

Christian Dior

CONSOLIDATED STATEMENTS

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CONSOLIDATED HIGHLIGHTS

millions of euros	2000	2001	2002	2003	2004
Net sales	11,867	12,567	13,168	12,466	13,201
Operating income*	1,967	1,548	2,034	2,213	2,461
Income before taxation*	1,652	597	1,264	1,622	2,098
Income from continuing operations					
Group share before amortization of goodwill	320	75	287	428	582
Net income – Group share	251	(95)	178	303	464

* Adjusted retroactively to reflect reclassifications.

euros

Income from continuing operations per share					
before amortization of goodwill	1.77	0.41	1.58	2.36	3.20

* Adjusted following the 1 for 4 split on July 3, 2000.

millions of euros

Total balance sheet	28,435	29,228	26,802	25,802	25,873
Shareholders' equity	3,972	3,788	3,793	3,774	4,003
Cash flow	1,140	884	1,528	1,961	2,162

* Adjusted retroactively to reflect reclassifications.

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CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2004 (millions of euros)

ASSETS	Notes	2004	2003	2002
Fixed assets				
Brands and other intangible assets	5	9,030	9,223	9,368
Depreciation and amortization		(406)	(518)	(362)
		8,624	8,705	9,006
Goodwill	4	4,766	4,691	4,628
Amortization		(1,751)	(1,496)	(1,224)
		3,015	3,195	3,404
Tangible assets	5	6,978	6,653	6,855
Amortization		(2,875)	(2,678)	(2,614)
		4,103	3,975	4,241
Long-term financial assets				
Equity interests	6	117	52	71
Other long-term securities	7	878	1,252	1,233
Other financial fixed assets		416	357	522
		1,411	1,661	1,826
Total fixed assets		17,153	17,536	18,477
Current assets				
Inventories and work in progress	8-26	3,630	3,517	3,522
Trade receivables and related accounts	9	1,367	1,423	1,373
Other receivables and prepaid expenses	10	1,153	1,235	1,315
Net deferred taxes	21	396	455	558
Treasury shares	11	915	549	641
Marketable securities	12	212	232	61
Cash and cash equivalents	12	1,047	855	855
Total current assets		8,720	8,266	8,325
Total assets	26-27	25,873	25,802	26,802

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LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2004 after appropriation	2004 before appropriation	2003 after appropriation	2002 after appropriation
Shareholders' equity					
Capital		363	363	363	363
Consolidated reserves		3,971	3,680	3,678	3,534
Currency translation		(331)	(331)	(267)	(104)
Income for the period		0	464	–	–
Interim dividend paid		0	(58)	–	–
Shareholders' equity-group share	15	4,003	4,118	3,774	3,793
Minority interests	15	8,916	8,916	8,700	8,746
Total shareholders' equity		12,919	13,034	12,474	12,539
Deferred taxes more than one year	21	198	198	160	127
Long and medium-term debt					
Repackaged notes	15	92	92	158	222
Financial debts, more than one year	15	4,943	4,943	4,307	4,555
Other long and medium-term debt and provisions	16	1,069	1,069	1,136	1,151
Total long and medium-term debt		6,104	6,104	5,601	5,928
Short-term debt					
Financial debts, less than one year	15	735	735	871	360
Short-term financial debt	15	1,473	1,473	2,038	3,114
Bank overdrafts	15	443	443	429	504
		2,651	2,651	3,338	3,978
Trade accounts and related accounts		1,644	1,644	1,688	1,484
Other liabilities	17	2,357	2,242	2,541	2,746
		4,001	3,886	4,229	4,230
Total short-term debts		6,652	6,537	7,567	8,208
Total liabilities and shareholders' equity	27	25,873	25,873	25,802	26,802

The notes are an integral part of the consolidated financial statements.

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CONSOLIDATED STATEMENT OF INCOME

(millions of euros,
except for earnings per share expressed in euros)

	<i>Notes</i>	2004	2003	2002
Net sales	<i>19-26-27</i>	13,201	12,466	13,168
Cost of sales		(4,708)	(4,350)	(4,712)
Gross margin		8,493	8,116	8,456
Design costs		0	0	(31)
Marketing and selling expenses		(4,795)	(4,647)	(4,924)
Administrative costs		(1,237)	(1,256)	(1,467)
Operating income	<i>26-27</i>	2,461	2,213	2,034
Financial income	<i>19</i>	(238)	(269)	(333)
Dividends from unconsolidated equity interests		21	18	8
Other net revenues and expenses	<i>20</i>	(146)	(340)	(445)
Income before taxation		2,098	1,622	1,264
Taxes on earnings	<i>21</i>	(563)	(496)	(356)
Share of income from equity-interest companies	<i>6</i>	(15)	1	(18)
Net income before amortization of goodwill and unusual items (including Group share of equity-interest companies: 2004: 582; 2003: 428; 2002: 287)		1,520	1,127	890
Goodwill amortization	<i>22</i>	(274)	(290)	(253)
Net income (including Group share of equity-interest companies: 2004: 464; 2003: 303; 2002: 178)		1,246	837	637
Minority interests		(782)	(534)	(459)
Net income - Group share		464	303	178
Net current earnings per share (before and after dilution)		3.20	2.36	1.58
Number of shares used for the calculation		181,727,048	181,727,048	181,721,048
Net earnings per share (before and after dilution)		2.55	1.67	0.98
Number of shares used for the calculation		181,727,048	181,727,048	181,723,825

The notes form an integral part of the consolidated financial statements

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CHANGE IN CONSOLIDATED CASH POSITION (millions of euros)

