected service potential of the asset are compared to the carrying value of the asset. If our projection of undiscounted future cash flows is in excess of the carrying value of the intangible asset, no impairment charge is recorded. If our projection of undiscounted future cash flows is less than the carrying value of the intangible asset, an impairment charge would be recorded to reduce the intangible asset to its fair value.

REVENUE RECOGNITION

The Company sells its products to department stores, perfumeries, specialty stores, mass-market retailers, supermarkets and domestic and international wholesalers and distributors. Sales of such products by our domestic subsidiaries are denominated in U.S. dollars, and sales of such products by our foreign subsidiaries are primarily denominated in either euro or U.S. dollars. The Company recognizes revenues when merchandise is shipped and the risk of loss passes to the customer. Net sales are comprised of gross revenues less returns, trade discounts and allowances. The Company does not bill its customers' freight and handling charges. All shipping and handling costs, which aggregated $4.7 million, $5.2 million and $6.1 million in 2015, 2014 and 2013, respectively, are included in selling, general and administrative expenses in the consolidated statements of income. The Company grants credit to all qualified customers and does not believe it is exposed significantly to any undue concentration of credit risk. No one customer represented 10% or more of net sales in 2015, 2014 or 2013.

SALES RETURNS

Generally, the Company does not permit customers to return their unsold products. However, for U.S. based customers, we allow returns if properly requested, authorized and approved. The Company regularly reviews and revises, as deemed necessary, its estimate of reserves for future sales returns based primarily upon historic trends and relevant current data including information provided by retailers regarding their inventory levels. In addition,

as necessary, specific accruals may be established for significant future known or anticipated events. The types of known or anticipated events that we consider include, but are not limited to, the financial condition of our customers, store closings by retailers, changes in the retail environment and our decision to continue to support new and existing products. The Company records estimated reserves for sales returns as a reduction of sales, cost of sales and accounts receivable. Returned products are recorded as inventories and are valued based upon estimated realizable value. The physical condition and marketability of returned products are the major factors we consider in estimating realizable value. Actual returns, as well as estimated realizable values of returned products, may differ significantly, either favorably or unfavorably, from our estimates, if factors such as economic conditions, inventory levels or competitive conditions differ from our expectations.

PAYMENTS TO CUSTOMERS

The Company records revenues generated from purchase with purchase and gift with purchase promotions as sales and the costs of its purchase with purchase and gift with purchase promotions as cost of sales. Certain other incentive arrangements require the payment of a fee to customers based on their attainment of pre-established sales levels. These fees have been recorded as a reduction of net sales.

ADVERTISING AND PROMOTION

Advertising and promotional costs are expensed as incurred and recorded as a component of cost of goods sold (in the case of free goods given to customers) or selling, general and administrative expenses. Advertising and promotional costs included in selling, general and administrative expenses were $83.8 million, $86.7 million and $94.0 million for 2015, 2014 and 2013, respectively. Costs relating to purchase with purchase and gift with purchase promotions that are reflected in cost of sales aggregated $25.4 million, $24.4 million and $25.7 million in 2015, 2014 and 2013, respectively. Accrued expenses include approximately $15.2 million and $16.5 million in advertising liabilities as of December 31, 2015 and 2014, respectively.

PACKAGE DEVELOPMENT COSTS

Package development costs associated with new products and redesigns of existing product packaging are expensed as incurred.

OPERATING LEASES

The Company recognizes rent expense from operating leases with various step rent provisions, rent concessions and escalation clauses on a straight-line basis over the applicable lease term. The Company considers lease renewals in the useful life of its leasehold improvements when such renewals are reasonably assured. In the event the Company receives capital improvement funding from its landlord, these amounts are recorded as deferred liabilities and amortized over the remaining lease term as a reduction of rent expense.

LICENSE AGREEMENTS

The Company's license agreements generally provide the Company with worldwide rights to manufacture, market and sell fragrance and fragrance related products using the licensors' trademarks. The licenses typically have an initial term of approximately 5 to 15 years, and are potentially renewable subject to the Company's compliance with the license agreement provisions. The remaining terms, including the potential renewal periods, range from approximately 1 to 16 years. Under each license, the Company is required to pay royalties in the range of 5% to 10% to the licensor, at least annually, based on net sales to third parties.

In certain cases, the Company may pay an entry fee to acquire, or enter into, a license where the licensor or another licensee was operating a pre-existing fragrance business. In those cases, the entry fee is capitalized as an intangible asset and amortized over its useful life.

Most license agreements require minimum royalty payments, incremental royalties based on net sales levels and minimum spending on advertising and promotional activities. Royalty expenses are accrued in the period in which net sales are recognized while advertising and promotional expenses are accrued at the time these costs are incurred.

In addition, the Company is exposed to certain concentration risk. Substantially all of our prestige fragrance brands are licensed from unaffiliated third parties, and our business is dependent upon the continuation and renewal of such licenses.

INCOME TAXES

The Company accounts for income taxes using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in its financial statements or tax returns. The net deferred tax assets assume sufficient future earnings for their realization, as well as the continued application of currently enacted tax rates. Included in net deferred tax assets is a valuation allowance for deferred tax assets, where management believes it is more-likely-than-not that the deferred tax assets will not be realized in the relevant jurisdiction. If the Company determines that a deferred tax asset will not be realizable, an adjustment to the deferred tax asset will result in a reduction of net earnings at that time.

ISSUANCE OF COMMON STOCK BY CONSOLIDATED SUBSIDIARY

The difference between the Company's share of the proceeds received by the subsidiary and the carrying amount of the portion of the Company's investment deemed sold, is reflected as an equity adjustment in the consolidated balance sheets.

TREASURY STOCK

The Board of Directors may authorize share repurchases of the Company's common stock (Share Repurchase Authorizations). Share repurchases under Share Repurchase Authorizations may be made through open market transactions, negotiated purchase or otherwise, at times and in such amounts within the parameters authorized by the Board. Shares repurchased under Share Repurchase Authorizations are held in treasury for general corporate purposes, including issuances under various employee stock option plans. Treasury shares are accounted for under the cost method and reported as a reduction of equity. Share Repurchase Authorizations may be suspended, limited or terminated at any time without notice.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ('ASU") which requires lessees to recognize lease assets and lease liabilities arising from operating leases on the balance sheet. This ASU is effective for annual and interim reporting periods beginning after December 15, 2018 using a modified retrospective approach, with early adoption permitted. We are currently evaluating the standard to determine the impact of its adoption on our consolidated financial statements.

In November 2015, the FASB issued an ASU that requires all deferred tax liabilities and assets to be classified as non-current on the balance sheet. This ASU is effective for annual and interim reporting periods beginning after December 15, 2016, with early adoption permitted. In addition, this guidance can be applied either prospectively or retrospectively to all periods presented. We are currently evaluating the standard to determine the impact of its adoption on our consolidated financial statements.

In July 2015, the FASB issued an ASU modifying the accounting for inventory. Under this ASU, the measurement principle for inventory will change from lower of cost or market value to lower of cost and net realizable value. The ASU defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The ASU is applicable to inventory that is accounted for under the first-in, first-out method and is effective for reporting periods after December 15, 2016, with early adoption permitted. We are currently evaluating the standard to determine the impact of its adoption on our consolidated financial statements.

In May 2014, the FASB issued an ASU which supersedes the most current revenue recognition requirements. The new revenue recognition standard requires entities to recognize revenue in a way that depicts the transfer of goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods or services. This guidance is effective for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted for annual periods after December 31, 2016. We are currently evaluating the standard to determine the impact of its adoption on our consolidated financial statements.

There are no other recent accounting pronouncements issued but not yet adopted that would have a material effect on our consolidated financial statements.

(2) Termination of Burberry License

Burberry exercised its option to buy-out the license rights effective December 31, 2012. In October 2012, the Company and Burberry entered into a transition agreement that provided for certain license rights and obligations to continue through March 31, 2013. The Company continued to operate certain aspects of the business for the brand including product development, testing, and distribution during the transition period.

(3) Recent Agreements

MONTBLANC

In October 2015, the Company, through its majority owned Paris-based subsidiary, Interparfums SA, extended its license agreement with Montblanc by five years. The original agreement, signed in 2010, provided Interparfums SA with the exclusive worldwide license rights to create, produce and distribute fragrances and fragrance related products under the Montblanc brand through December 31, 2020. The new 10-year agreement, which went into effect on January 1, 2016, extends the partnership through December 31, 2025 without any material changes in operating conditions from the prior license. The license agreement is subject to certain minimum sales, advertising expenditures and royalty payments as are customary in our industry.

FRENCH CONNECTION

In September 2015, the Company entered into a 12-year license agreement to create, produce and distribute fragrances and fragrance related products under the French Connection brand names. The agreement is subject to certain minimum advertising expenditures

and royalty payments as are customary in our industry. The license agreement was subject to certain conditions precedent, which have now been satisfied, and the Company took over distribution of selected fragrances within the brand's existing fragrance portfolio in 2016.

ROCHAS

In May 2015, the Company, through its majority owned Paris-based subsidiary, Interparfums SA, acquired the Rochas brand from The Procter & Gamble Company. This transaction includes all brand names and registered trademarks for Rochas (Femme, Madame, Eau de Rochas, etc.), mainly for class 3 (cosmetics) and class 25 (fashion). Substantially the entire €106 million purchase price for the assets acquired (approximately $118 million), including approximately $5.4 million in acquisition related expenses, was allocated to trademarks with indefinite lives including approximately $21 million of which was allocated to fashion trademarks. An additional $4.4 million was paid for related inventory.

COACH

In April 2015, the Company, through its majority owned Paris-based subsidiary, Interparfums SA, entered into an 11-year exclusive worldwide license with Coach, Inc. to create, produce and distribute new men's and women's fragrances and fragrance related products under the Coach brand name. Interparfums SA will distribute these fragrances globally to department stores, specialty stores and duty free shops, as well as in Coach retail stores beginning in 2016. The agreement is subject to certain minimum sales, advertising expenditures and royalty payments as are customary in our industry.

ABERCROMBIE & FITCH AND HOLLISTER

In December 2014, the Company entered into a 7-year exclusive worldwide license to create, produce and distribute new fragrances and fragrance related products under the Abercrombie & Fitch and Hollister brand names. The Company will distribute these fragrances internationally in specialty stores, department stores and duty free shops, and in the U.S., in duty free shops and potentially in Abercrombie & Fitch and Hollister retail stores. The agreement is subject to certain minimum sales, advertising expenditures and royalty payments as are customary in our industry. New men's and women's scents are planned for Hollister in 2016 along with a new men's scent for Abercrombie & Fitch. A women's Abercrombie & Fitch scent is in the works for 2017.