	2004	2003	2002
I - OPERATING ACTIVITIES			
Net income – Group share	464	303	178
Net income – minorities share	783	534	459
Elimination of income relating to equity-interest companies	15	(1)	18
Dividends received from equity-interest companies	6	6	(1)
Net allocations to amortization and long and short-term provisions	817	1,056	700
Capital gains and losses from disposals	77	63	174
Cash flow	2,162	1,961	1,528
Change in current assets	(109)	(230)	117
Change in short-term debts	(81)	127	309
Change in working capital needs	(190)	(103)	426
Net cash from operating activities	① 1,972	1,858	1,954
II - INVESTMENT OPERATIONS			
Acquisitions of intangible assets	(49)	(74)	(88)
Acquisitions of tangible assets	(647)	(565)	(538)
Acquisitions of equity interests	(110)	(36)	(51)
Changes in debts on fixed assets acquisitions	(119)	(148)	(53)
Disposal of non-financial fixed assets	66	105	203
Changes in receivables on disposals of fixed assets	16	–	–
Disposal of unconsolidated equity interests	94	13	92
Change in other long-term financial assets	(36)	10	(185)
Impact of changes in consolidation - acquisitions	(244)	(116)	(160)
Net cash from investment activities	② (1,029)	(809)	(780)
III - FINANCING OPERATIONS			
Proceeds from issuance of common stock	1	70	13
Issuance of bonds and other financial debt	1,558	1,843	661
Principal repayments on loans and financial debt	(1,679)	(2,216)	(2,404)
Change in current accounts	(6)	(251)	(84)
Change in listed marketable securities	11	(170)	182
IV - Net cash from financing activities	③ (115)	(724)	(1,632)
V - ACQUISITION AND DISPOSAL OF LVMH / DIOR SHARES	④ (155)	183	500
VI - DIVIDENDS PAID DURING THE PERIOD	⑤ (510)	(437)	(363)
VII - IMPACT OF CURRENCY TRANSLATION	⑥ 1	6	18
NET CHANGE IN CASH AND CASH EQUIVALENTS	① + ② + ③ + ④ + ⑤ + ⑥ 164	77	(303)
Cash and cash equivalents at start of period	459	382	685
Cash and cash equivalents at close of period	623	459	382
NET CHANGE IN CASH AND CASH EQUIVALENTS	164	77	(303)

The statement of cash flows shows the change in cash (net of bank overdrafts) from one financial year to the next and cash equivalents consisting of short-term investments that can be readily converted into cash, excluding, since January 1, 2001, listed marketable securities. Figures from previous financial years have been restated to enable comparisons to be made between the data presented. The reconciliation between the cash amount at year-end, as shown on the cash flow statement, and the cash items on the balance sheet is presented in Note 12.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT EVENTS AND CHANGES IN THE GROUP CONSOLIDATION

In 2004:

Wines and Spirits

- In March 2004, the interest in Millennium Import LLC, acquired in July 2002 (see below), was increased from 40 to 70%. The related investment, of USD 103 million, generated goodwill of USD 100 million.
- The interest in Millennium, which was accounted for using the equity method, was fully consolidated as of the financial year 2004.

Fashion and Leather Goods

- In March 2004, LVMH increased its interest in Donna Karan from 89% to 98% for an investment of USD 44 million; and in May 2004, the interest in Fendi was increased from 84% to 94% for 112 million euros.
- These investments mainly represent an increase of the Group share in the Donna Karan and Fendi brands and additional goodwill of respectively USD 10 million and 39 million euros.

Perfumes and Cosmetics

- In July 2004, LVMH acquired an additional interest of 10% in BeneFit Cosmetics, for an expense of USD 26 million, raising the Group's interest to 80% after this operation.
- This investment mainly represents the purchase of the minority interests in the BeneFit brand, for an investment of USD 10 million and additional goodwill of USD 16 million.

Watches and Jewelry

- The sale of Ebel to the American group, Movado, for 52 million Swiss francs, resulting from a memorandum of understanding in December 2003, took effect in February 2004.
- Ebel was deconsolidated on March 1, 2004.

In 2003:

Wines and Spirits

- In June and September 2003, LVMH sold the Hine cognac and the Canard-Duchêne champagnes for 15 and 40 million euros respectively, but Moët-Hennessy kept a portion of the Canard-Duchêne inventory.

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Fashion and Leather Goods

- During the year, LVMH increased its stake in Fendi from 67% to 84% for 191 million euros; this investment resulted in the recognition of additional goodwill in the amount of 73 million euros.
- In February 2003, LVMH increased its interest in Rossimoda, the Italian manufacturer of high-end shoes, from 45% to 97%; the total investment of 56 million euros was recognized as goodwill in the amount of 43 million euros.

Perfumes and Cosmetics

- In December 2003, LVMH sold its Bliss beauty centers and cosmetics for 15.5 million euros, and the licenses held by LVMH for the Michael Kors, Marc Jacob, and Kenneth Cole perfume brands were sold during the year for a total amount of 59 million euros.
- LVMH raised its stake in the Laflachère group (La Brosse and Dupont) from 57% to 99%; the 42 million euro investment resulted in additional goodwill of 48 million euros.
- The Group's stake in Acqua di Parma, which was 50%, has been increased to 100%, through an additional investment of 9 million euro.

Watches and Jewelry

- In December 2003, LVMH signed a memorandum of understanding for the sale of the Ebel brand and some corresponding operating and industrial assets; the price stipulated in this memorandum, which became definitive early in 2004, was 52 million Swiss francs.

Other activities

- The auction house Tajan was sold at the end of 2003 for a nominal amount.
- The joint-venture formed with the diamond merchant De Beers (see financial year 2001) was consolidated proportionately as of financial year 2003; prior to that period, it was accounted for using the equity method.
- The companies acquired or sold were respectively consolidated or deconsolidated on the date of completion of the operation.

In 2002:

Wines and Spirits

- In July 2002, LVMH purchased a 40% interest in Millennium Import LLC, a producer of high-end vodkas distributed under the Belvédère and Chopin brands, for USD 76 million. The interest in Millennium was consolidated by the equity method as of that date. This transaction was accounted for on the balance sheet as an intangible asset of USD 71 million, amortized over 15 years, representing the rights that Millennium holds for the distribution of these brands.

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- In May 2002 the Group sold the Pommery brand for 152 million euros. This sale also included the administrative and production sites, the wine cellars, the inventories and distribution contracts, excluding the vineyards. The Pommery activities have not been consolidated since that date.

Fashion and Leather Goods

- Donna Karan International Inc., “DKI”, purchased in December 2001, was fully consolidated as of January 1, 2002. The total investment in Gabrielle Studio and DKI was allocated to the Donna Karan brand for 494 million euros. The consolidated goodwill of USD 224 million will be amortized over 20 years.

- During the year, LVMH strengthened its interest in the Fendi group, which increased from 51% to 67%. This investment for 196 million euros generated additional goodwill of 75 million euros.

- The Emilio Pucci group, purchased in 2001 for 38 million euros, was fully consolidated as of January 1, 2002. The investment was allocated to the Pucci brand for 17 million euros. The residual consolidated goodwill will be amortized over 20 years.