OSCAR DE LA RENTA

In October 2013, the Company entered into a 12-year exclusive worldwide license to create, produce and distribute fragrances and fragrance related products under the Oscar de la Renta brand. The agreement closed on December 2, 2013 and is subject to certain minimum advertising expenditures as is customary in our industry. The Company purchased certain inventories and paid an up-front entry fee of $5.0 million. Upon closing, the Company took over distribution of fragrances within the brand's existing perfume portfolio and launched its first new fragrance under the Oscar de la Renta brand in 2015.

AGENT PROVOCATEUR

In July 2013, the Company entered into a 10.5-year exclusive worldwide license to create, produce and distribute fragrances and fragrance related products under London-based luxury lingerie brand, Agent Provocateur. The agreement commenced on August 1, 2013 and is subject to certain minimum advertising expenditures as is customary in our industry. The Company took over distribution of selected fragrances within the brand's existing perfume portfolio and launched its first fragrances under the Agent Provocateur brand in 2014.

SHANGHAI TANG

In July 2013, the Company created a wholly-owned Hong Kong subsidiary, Inter Parfums USA Hong Kong Limited, which entered into a 12-year exclusive worldwide license to create, produce and distribute fragrances and fragrance related products under China's leading luxury brand, Shanghai Tang. The agreement commenced on July 1, 2013 and is subject to certain minimum sales, advertising expenditures and royalty payments as are customary in our industry. In 2015, the Company launched its initial men's and women's fragrance collection under the Shanghai Tang brand.

(4) Inventories

December 31,	2015	2014
Raw materials and component parts	$30,569	$36,383
Finished goods	67,777	65,943
	$98,346	$102,326

Overhead included in inventory aggregated $3.7 million and $3.3 million as of December 31, 2015 and 2014, respectively. Included in inventories is an inventory reserve, which represents the difference between the cost of the inventory and its estimated realizable value, based upon sales forecasts and the physical condition of the inventories. In addition, and as necessary, specific reserves for future known or anticipated events may be established. Inventory reserves aggregated $6.6 million and $6.0 million as of December 31, 2015 and 2014, respectively.

(5) Fair Value of Financial Instruments

The following tables present our financial assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

FAIR VALUE MEASUREMENTS AT DECEMBER 31, 2015

	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Short-term investments	$82,847	–	$82,847	–
Foreign currency forward exchange contracts not accounted for using hedge accounting	123	–	123	–
	$82,970	–	$82,970	–
Liabilities				
Interest rate swaps	1,026	–	1,026	–

FAIR VALUE MEASUREMENTS AT DECEMBER 31, 2014

	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Short-term investments	$190,152	–	$190,152	–
Liabilities				
Foreign currency forward exchange contracts not accounted for using hedge accounting	355	–	355	–

The carrying amount of cash and cash equivalents including money market funds, short-term investments, accounts receivable, other receivables, accounts payable and accrued expenses approximates fair value due to the short terms to maturity of these instruments. The carrying amount of loans payable approximates fair value as the variable interest rates on the Company's indebtedness approximate current market rates.

Foreign currency forward exchange contracts are valued based on quotations from financial institutions and the value of interest rate swaps are the discounted net present value of the swaps using third party quotes from financial institutions.

(6) Derivative Financial Instruments

The Company enters into foreign currency forward exchange contracts to hedge exposure related to receivables denominated in a foreign currency and occasionally to manage risks related to future sales expected to be denominated in a foreign currency. In connection with the Rochas acquisition, $108 million of the purchase price was paid in cash on the closing date and was financed entirely through a 5-year term loan. As the payment at closing was due in dollars and we had planned to finance it with debt in euro, the Company entered into foreign currency forward contracts to secure the exchange rate for the $108 million purchase price at $1.067 per 1 euro. This derivative was designated and qualified as a cash flow hedge. The Company did not have any other derivatives under hedge accounting during the three-year period ended December 31, 2015.

Gains and losses in derivatives not designated as hedges are included in (gain) loss on foreign currency on the accompanying income statements and were immaterial in each of the years in the three-year period ended December 31, 2015. For the year ended December 31, 2015, interest expense includes a loss of $1.0 million relating to an interest rate swap.

All derivative instruments are reported as either assets or liabilities on the balance sheet measured at fair value. The valuation of interest rate swaps resulted in a liability which is included in long-term debt on the accompanying balance sheet as of December 31, 2015. The valuation of foreign currency forward exchange contracts not accounted for using hedge accounting in 2015 resulted in an asset and is included in other current assets, and at December 31, 2014, such valuation resulted in a liability and is included in accrued

expenses on the accompanying balance sheet. Generally, increases or decreases in the fair value of derivative instruments will be recognized as gains or losses in earnings in the period of change. If the derivative instrument is designated and qualifies as a cash flow hedge, the changes in fair value of the derivative instrument will be recorded as a separate component of shareholders' equity.

At December 31, 2015, the Company had foreign currency contracts in the form of forward exchange contracts with notional amounts of approximately U.S. $12.8 million, GB £1.6 million and JPY ¥50.0 million, which all have maturities of less than one year.

(7) Equipment and Leasehold Improvements

December 31,	2015	2014
Equipment	$27,757	$26,006
Leasehold Improvements	1,631	1,581
	29,388	27,587
Less accumulated depreciation and amortization	20,055	18,400
	$9,333	$9,187

Depreciation and amortization expense was $3.3 million in both 2015 and 2014, $4.9 million in 2013.

(8) Trademarks, Licenses and Other Intangible Assets

2015	Gross Amount	Accumulated Amortization	Net Book Value
Trademarks (indefinite lives)	$119,459	$–	$119,459
Trademarks (finite lives)	42,046	61	41,985
Licenses (finite lives)	66,082	28,994	37,088
Other intangible assets (finite lives)	12,366	9,563	2,803
Subtotal	120,494	38,618	81,876
Total	$239,953	$38,618	$201,335

2014	Gross Amount	Accumulated Amortization	Net Book Value
Trademarks (indefinite lives)	$4,252	$–	$4,252
Trademarks (finite lives)	46,889	53	46,836
Licenses (finite lives)	72,171	26,976	45,195
Other intangible assets (finite lives)	11,572	9,324	2,248
Subtotal	130,632	36,353	94,279
Total	$134,884	$36,353	$98,531

Amortization expense was $5.8 million, $6.6 million and $6.2 million in 2015, 2014 and 2013, respectively. Amortization expense is expected to approximate $6.0 million in 2016 and 2017, and $4.9 million in 2018, 2019 and 2020. The weighted average amortization period for trademarks, licenses and other intangible assets with finite lives are 18 years, 14 years and 2 years, respectively, and 14 years in the aggregate.

There were no impairment charges for trademarks with indefinite useful lives in 2015, 2014 and 2013. The fair values used in our evaluations are estimated based upon discounted future cash flow projections using a weighted average cost of capital of 8.02%. The cash flow projections are based upon a number of assumptions, including, future sales levels and future cost of goods and operating expense levels, as well as economic conditions, changes to our business model or changes in consumer acceptance of our products which are more subjective in nature. The Company believes that the assumptions the Company has made in projecting future cash flows for the evaluations described above are reasonable and currently no impairment indicators exist for our indefinite-lived assets. However, if future actual results do not meet our expectations, the Company may be required to record an impairment charge, the amount of which could be material to our results of operations.

The cost of trademarks, licenses and other intangible assets with finite lives is being amortized by the straight line method over the term of the respective license or the intangible assets estimated useful life which range from three to twenty years. If the residual value of a finite life intangible asset exceeds its carrying value, then the asset is not amortized. The Company reviews intangible assets with finite lives for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Trademarks (finite lives) primarily represent Lanvin brand names and trademarks and in connection with their purchase, Lanvin was granted the right to repurchase the brand names and trademarks in 2025 for the greater of €70 million (approximately $76 million) or one times the average of the annual sales for the years ending December 31, 2023 and 2024 (residual value). Because the residual value of the intang ble asset exceeds its carrying value, the asset is not amortized.

(9) Loans Payable – Banks

Loans payable – banks consist of the following:

The Company and its domestic subsidiaries have available a $20 million unsecured revolving line of credit due on demand, which bears interest at the prime rate minus 0.5% (the prime rate was 3.5% as of December 31, 2015). The line of credit which has a maturity date of December 18, 2016 is expected to be renewed on an annual basis. Borrowings outstanding pursuant to lines of credit were zero as of December 31, 2015 and 2014.

The Company's foreign subsidiaries have available credit lines, including several bank overdraft facilities totaling approximately

$27 million. These credit lines bear interest at EURIBOR plus between 0.5% and 0.8% (EURIBOR was minus 0.1% at December 31, 2015). Outstanding amounts were zero as of December 31, 2015, and $0.3 million as of December 31, 2014.

The weighted average interest rate on short-term borrowings was zero as of December 31, 2015 and 0.8% as of December 31, 2014.

(10) Long-term Debt

In June 2015, the Company financed its Rochas brand acquisition with a $111 million, 5-year term loan payable in equal quarterly installments plus interest. This term loan requires the maintenance of certain financial covenants, tested semi-annually, including a maximum leverage ratio and a minimum interest coverage ratio. The facility also contains new debt restrictions among other standard provisions. The Company is in compliance with all of the covenants and other restrictions of the debt agreements. In order to reduce exposure to rising variable interest rates, the Company entered into a swap transaction effectively exchanging the variable interest rate to a fixed rate of approximately 1.2%. The swap is a derivative instrument and is therefore recorded at fair value and changes in fair value are reflected in the accompanying consolidated statements of income. Maturities of long-term debt subsequent to December 31, 2015 are approximately $22 million per year through 2019 and, $11 million in 2020.