- Finally, LVMH increased its interest in Thomas Pink from 70% to 100%, for an investment of 28 million euros.

Perfumes and Cosmetics

- In December 2002, the Group sold the Hard Candy and Urban Decay brands for USD 1 million, which could change over the next three years because of an indexing clause; the 2002 results for these entities were included in the consolidated income until their sale.

Other activities

Based on an agreement of May 2002, LVMH’s interest in Phillips was reduced from 75% to 27.5%, with LVMH transferring control to its former directors, Daniella Luxembourg and Simon de Pury. With this agreement, LVMH reestablished the financial situation of the Phillips group by writing off its financial loans, and in return received Phillips’ fixed assets and inventory. Phillips was deconsolidated as of January 1, 2002, and the activity over the first months of the year was not significant.

Pro forma data and impact of the consolidation changes on cash flow

Pro forma simplified income statements are presented below for the financial years 2003 and 2004 on the basis of the following assumptions:

- 2003 disposals and acquisitions are considered to have been made at January 1, 2003;
- in cases of disposals made in 2004, a comparable number of months of operations is used in 2003 and 2004;
- in cases where minority interests were acquired in 2004, these operations are deemed to have been made in 2003.

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These pro forma data do not necessarily represent the results that would have effectively been recorded in the consolidated statements if the operations described had taken place on the date stated. Moreover, they cannot be used to forecast future trends in consolidated results.

(millions of euros)	2004 pro forma	2003 pro forma
Net sales	13,201	12,408
- <i>Christian Dior Couture</i>	595	523
- <i>Wines and Spirits</i>	2,280	2,134
- <i>Fashion and Leather Goods</i>	4,362	4,170
- <i>Perfumes and Cosmetics</i>	2,153	2,144
- <i>Watches and Jewelry</i>	496	457
- <i>Selective retailing</i>	3,378	3,039
Operating income	2,461	2,244
Income before tax	2,090	1,811
Net income before amortization of goodwill and unusual items – Group share	579	509
Net income before unusual items – Group share	461	387

(millions of euros)			
Brands and other intangible assets	(24)	Shareholders' equity	(8)
Goodwill	135	Minority interests	(138)
Net tangible assets	19	Net financial debt	248
Net current assets	(32)	Other long-term liabilities	(1)
Other assets	(1)	Other short-term liabilities	(4)
Total	97		97

The impact of the consolidation changes on the Group's cash flow, as shown in the consolidated statement of cash flows, net of the cash flow of the purchased or sold companies but increased by any deferred payments on these acquisitions, was 244 million euros (209 million euros in 2003).

In 2004, this amount primarily represents the effects of the increase in LVMH's interests in Fendi (112 million euros), Millennium (82 million euros), Donna Karan (35 million euros) and BeneFit Cosmetics (21 million euros); the disposals have made a positive contribution of 35 million euros. This amount mainly results from the sale of Ebel.

In 2003, it primarily included the investments in Fendi (191 million euros), Rossimoda (33 million euros), La Brosse & Dupont (42 million euros), and the positive impact of the sales of Hine, Canard-Duchêne, and the Michael Kors, Marc Jacobs and Kenneth Cole perfume licenses, making a total amount of 160 million euros.

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NOTE 2 - ACCOUNTING PRINCIPLES - RULES - METHODS

The consolidated financial statements of the Christian Dior Group are prepared in accordance with generally accepted accounting principles in France, defined by the law of January 3, 1985 and Regulation 99-02 of the Accounting Regulatory Commission published on June 22, 1999. These principles have been consistently applied over the last three financial years.

2.1 - Principles of consolidation

The subsidiaries in which the Group has direct or indirect exclusive control are fully consolidated.

The companies under joint control are consolidated by proportionate consolidation.

For the companies owned jointly with the Diageo group, only those parts of the balance sheet and statement of income relating to LVMH group activity are included in the accompanying financial statements (see Note 2.15).

Companies in which Christian Dior Group has a significant influence are accounted for using the equity method.

The Group does not exercise exclusive or joint control, or significant de facto influence with regard to entities or structures in which no legal stake is held (“ad hoc entities”).

2.2 - Foreign currency translation, hedging of exchange and interest rate risks

a - Currency translation

The currency of the consolidated accounts is the euro: subsidiaries’ accounts that use a different functional currency are converted into euros:

- at the exchange rate at year-end for balance sheet items;
- at the average rates for the financial year for statement of income items.

Translation adjustments from the application of these rates are recorded in shareholders’ equity under “foreign currency translation”.

b - Transactions in foreign currencies

Foreign currency transactions carried out by the consolidated companies are converted into their functional currency at the exchange rate on the date of the transaction.

Receivables and liabilities denominated in foreign currencies are converted at the exchange rates on December 31. Unrealized currency gains and losses resulting from this conversion are recorded on the income statement, unless they result from the conversion of loans in currencies or other instruments allocated to hedge long-term investments in the same currency: in this case, the corresponding currency gains and losses are recorded under shareholders’ equity as “currency translation adjustments”.

Exchange gains and losses resulting from the conversion of transactions or intra-group receivables and liabilities in foreign currencies, or their elimination, are recorded in the income statement, unless they come from long-term intra-group financing operations that can be classified as quasi-investment securities: in this case, they are recorded under shareholders’ equity as “currency translation adjustments”.

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calculation is made after the net assets of the acquired company have been restated according to Group accounting principles and after revaluation at fair value, when fair value differs from net book value on the purchase date.

The value of certain intangible assets, such as brands, market share, or business goodwill is not reported separately from goodwill.

For the changes in the Group consolidation since financial year 2000, goodwill has been recorded in the operating currency of the acquired company. It was previously recorded in euros.

Goodwill is amortized over periods ranging from 5 to 40 years, depending on the estimated duration when first consolidated: this estimation refers to the purchased company in its own market, in terms of positioning, age and geographic location.

Business goodwill acquired under French law is amortized over a period that may not exceed 18 years.

The book value and current value of goodwill are determined using the procedures described in Note 4. When the book value of goodwill becomes permanently greater than its current value, a set-aside equal to the difference is made for amortization.

2.5 - Tangible assets

Tangible assets are recorded in the consolidated balance sheet at their acquisition cost. This includes goodwill, if any.

The assets acquired under financial or long-term leases are fixed according to the present value of future rents.