(11) Commitments

LEASES

The Company leases its office and warehouse facilities under operating leases which are subject to various step rent provisions, rent concessions and escalation clauses expiring at various dates through 2023. Escalation clauses are not material and have been excluded from minimum future annual rental payments. Rental expense, which is calculated on a straight-line basis, amounted to $9.9 million, $10.1 million and $10.8 million in 2015, 2014 and 2013, respectively. Minimum future annual rental payments are as follows:

2016	$5,512
2017	$5,285
2018	$4,913
2019	$4,470
2020	$3,765
Thereafter	$8,743
	$32,688

LICENSE AGREEMENTS

The Company is party to a number of license and other agreements for the use of trademarks and rights in connection with the manufacture and sale of its products expiring at various dates through 2032. In connection with certain of these license agreements, the Company is subject to minimum annual advertising commitments, minimum annual royalties and other commitments as follows:

2016	$101,067
2017	$114,136
2018	$109,995
2019	$113,091
2020	$114,100
Thereafter	$353,070
	$905,459

Future advertising commitments are estimated based on planned future sales for the license terms that were in effect at December 31, 2015, without consideration for potential renewal periods. The above figures do not reflect the fact that our distributors share our advertising obligations. Royalty expense included in selling, general, and administrative expenses, aggregated $33.8 million, $35.6 million and $40.5 million, in 2015, 2014 and 2013, respectively, and represented 7.2%, 7.1% and 7.2% of net sales for the years ended December 31, 2015, 2014 and 2013.

(12) Equity

SHARE-BASED PAYMENTS:

The Company maintains a stock option program for key employees, executives and directors. The plans, all of which have been approved by shareholder vote, provide for the granting of both non-qualified and incentive options. Options granted under the plans typically have a six-year term and vest over a four to five-year period. The fair value of shares vested in 2015 and 2014 aggregated $0.8 million and $0.7 million, respectively. Compensation cost, net of estimated forfeitures, is recognized on a straight-line basis over the requisite service period for the entire award. Forfeitures are estimated based on historic trends. It is generally the Company's policy to issue new shares upon exercise of stock options.

The following table sets forth information with respect to nonvested options for 2015:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested options – beginning of year	385,505	$7.14
Nonvested options granted	158,300	$5.99
Nonvested options vested or forfeited	(128,955)	6.65
Nonvested options – end of year	414,850	$6.86

The effect of share-based payment expenses decreased income statement line items as follows:

Year Ended December 31,	2015	2014	2013
Income before – income taxes	$800	$900	$800
Net Income attributable to Inter Parfums, Inc.	500	500	500
Diluted earnings per share attributable to Inter Parfums, Inc.	0.01	0.01	0.01

The following tables summarize stock option activity and related information for the years ended December 31,2015, 2014 and 2013:

Year Ended December 31, 2015	Options	Weighted Average Exercise Price
Shares under option- beginning of year	639,495	$23.19
Options granted	158,300	23.79
Options exercised	(80,685)	13.82
Options cancelled	(7,810)	27.77
Shares under option- end of year	709,300	$24.34

Year Ended December 31, 2014	Options	Weighted Average Exercise Price
Shares under option- beginning of year	643,595	$19.58
Options granted	139,250	27.93
Options exercised	(136,640)	11.19
Options cancelled	(6,710)	19.37
Shares under option- end of year	639,495	$23.19

Year Ended December 31, 2013	Options	Weighted Average Exercise Price
Shares under option- beginning of year	716,235	$14.41
Options granted	136,350	34.84
Options exercised	(204,240)	11.68
Options cancelled	(4,750)	17.47
Shares under option- end of year	643,595	$19.58

At December 31, 2015, options for 178,045 shares were available for future grant under the plans. The aggregate intrinsic value of options outstanding is $1.7 million as of December 31, 2015 and unrecognized compensation cost related to stock options outstanding aggregated $2.7 million, which will be recognized over the next five years.

The weighted average fair values of options granted by Inter Parfums, Inc. during 2015, 2014 and 2013 were $5.99, $7.42 and $9.20 per share, respectively, on the date of grant using the Black-Scholes option pricing model to calculate the fair value.

The assumptions used in the Black-Scholes pricing model are set forth in the following table:

Year Ended December 31,	2015	2014	2013
Weighted average expected stock-price volatility	33%	34%	37%
Weighted average expected option life	5.0 yrs	5.0 yrs	5.0 yrs
Weighted average risk-free interest rate	1.7%	1.7%	1.7%
Weighted average dividend yield	2.1%	1.8%	2.7%

Expected volatility is estimated based on historic volatility of the Company's common stock. The expected term of the option is estimated based on historic data. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant of the option and the dividend yield reflects the assumption that the dividend payout as authorized by the Board of Directors would maintain its current payout ratio as a percentage of earnings.

Proceeds, tax benefits and intrinsic value related to stock options exercised were as follows:

Year Ended December 31,	2015	2014	2013
Proceeds from stock options exercised excluding cashless exercise of $0.5 million, $0.6 million and $0.7 million in 2015, 2014 and 2013, respectively	$653	$953	$1,668
Tax benefits	260	670	700
Intrinsic value of stock options exercised	$1,137	$2,733	$4,088

The following table summarizes additional stock option information as of December 31, 2015:

Exercise Prices	Number Outstanding	Options Outstanding Weighted Average Remaining Contractual Life	Options Exercisable
$15.59	92,880	2.00 YEARS	71,380
$17.07	2,000	1.08 YEARS	1,125
$19.03 - $19.33	189,370	2.14 YEARS	142,290
$21.76	3,000	2.09 YEARS	1,000
$22.20	4,000	3.09 YEARS	1,600
$23.61	144,300	6.00 YEARS	–
$25.82	14,000	4.80 YEARS	–
$27.80	130,100	5.00 YEARS	26,020
$29.36	2,000	3.69 YEARS	500
$32.12	3,500	3.09 YEARS	875
$35.75	124,150	4.00 YEARS	49,660
Totals	709,300	3.82 YEARS	294,450

As of December 31, 2015, the weighted average exercise price of options exercisable was $21.93 and the weighted average remaining contractual life of options exercisable is 2.54 years. The aggregate intrinsic value of options exercisable at December 31, 2015 is $1.3 million.