Fixed assets are depreciated on a straight-line basis for their estimated useful economic life as follows:

• buildings	20 to 50 years
• technical facilities, equipment and tools	3 to 20 years
• retail fittings	3 to 10 years
• vineyards	18 to 25 years
• other assets	3 to 10 years

Vineyard plantings and development costs are capitalized until the vineyards become productive (generally three years) and are included in “tangible assets in progress”.

2.6 - Unconsolidated Equity interests

Unconsolidated interests are recorded at acquisition cost.

In case of a difference considered to be permanent between the utility value of such a Group investment and its book value, a provision for depreciation of the amount of this difference is booked.

The utility value is measured based on criteria such as the amount of the Group’s share in net assets, the stock price or the outlook for earnings and cash flow. These criteria are weighted for the effects on the Group of holding the investments, in terms of strategy or synergies with existing businesses.

2.7 - Inventories and work in progress

Products are recorded at their cost price, except for financial costs, which may not exceed the net realization value; the cost price is made up of the production cost (finished products), or the purchase price plus the accessory costs (raw materials and merchandise).

Changes in inventories are recorded at the weighted average cost or the first-in first-out (FIFO) method.

Considering the ageing process for champagne and cognac, these inventories are often held for more than one year. However, in line with industry practice, they are classified as current assets.

Depreciation of inventories is primarily noted in the Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry and Selective retailing activities. It is often established because of the obsolescence of the products concerned (the limitation period is near, the season or collection is finished...) or of their selling perspective.

2.8 - Trade accounts receivable and other receivables

Receivables are recorded at their face value. An allowance for write-down is established when the inventory value is less than the book value, based on the probability of recovery.

2.9 - Treasury shares

Treasury shares are recorded at acquisition cost.

Shares held under French market regulations governing stock price adjustments, shares held for employee stock option plans and shares held by subsidiaries on a short-term basis are recorded as assets in the balance sheet.

Shares held under stock option plans are attributed to these plans, for their duration; these shares are recorded as "less than a year" in the balance sheet when the corresponding options can be exercised immediately or in a period less than a year, and stay classified as "more than a year" until this date.

When the market value of the treasury shares, calculated as described in 2.10 below, becomes less than the acquisition price, a provision for depreciation equal to the amount of the difference is recorded.

For treasury shares allocated to option plans, the calculation of depreciation is made on a per-plan basis when the market value of the share is greater than the option exercise price and in relation to the average cost price for all plans in question when the market value of the share is less than the option exercise price. Moreover, when the value of the shares allocated to option plans, net of depreciation, is greater than the exercise price stipulated by each of the plans, a provision for risks and charges is recorded for the amount of the difference.

In case of disposal of treasury shares, the cost price of the disposed parcel is established according to the first-in first-out (FIFO) method.

Treasury Shares held for a long-term basis or for the purpose of future cancellation or exchange are deducted from shareholders' equity, including the realized capital gains and losses.

2.10 - Short-term investments

The short-term investments are assessed at their cost price or at market value if the latter is lower.

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The market value of traded securities is determined by reference to the average price quoted on the related stock exchange during the last month of the year, translated at the year-end exchange rate if applicable. The market value of non-traded securities is based on their estimated realizable value.

Shares of mutual funds, cash mutual funds and similar securities are valued at their published net asset value.

The calculation is made by line of securities, without offsetting between the gains and losses recorded.

In the event of a partial sale of an investment, the FIFO or weighted average price methods are used to determine the gain or loss to be recognized.

2.11 - Cash and cash equivalents

Cash and cash equivalents include cash, as well as term deposits which can be immediately realized.

2.12 - Bond loans

The issuing premium of bond loans as well the costs of the issuance facility, are amortized over the duration of the loan in question.

2.13 - Design costs – Research and Development expenses

As of January 1, 2003, design costs are included in the “cost of sales” line.

Research and development costs, including packaging costs, are recorded as expenses in the year in which they are incurred.

2.14 - Income taxes; deferred taxes

Deferred income taxes arise out of timing differences between the net book assets of consolidated companies as reported in the consolidation and the amount resulting from the application of tax rules. These are recorded based on the known tax situation at the end of the year.

Tax savings from carried-over fiscal deficits are recorded as deferred taxes only when their recovery is deemed probable.

Taxes that would become payable by the Group in the event that retained earnings of subsidiaries are distributed are set aside if such a distribution is probable.

2.15 - Product accounting

- Net Sales

The sale revenues of the Group include both retail sales for the Group’s stores and “wholesale” sales to distributors and agents.

Retail sales come basically from Selective retailing and the following lines: Fashion and Leather Goods, certain brands of Perfumes and Cosmetics, and Watches and Jewelry. These sales are recorded at the time of purchase by customers.

“Wholesale” sales come from Wines and Spirits activities and from certain brands of Perfumes and Cosmetics or Watches and Jewelry. These sales are recorded when ownership is transferred, that is, most often upon shipping.

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- Activities in partnership with Diageo

A significant part of the sales revenue from Wines and Spirits is earned through the distribution agreements with Diageo, which most often consist of joint ventures. These joint ventures ensure the delivery and sale of the brands of both groups. The distribution agreements govern the breakdown of the balance sheet and income statement of these entities between LVMH and Diageo. Because of these agreements, LVMH only consolidates the net sales and share of joint-venture expenses that applies to its own brands.

- Provisions for returned products

Companies in the Perfumes and Cosmetics division, and to a lesser extent in Fashion and Leather Goods and Watches and Jewelry, repurchase unsold or outdated products from their customers or distributors.

In order to cover the loss of margin and the probable depreciation or destruction of inventory resulting from those returned products, some provisions are constituted when sales are recorded; the rate of return used for the calculation of those provisions is most often based on statistics.

- Re-invoiced shipping and transportation costs

Shipping and transportation costs re-invoiced to customers are included in net sales, because the associated expenses were recorded under commercial expenses.

- Marketing cooperation agreements and product rights

It is common usage, especially in the marketing of Wines and Spirits, to pay for product reference rights or to participate in advertising agreements with the distributor. These expenses are recorded under commercial expenses.

2.16 - Other income, expenses and non-recurring items

The primary business of the Group is the management and development of its brands and banners. Operating income derives from these activities, whether they involve recurring or non-recurring operations, main or incidental.

Other income and expenses reflect income statement items which may not be inherent to the Group's operating activity, because of their nature or frequency.

Income before taxes is equivalent to the notion of "net income of consolidated companies".

Net income is income net of taxes, excluding goodwill amortization expense.

2.17 - Earnings per share

Earnings per share are calculated based on the weighted average number of common shares outstanding during the year, after deducting treasury shares recorded against shareholder's equity.

Fully diluted earnings are computed according to the number of shares described in the previous paragraph, plus the weighted average number of shares assuming the exercise of all outstanding options during the year; the funds collected from these options are assumed attributed, in this calculation, to the purchase of shares at market price.

2.18 - Pensions, medical costs and other commitments to current or retired employees

When retirement indemnities, pensions, medical costs and other commitments are covered by contributions paid by the companies of the Group to outside organizations which assume

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the commitment for the payment of the allocations or the reimbursement of medical costs, these contributions are recognized as expenses for the year in which they are due; no liability is shown on the balance sheet.

When the consolidated companies pay pensions, medical costs and other liabilities directly, the related total actuarial commitment appears as a provision on the balance sheet. Changes to this commitment are recorded as expenses for the period.

When this commitment is covered, in whole or in part, by funds paid by the companies of the Group to financial agencies, the amount of these dedicated investments is deducted on the balance sheet from the actuarial commitment.

The actuarial commitment is calculated on the basis of valuations specific to each country and to each company of the Group; these valuations include assumptions for salary increases, inflation, life expectancies, employee turnover and return on dedicated investments.

The cumulative effects of the actuarial differences are amortized when they exceed 10% of the total commitment or of the market value of the dedicated investments that cover it. These differences are amortized beginning in the year following their determination, over the residual average working life of the employees concerned.

2.19 - Use of estimates

In the normal process of preparing the consolidated financial statements, the determination of certain accounting balances on the balance sheet or the income statement requires the use of assumptions, estimates or assessments. This includes the valuation of the intangible assets, the determination of the amount of the provisions for liabilities and charges, or provisions for depreciation of inventories. These assumptions, estimates or assessments are prepared on the basis of information or positions existing on the date the statements are prepared which may, in the future, prove different from reality.

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NOTE 3 - BRANDS AND OTHER INTANGIBLE ASSETS

(millions of euros)	2004			2003	2002
	Gross value	Depreciation Amortization	Net value	Net value	Net value
Brands (*)	8,180	(79)	8,101	8,460	8,771
Leasehold acquisition rights	228	(95)	133	139	137
Other	622	(232)	390	106	98
Total	9,030	(406)	8,624	8,705	9,006

(*) Brands break down as follows:

(millions of euros)		2004			2003	2002
	Currency	Gross value	Depreciation Amortization	Net value	Net value	Net value
Louis Vuitton		2,058	–	2,058	2,058	2,058
Hennessy		1,067	–	1,067	1,067	1,067
Fendi		807	–	807	807	807
Moët		732	–	732	732	732
Parfums Christian Dior		610	–	610	610	610
Guerlain		441	–	441	441	441
Céline		351	(70)	281	281	281
Veuve Clicquot		244	–	244	244	244
Parfums Givenchy		152	–	152	152	152
Loewe		122	–	122	122	122
Château d'Yquem		108	–	108	108	108
Krug		100	–	100	100	100
Other (< EUR 100m)		315	(29)	286	318	326
Total brands in euros		6,792	(70)	6,722	6,722	6,722
Tag Heuer	CHF	804		804	796	854
Donna Karan New York	USD	380		380	410	494
Ebel	CHF	–		–	–	125
Other (< EUR 100m)		204	(9)	195	214	250
Total brands in foreign currencies		1,388	(9)	1,379	1,420	1,723
TOTAL		8,180	(79)	8,101	8,142	8,445

- The leasehold rights primarily represent the stores under the Louis Vuitton brand and the Sephora banner.

- The acquired brands not detailed in the “other” item above are primarily:

- Wines and Spirits: Newton Vineyards, MountAdam;

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- Fashion and Leather Goods: Givenchy, Kenzo, Christian Lacroix, Berluti, Thomas Pink, and Pucci;
- Perfumes and Cosmetics: Parfums Kenzo, Make Up for Ever, BeneFit Cosmetics and Fresh;
- Watches and Jewelry: Zenith, Fred, Chaumet and Omas;
- Other activities: La Tribune and Investir newspapers.

The brands are primarily valued by the cash flow method, i.e. based on the provisional cash flows generated by the brands. Other methods are used as a complement: the royalties method, which gives the brand a value equal to the capitalization of the royalties which must be paid to use it; the margin differential method, which applies only to cases where it is possible to measure the revenue generated by a brand compared to an unbranded product; the replacement cost method for an equivalent brand, especially in terms of advertising expenses; finally, the comparison method, which uses multiples of net sales and income from recent transactions involving similar brands or multiple markets applicable to the activities concerned.

The provisional data used in the cash flow methods come from the budgets and plans established by the management of the company that uses the brand. The provisional cash flows are discounted and, when several scenarios are used, a probability of the occurrence is allocated to each one of them. The discount rate used integrates the rate of return expected by an investor in the business field in question and the risk premium appropriate to that business.

At the end of 2004, these calculations were made on the basis of the following parameters:

- The growth rate to infinity used in determining provisional cash flows was most often 2%; the brand positioning in its market, its maturity or growth potential in some cases justified a percentage half a point higher or lower.
- The discount rates used, differentiated on the basis of the business and the risk specific to the brand, were as follows:

Wines and Spirits	6.5% to 7.0%
Other luxury brands	8.0% to 8.5%
Selective retailing	7.0%

The same methods are used to value goodwill.

- The change in the value of the brands on the balance sheet over the year breaks down as follows:

(millions of euros)	Gross value	Depreciation Amortization	Net value
Balance at December 31, 2003	8,681	(221)	8,460
Impact of changes in consolidation	(155)	131	(24)
Changes in depreciation and amortization	–	(19)	(19)
Impact of currency fluctuations	(31)	1	(30)
Balance at December 31, 2004	8,495	(108)	8,387

The impact of changes in consolidation on gross value, and amortization and depreciation, includes 116 million euros from the sale of the Ebel group (see Note 1 - Changes in consolidation).