The Chief Executive Officer and the President each exercised 19,000, 32,875 and 28,500 outstanding stock options of the Company's common stock in 2015, 2014 and 2013, respectively. The aggregate exercise prices of $0.5 million in 2015, $0.6 million in 2014 and $0.7 million in 2013 were paid by them tendering to the Company in 2015, 2014 and 2013, an aggregate of 18,764, 19,656 and 18,880 shares, respectively, of the Company's common stock, previously owned by them, valued at fair market value on the dates of exercise. All shares issued pursuant to these option exercises were issued from treasury stock of the Company. In addition, the Chief Executive Officer tendered in 2015, 2014 and 2013 an additional 1,299, 3,112 and 2,573 shares, respectively, for payment of certain withholding taxes resulting from his option exercises.

DIVIDENDS

The quarterly dividend of $4.0 million ($0.13 per share) declared in December 2015 was paid in January 2016. Furthermore, in January 2016, the Board of Directors of the Company authorized a 15% increase in the annual dividend to $0.60 per share. The next quarterly dividend of $0.15 per share will be paid on April 15, 2016 to shareholders of record on March 31, 2016.

(13) Net Income Attributable to Inter Parfums, Inc. Common Shareholders

Net income attributable to Inter Parfums, Inc. per common share ("basic EPS") is computed by dividing net income attributable to Inter Parfums, Inc. by the weighted average number of shares outstanding. Net income attributable to Inter Parfums, Inc. per share assuming dilution ("diluted EPS"), is computed using the weighted average number of shares outstanding, plus the incremental shares outstanding assuming the exercise of dilutive stock options and warrants using the treasury stock method.

The reconciliation between the numerators and denominators of the basic and diluted EPS computations is as follows:

Year Ended December 31,	2015	2014	2013
Numerator for diluted earnings per share	30,437	29,436	39,211
Denominator:			
Weighted average shares	30,996,137	30,931,308	30,763,955
Effect of dilutive securities: stock options	104,078	129,018	189,927
Denominator for diluted earnings per share	31,100,215	31,060,326	30,953,882
Earnings per share:			
Net income attributable to Inter Parfums, Inc. common shareholders:			
Basic	$0.98	$0.95	$1.27
Diluted	0.98	0.95	1.27

Not included in the above computations is the effect of anti-dilutive potential common shares, which consist of outstanding options to purchase 272,000, 130,000, and 32,000 shares of common stock for 2015, 2014, and 2013, respectively.

(14) Segments and Geographical Areas

The Company manufactures and distributes one product line, fragrances and fragrance related products. The Company manages its business in two segments, European based operations and United States based operations. The European assets are located, and operations are primarily conducted, in France. Both European and United States operations primarily represent the sale of prestige brand name fragrances. Information on the Company's operations by segments is as follows:

Year Ended December 31,	2015	2014	2013
Net sales:			
United States	$105,851	$105,270	$99,158
Europe	362,911	394,164	464,562
Eliminations of intercompany sales	(222)	(173)	(141)
	$468,540	$499,261	$563,579
Net income attributable to Inter Parfums, Inc.:			
United States	$7,640	$8,069	$6,806
Europe	$22,797	$21,367	32,392
Eliminations	–	–	13
	$30,437	$29,436	$39,211
Depreciation and amortization expense:			
United States	$1,583	$1,554	$1,216
Europe	7,495	8,612	9,894
	$9,078	$10,166	$11,110
Interest and dividend income:			
United States	$18	$3	$16
Europe	2,977	3,885	4,424
	$2,995	$3,888	$4,440
Interest expense:			
United States	$2	$73	$13
Europe	2,824	1,405	1,367
	$2,826	$1,478	$1,380
Income tax expense:			
United States	$3,923	$4,643	$4,512
Europe	17,604	14,727	25,159
Eliminations	–	–	9
	$21,527	$19,370	$29,680
Total assets:			
United States	$80,761	$78,740	$76,980
Europe	616,199	535,049	596,153
Eliminations of investment in subsidiary	(9,301)	(9,283)	(9,075)
	$687,659	$604,506	$664,058
Additions to long-lived assets:			
United States	$1,283	$1,165	$7,629
Europe	122,663	3,059	5,155
	$123,946	$4,224	$12,784
Total long-lived assets:			
United States	$13,133	$13,433	$13,823
Europe	197,535	94,285	112,864
	$210,668	$107,718	$126,687
Deferred tax assets:			
United States	$365	$396	$341
Europe	6,817	6,452	6,916
Eliminations	–	–	–
	$7,182	$6,848	$7,257

Segments and Geographical Areas *continued*

United States export sales were approximately $66.3 million, $61.0 million and $58.8 million in 2015, 2014 and 2013, respectively. Consolidated net sales to customers by region are as follows:

Year Ended December 31,	2015	2014	2013
North America	$125,700	$125,900	$145,900
Europe	170,600	177,900	215,700
Central and South America	41,100	57,700	50,600
Middle East	41,900	40,300	43,300
Asia	78,200	85,600	98,700
Other	11,000	11,900	9,400
	$468,500	$499,300	$563,600

Consolidated net sales to customers in major countries are as follows:

Year Ended December 31,	2015	2014	2013
United States	$122,000	$119,000	$142,000
United Kingdom	$32,000	$37,000	$46,000
France	$34,000	$50,000	$47,000

(15) Income Taxes

The Company or its subsidiaries file income tax returns in the U.S. federal, and various states and foreign jurisdictions.

The Company assessed its uncertain tax positions and determined that it has no uncertain tax position at December 31, 2015.

The components of income before income taxes consist of the following:

Year Ended December 31,	2015	2014	2013
U.S. operations	$11,564	$12,712	$11,340
Foreign operations	48,932	44,003	69,306
	$60,496	$56,715	$80,646

The provision for current and deferred income tax expense (benefit) consists of the following:

Year Ended December 31,	2015	2014	2013
Current:			
Federal	$3,660	$4,374	$3,638
State and local	220	323	454
Foreign	16,806	15,229	20,744
	20,686	19,926	24,836
Deferred:			
Federal	30	(84)	370
State and local	1	30	59
Foreign	810	(502)	4,415
	841	(556)	4,844
Total income tax expense	$21,527	$19,370	$29,680

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

December 31,	2015	2014
Net deferred tax assets:		
Foreign net operating loss carry-forwards	296	419
Inventory and accounts receivable	2,321	2,655
Profit sharing	2,442	2,570
Stock option compensation	717	545
Effect of inventory profit elimination	2,170	1,757
Other	(468)	(679)
Total gross deferred tax assets, net	7,478	7,267
Valuation allowance	(296)	(419)
Net deferred tax assets	7,182	6,848
Deferred tax liabilities (long-term):		
Trademarks and licenses	(3,746)	(2,154)
Other	–	–
Total deferred tax liabilities	(3,746)	(2,154)
Net deferred tax assets	$3,436	$4,694

Valuation allowances are provided for foreign net operating loss carry-forwards, as future profitable operations from certain foreign subsidiaries might not be sufficient to realize the full amount of net operating loss carry-forwards.

No other valuation allowances have been provided as management believes that it is more likely than not that the asset will be realized in the reduction of future taxable income.

The French Tax Authorities have examined the 2012 tax return of Interparfums, SA and issued a $6.9 million tax adjustment. It is the Company's position that the French Tax Authorities are incorrect in their assessments. The Company believes that it has strong arguments to support its tax positions and that more likely than not, its tax positions will be sustained. The Company will vigorously contest the assessments.

The Company is no longer subject to U.S. federal, state, and local or non-U.S. income tax examinations by tax authorities for years before 2012.

The Company has not provided for U.S. deferred income taxes on $352 million of undistributed earnings of its non-U.S. subsidiaries as of December 31, 2015 since the Company intends to reinvest most of these earnings in its foreign operations indefinitely and the Company believes it has sufficient foreign tax credits available to offset any potential tax on amounts that have been and are planned to be repatriated.

Differences between the United States Federal statutory income tax rate and the effective income tax rate were as follows:

Year Ended December 31,	2015	2014	2013
Statutory rates	34.0%	34.0%	34.0%
State and local taxes, net of Federal benefit	0.2	0.1	0.4
Effect of foreign taxes greater than U.S. statutory rates	1.6	0.4	2.0
Other	(0.2)	(0.3)	0.4
Effective rates	35.6%	34.2%	36.8%

(16) Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) consists of the following:

Year Ended December 31,	2015	2014	2013
Net derivative instruments, beginning of year	$–	$–	$240
Transfer from OCI into earnings	–	–	(240)
Net derivative instruments, end of year	–	–	–
Cumulative translation adjustments, beginning of year	(15,823)	25,860	12,258
Translation adjustments	(32,268)	(41,683)	13,602
Cumulative translation adjustments, end of year	(48,091)	(15,823)	25,860
Accumulated other comprehensive income (loss)	($48,091)	$(15,823)	$25,860

(17) Net Income Attributable to Inter Parfums, Inc. and Transfers from the Noncontrolling Interest

Year Ended December 31,	2015	2014	2013
Net income attributable to Inter Parfums, Inc.	$30,437	$29,436	$39,211
Decrease in Inter Parfums, Inc.'s additional paid-in capital for subsidiary share transactions	(192)	(335)	(173)
Change from net income attributable to Inter Parfums, Inc. and transfers from noncontrolling interest	$30,245	$29,101	$39,038

DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

Jean Madar
Chief Executive Officer,
and Chairman of the Board of Directors
Inter Parfums, Inc.

Philippe Benacin
President, and Vice Chairman of the
Board of Directors, Inter Parfums, Inc.
Chief Executive Officer,
Interparfums SA

Russell Greenberg
Executive Vice President,
and Chief Financial Officer
Inter Parfums, Inc.