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NOTE 4 - GOODWILL AND RELATED INTANGIBLE ASSETS

(millions of euros)			2004		2003	2002	
Currency	Term of Amortization	Gross value	Depreciation Amortization	Net value	Net value	Net value	
	20	1,996	(864)	1,132	1,227	1,321	
	5 to 20	589	(191)	398	434	471	
	40	360	(76)	284	292	302	
	20	463	(77)	386	371	323	
	25	115	(62)	53	67	55	
	20	59	(12)	47	50	53	
	10	40	(8)	32	39	–	
		373	(219)	154	193	193	
Goodwill in euros		3,995	(1,509)	2,486	2,673	2,718	
Miami Cruiseline	USD	20	233	(58)	175	200	270
Donna Karan	USD	20	162	(25)	137	163	203
Millennium	USD	15	132	(14)	118	52	66
e-Luxury	USD	3	29	(29)	–	11	25
Other (< EUR 30m)	Misc.		141	(66)	75	70	86
Goodwill in foreign currencies		697	(192)	505	496	650	
Goodwill		4,692	(1,701)	2,991	3,169	3,368	
Business goodwill		74	(50)	24	26	36	
Total		4,766	(1,751)	3,015	3,195	3,404	

The goodwill on Sephora includes the value of selective retailing brands in Perfumes and Cosmetics: “Sephora”, present in several European countries, as well as “Carmen”, “Laguna” and “Boïdi” in Italy, and “Beauty Shop” (Marinopoulos Group) in Greece.

The goodwill on Louis Vuitton is the result of successive acquisitions of minority interests in the various legal structures of the Louis Vuitton sub-group.

Valuation methods for goodwill are the same as those described in Note 3 for brands.

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The changes in the net balance of goodwill over the period break down as follows:

(millions of euros)	Gross value	Depreciation Amortization	Net value
Balance at December 31, 2003	4,616	(1,447)	3,169
Allocation to amortization and provisions	–	(274)	(274)
Impact of changes in consolidation	126	9	135
Impact of currency fluctuations	(43)	14	(29)
Other	(7)	(3)	(10)
Balance at December 31, 2004	4,692	(1,701)	2,991

See Note 1 – Changes in consolidation

Note 22 – Goodwill amortization

The impact of changes in consolidation is related primarily to the increase during the year of the interest in Fendi and Millennium.

NOTE 5 - TANGIBLE ASSETS

(millions of euros)	2004			2003	2002
	Gross	Amort.	Net	Net	Net
Property	718	(4)	714	964	873
Vineyards	643	(59)	584	376	499
Buildings	1,922	(677)	1,245	1,084	1,368
Plant and equipment	2,826	(1,736)	1,090	1,149	448
Other tangible assets	870	(400)	470	402	1,053
	6,978	(2,875)	4,103	3,975	4,241
Of which fixed assets financed by leasing or long-term lease	326	(122)	204	175	216

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The changes in property, plant and equipment for financial year 2004 break down as follows:

(millions of euros)

	Gross value	Amort.	Net value
Balance at December 31, 2003	6,653	(2,678)	3,975
Acquisitions	674	–	674
Disposals, decommissioning	(224)	146	(78)
Allocations to amortization	–	(408)	(408)
Impact of changes in consolidation	6	8	14
Impact of currency fluctuations	(130)	56	(74)
Balance at December 31, 2004	6,978	(2,875)	4,103
Of which acquisitions financed by leasing or long-term rental	54	–	54

Acquisitions of tangible assets primarily represent investments by Louis Vuitton, DFS and Sephora in their retail networks.

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NOTE 6 - EQUITY INTERESTS

A - Value of equity interests

(millions of euros)	Percentage holding	2004	2003	2002
Bonhams & Brooks PS&N Ltd (UK)	49	22	37	37
Mongoual SA (France)	40	83	–	–
Millennium Import LLC (USA) (*)	–	–	4	7
De Beers LV Ltd (UK) (**)	–	–	–	9
Other interests	–	12	11	18
Asset share of equity interests		117	52	71

B - Income (loss) from equity-interest companies

(millions of euros)	2004	2003	2002
Bonhams & Brooks PS&N Ltd	(15)	NS	(4)
Mongoual SA	–	–	–
Millennium Import LLC (*)	–	4	2
De Beers LV Ltd (**)	–	–	(9)
Other interests	1	(3)	(7)
Income share of equity interests	(14)	1	(18)

(*) Company fully consolidated from January 1, 2004.

(**) Company consolidated on a proportionate basis as of 2003.

Mongoual SA is a real estate company and owner of a rental building in avenue Montaigne in Paris (France), which is also the head office of LVMH Moët Hennessy Louis Vuitton SA.

The data on the principal equity interests were as follows:

(millions of euros)	Net sales	Net income	Total assets	Shareholders' equity
Bonhams & Brooks PS&N Ltd (*)	73.9	1.4	108.5	56.8
Mongoual SA (**)	13.8	8.7	71.9	43.1

(*) Provisional data at December 31, 2004

(**) Data at December 31, 2003

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NOTE 7 - OTHER EQUITY INTERESTS

(millions of euros)	2004			2003	2002
	Gross	Provisions	Net	Net	Net
• Bouygues SA (France) Securities	646	(251)	395	505	537
• LVMH treasury shares	231	(58)	173	404	362
• Other interests	409	(99)	310	343	334
Unconsolidated interests	1,286	(408)	878	1,252	1,233

(millions of euros)	Group interest %	Net value of securities	Dividends collected	Shareholders' equity	Net income	Market value (2)
Bouygues SA (France)	4.2%	395	8	5,087	858	395
Tod's Spa (Italy)	3.5%	47	–	421	31	37
Interests in various Internet funds (USA)	ND	32	4	ND	ND	–
SFMI Micromania SA (France) (1)	12.9%	14	–	47	10	–
Interparfums Inc. (USA)	17.8%	12	–	93	12	39
Project Sloane Ltd "Joseph" (UK) (1)	9.4%	7	–	39	–	–
Other interests	–	51	1	–	–	–
Interests under 20%		558	13			
L Capital FCPR (France)	45.8%	110	–	169	(4)	–
Pechel Industries SAS (France)	36.6%	12	3	57	16	–
Sociedad Textil Lonia SA (Spain) (1)	24.8%	9	–	23	6	–
Other interests	–	3	–	–	–	–
Interests between 20% and 50%		134	3			
Other interests		13	–	–	–	–
Interests over 50%		13	–	–	–	–
		705	16			

(1) The accounting data shown are prior to December 31, 2004. The figures for year-end 2004 were not available at the time of this report.

(2) Average of December 2004 market prices; for Bouygues, the price is discounted by 5 euros per share (see below).

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Interest in Bouygues

LVMH has an interest in Bouygues of approximately 4% of the capital, representing a non-strategic financial investment.

The change in the gross balance of the interest for financial year 2004 results from the following events:

- in October, the AGM approved the distribution of an exceptional dividend of 5 euros per share to be paid on January 7, 2005; this dividend to be received has been classified as a contribution payment, and posted as a deduction from the gross value of the securities;
- in December, LVMH sold 2 million Bouygues securities.

Other investments:

Interests of more than 20%, which appear in the table above, are not consolidated when the Group does not exert a significant influence on these companies.

NOTE 8 - INVENTORIES AND WORK IN PROGRESS

(millions of euros)	2004	2003	2002
Ageing wines and brandies	1,808	1,787	1,683
Other raw materials and products in process	369	398	464
	2,177	2,185	2,147
Merchandise	663	616	842
Finished products	1,360	1,311	1,146
	2,023	1,927	1,988
Total gross value	4,200	4,112	4,135
Provision for depreciation	(570)	(595)	(613)
Net value	3,630	3,517	3,522

See also Note 26 – Information by business groups

NOTE 9 - CUSTOMERS

(millions of euros)	2004	2003	2002
Gross amount	1,450	1,517	1,507
Provision for depreciation	(83)	(94)	(134)
Net amount	1,367	1,423	1,373

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NOTE 10 - OTHER SHORT-TERM RECEIVABLES

(millions of euros)	2004	2003	2002
Currency hedging	362	428	215
Other taxes and duties	215	263	243
Trade accounts: advances and down payments	58	61	132
Prepaid expenses	222	217	212
Other net receivables	296	266	513
Net value	1,153	1,235	1,315

The balance of "currency hedging" consists primarily of unrealized gains from the revaluation of currency hedging contracts at year-end. In the case of an unrealized loss, it is the prepaid expense resulting from the difference (see Note 17).

NOTE 11 - TREASURY SHARES

At December 31, 2004

- LVMH held 17,279,462 shares, of which 13,985,290 were allocated to stock option plans and the remainder, i.e. 3,294,172 shares, to stock price equalization.

- Dior held 4,087,132 shares, of which 3,574,600 were allocated to stock option plans and the remainder, i.e. 512,532 shares, to stock price equalization.

LVMH and DIOR stock portfolios are allocated as follows:

(millions of euros)	2004 Number	2004 Euros	2003 Euros	2002 Euros
Less than one year:				
• stock option plans	17,559,890	714	530	329
• marketable securities:				
– gross amount	3,806,704	207	27	449
– provision for depreciation	–	(6)	(8)	(137)
	21,366,594	915	549	641
Provisions for liabilities and charges	–	(7)	(4)	(4)
Net portfolio value	21,366,594	908	545	637

Christian Dior

In 2004, the following transactions were executed in Dior's stock portfolio:

(millions of euros)	Adjustment of prices or interest		Stock option plans	
	Number	Amount	Number	Amount
At December 31, 2003	518,220	19	3,160,000	103
Purchases	-	-	527,000	27
Disposals	(5,688)	-	(112,400)	(3)
Change in provisions	-	-	-	(2)
At December 31, 2004	512,532	19	3,574,600	125

The market value is based on the average quoted price of a DIOR share in December, which was 48.46 euros.

NOTE 12 - MARKETABLE SECURITIES, CASH AND CASH EQUIVALENTS

A - Marketable securities

(millions of euros)	2004	2003	2002
Unlisted marketable securities, SICAV and FCP shares	202	223	50
Listed marketable securities	22	24	28
Provision for depreciation	(12)	(15)	(17)
Marketable securities	212	232	61
Portfolio market value	228	235	62

B - Cash and cash equivalents

(millions of euros)	2004	2003	2002
Term deposits, over 3 months	-	51	76
Term deposits, less than 3 months	89	109	107
Ordinary bank accounts	958	695	672
Cash and cash equivalents	1,047	855	855

Christian Dior

At December 31, 2004, net cash and cash equivalents at closing shown in the statement of cash flows, totaled 623 million euros; the reconciliation of this amount with the data presented above is as follows:

(millions of euros)	2004	2003	2002
Marketable securities (net SICAV and FCP shares)	19	33	31
Cash and cash equivalents	1,047	855	855
Bank overdrafts	(443)	(429)	(504)
Net cash and cash equivalents	623	459	382

NOTE 13 - CAPITAL STOCK - CHANGES IN SHAREHOLDERS' EQUITY AND MINORITY INTERESTS

A - Capital Stock

On December 31, 2004, capital stock consisted of 181,727,048 shares (including 17,077,129 shares with double voting rights).

No shares were created in 2004.

In 2002, 2003 and 2004, Christian Dior respectively acquired 490,200, 514,800 and 521,312 of its own shares and sold 26,164 in 2002, 130,900 in 2003 and 112,400 in 2004. The Board of Directors granted the following stock options for a total of 3,917,900 shares:

- At its meeting of October 14, 1996: 378,400 shares at a unit price of 25.95 euros per share, to be exercised between December 1, 1999 and November 30, 2006 to the company's executives and executives of subsidiaries and sub-subsidiaries;
- At its meeting of May 29, 1997: 391,600 shares at a unit price of 32.01 euros per share, to be exercised between May 30, 2002 and May 29, 2007 to the company's executives and executives of subsidiaries and sub-subsidiaries;
- At its meeting of November 3, 1998: 393,600 shares at a unit price of 18.29 euros per share, to be exercised between November 4, 2003 and November 3, 2008 to the company's executives and executives of subsidiaries and sub-subsidiaries;
- At its meeting of January 26, 1999: 358,000 shares at a unit price of 25.36 euros per share, to be exercised between January 25, 2004 and January 24, 2009 to the company's executives and executives of subsidiaries and sub-subsidiaries;
- At its meeting of February 15, 2000: 400,800 shares at a unit price of 56.70 euros per share, to be exercised between February 15, 2005 and February 14, 2010 to the company's executives and executives of subsidiaries and sub-subsidiaries;
- At its meeting of February 21, 2001: 437,500 shares at a unit price of 45.95 euros per share, to be exercised between February 21, 2004 and February 20, 2011 to the company's executives and executives of subsidiaries and sub-subsidiaries;
- At its meeting of February 18, 2002: 504,000 shares at a unit price of 33.53 euros per share, to be exercised between February 18, 2005 and February 17, 2012 to the company's executives and executives of subsidiaries and sub-subsidiaries;
- At its meeting of February 18, 2003: 527,000 shares at a unit price of 29.04 euros per share, to be exercised between February 18, 2006 and February 17, 2013 to the company's executives and executives of subsidiaries and sub-subsidiaries;

Christian Dior

• At its meeting of February 17, 2004: 527,000 shares at a unit price of 49.79 euros per share, to be exercised between February 17, 2007 and February 16, 2014 to the company's executives and executives of subsidiaries and sub-subsidiaries.