Philippe Santi
Executive Vice President
Director General Delegue
Interparfums SA

Francois Heilbronn
Managing Partner M.M. Friedrich,
Heilbronn & Fiszer

Jean Levy
Business Consultant - Former President
and Chief Executive Officer, Cosmair
Former President and Chief Executive
Officer, Sanofi Beauté (France)

Robert Bensoussan-Torres
Co-founder of Sirius Equity, a retail
and branded luxury goods
investment company

Patrick Choël
Business Consultant and Former
President and Chief Executive Officer
Parfums Christian Dior
and the LVMH Perfume and
Cosmetics Division

Michel Dyens
Chairman, and Chief Executive Officer,
Michel Dyens & Co.

EXECUTIVE OFFICERS

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and Chairman of the Board of Directors
Inter Parfums, Inc.

Philippe Benacin
President, and Vice Chairman of the
Board of Directors, Inter Parfums, Inc.
Chief Executive Officer,
Interparfums SA

Russell Greenberg
Executive Vice President,
and Chief Financial Officer
Inter Parfums, Inc.

Henry B. Clarke
President,
Inter Parfums USA, LLC

Philippe Santi
Executive Vice President
Director General Delegue
Interparfums SA

Frédéric Garcia-Pelayo
Director of Export Sales
Interparfums SA

CORPORATE INFORMATION

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New York, NY 10020

Transfer Agent
American Stock Transfer
and Trust Company
6201 15th Avenue
Brooklyn, NY 11219

THE MARKET FOR OUR COMMON STOCK

Our Company's common stock, $.001 par value per share, is traded on The Nasdaq Global Select Market under the symbol "IPAR". The following table sets forth in dollars, the range of high and low closing prices for the past two fiscal years for our common stock.

FISCAL 2015	High Closing Price	Low Closing Price
Fourth Quarter	33.45	22.33
Third Quarter	35.22	29.97
Second Quarter	34.83	23.40
First Quarter	29.37	22.73

Fiscal 2014	High Closing Price	Low Closing Price
Fourth Quarter	29.98	24.81
Third Quarter	31.39	25.62
Second Quarter	36.78	27.59
First Quarter	37.74	30.38

As of February 23, 2016, the number of record holders, which include brokers and broker's nominees, etc., of our common stock was 45. We believe there are approximately 8,200 beneficial owners of our common stock.

DIVIDENDS

In January 2014, our Board of Directors determined to maintain the quarterly dividend of $0.12 per share, or $0.48 on an annual basis and in January 2015, our Board of Directors authorized an 8% increase in the annual dividend to $0.52 per share.

In January 2016, our Board of Directors authorized a 15% increase in the cash dividend to $0.60 per share on an annual basis. The next quarterly cash dividend of $0.15 per share is payable on April 15, 2016 to shareholders of record on March 31, 2016.

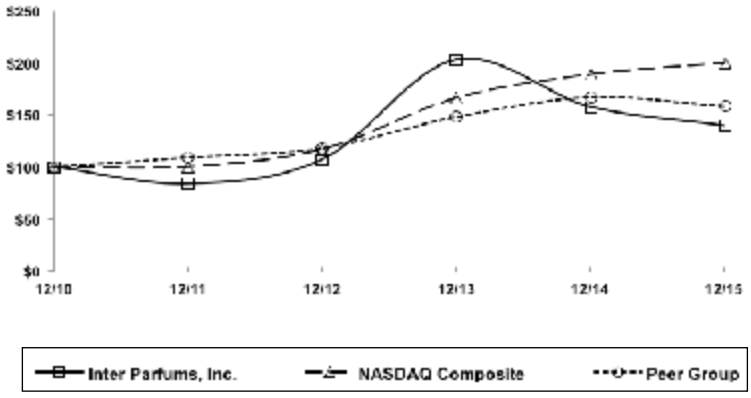
FORM 10K

A copy of the company's 2015 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available without charge to shareholders upon request (except for exhibits) To: Inter Parfums, Inc. 551 Fifth Avenue New York, NY 10176 Attention: Corporate Secretary.

CORPORATE PERFORMANCE GRAPH

The following graph compares the performance for the periods indicated in the graph of our common stock with the performance of the Nasdaq Market Index and the average performance of a group of the Company's peer corporations consisting of: Avon Products Inc., CCA Industries, Inc., Colgate-Palmolive Co., Elizabeth Arden, Inc., Estee Lauder Companies, Inc., Inter Parfums, Inc., Kimberly Clark Corp., Natural Health Trends Corp., Revlon, Inc., Spectrum Brands, Inc., Stephan Company, Summer Infant, Inc., The Procter & Gamble Company and United Guardian, Inc. The graph assumes that the value of the investment in our common stock and each index was $100 at the beginning of the period indicated in the graph, and that all dividends were reinvested.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Inter Parfums, Inc., The NASDAQ Composite Index, and a Peer Group



*$100 invested on 12/31/10 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

Below is the list of the data points for each year that corresponds to the lines on the above graph

	12/10	12/11	12/12	12/13	12/14	12/15
Inter Parfums, Inc.	100.00	84.09	107.11	203.00	158.14	139.80
NASDAQ Composite	100.00	100.53	116.92	166.19	188.78	199.95
Peer Group	100.00	109.19	118.26	148.15	167.04	158.65

interparfums, inc.

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