B - Change in shareholders' equity and minority interests

(millions of euros)	2004		2003		2002	
	Group	Minority interests	Group	Minority interests	Group	Minority interests
At January 1	3,774	8,700	3,793	8,746	3,788	8,658
Income for the period	464	783	303	534	178	459
Dividends and interim dividends distributed	(58)	(348)	(51)	(291)	(51)	(222)
Change in currency translation of the financial statements of foreign companies	(64)	(92)	(166)	(258)	(36)	(86)
Changes in consolidation (1)	–	(127)	–	(43)	–	(96)
Change in treasury shares	–	–	3	12	9	33
Other	2	–	(3)	–	1	–
At December 31 before appropriation	4,118	8,916	3,879	8,700	3,889	8,746
Dividend balance of Christian Dior SA (paid in June)	(115)	–	(105)	–	(96)	–
At December 31 after appropriation	4,003	8,916	3,774	8,700	3,793	8,746

(1) See Note 2 - Changes in consolidation

C - Foreign exchange differences

The currency translation differences recorded in shareholders' equity at December 31, 2004, and the change over the year, net of the effects of hedging net assets in currencies, break down as follows:

(millions of euros)	At Dec. 31, 2004	Change
US dollar	(346)	(61)
Hong Kong dollar	(32)	(2)
Yen	(21)	–
Argentine peso	(20)	(1)
Swiss franc	61	–
Euro	46	–
Other	(19)	–
Total	(331)	(64)

The amount in euros recorded in the table above corresponds to the conversion adjustment of the consolidated reserves of the European subsidiaries at the time of the definitive conversion of these accounts into euros on January 1, 1999.

Christian Dior

NOTE 14 - STOCK OPTION PLANS

- Options granted by the Christian Dior parent company

The AGM of May 15, 2003 renewed the authorization given to the Board of Directors to grant, in one or several steps, to employees or company executives of the Group, stock options for up to 3% of the capital.

Nine stock option plans were in effect at December 31, 2004. These plans have a term of ten years; under the plans, the options may be exercised after a period of three or five years after the opening date of the plans.

In some circumstances, notably upon retirement from the company, this period of three years will be waived.

For all the plans, the parity was one share for one allocated option.

- Options granted by LVMH

The AGM of May 15, 2003 renewed the authorization given to the Board of Directors to grant, in one or several steps, to employees or company executives of the Group, stock options for up to 3% of the capital.

Each plan has a term of 10 years, and the options may be exercised after a period of three years from the opening of the plan, subject to the following exceptions:

- the purchase plan of May 14, 2001, concerning 1,105,877 options, has a term of eight years, and the options may be exercised after a period of four years;
- the stock options of the plan of January 21, 2004 can be exercised after a period of four years.

In some circumstances, notably upon retirement from the company, this period of three years will be waived.

For all the plans, the parity was one share for one allocated option.

A - LVMH Stock option plans

Date of AGM	Start date of the plan	No. of options granted	No. of beneficiaries	Purchase price (in euros)	No. of options exercised in 2004	Number of options not exercised at Dec. 31, 2004
May 15, 2003	January 21, 2004	2,720,425	873	55.70		2,720,425
//	January 21, 2004	27,050	33	58.90	–	27,050
		2,747,475	906		–	2,747,475

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B - Purchase plans

Date of AGM	Start date of the plan	No. of options granted (1)	No. of beneficiaries	Purchase price (in euros) (2) (3)	No. of options exercised in 2004 (2)	Number of options outstanding at Dec. 31, 2004 (2)
LVMH						
May 25, 1992	March 16, 1994	139,031	364	17.84	1,571,635	–
//	March 22, 1995	256,903	395	20.89	16,817	400,703
June 8, 1995	May 30, 1996	233,199	297	34.15	80,995	633,940
//	May 29, 1997	233,040	319	37.50	228,130	800,610
//	January 29, 1998	269,130	346	25.92	163,205	851,110
//	March 16, 1998	15,800	4	31.25	–	70,400
//	January 20, 1999	320,059	364	32.10	82,770	1,574,165
//	September 16, 1999	44,000	9	54.65	10,000	210,000
//	January 19, 2000	376,110	552	80.10	–	1,872,800
May 17, 2000	January 23, 2001	2,649,075	786	65.12	–	2,586,975
//	March 6, 2001	40,000	1	63.53	–	40,000
//	May 14, 2001	1,105,877	44,669	66.00	–	1,105,877
//	May 14, 2001	552,500	4	61.77	–	552,500
//	September 12, 2001	50,000	1	52.48	–	50,000
//	January 22, 2002	3,256,700	968	43.30	13,000	3,200,250
//	January 22, 2002	27,400	25	45.70	–	27,400
//	May 15, 2002	8,560	2	54.83	–	8,560
//	January 22, 2003	3,155,225	941	37.00	11,700	3,104,825
//	January 22, 2003	58,500	38	38.73	–	58,500
Subtotal LVMH					2,178,252	17,148,615
Christian Dior						
May 30, 1996	October 14, 1996	94,600	21	25.95	10,000	255,200
May 30, 1996	May 29, 1997	97,900	22	32.01	70,000	302,400
May 30, 1996	November 3, 1998	98,400	23	18.29	2,400	292,700
May 30, 1996	January 26, 1999	89,500	14	25.36	30,000	328,000
May 17, 2000	February 15, 2000	100,200	20	56.70	–	400,800
May 14, 2001	February 21, 2001	437,500	17	45.95	–	437,500
May 14, 2001	February 18, 2002	504,000	24	33.53	–	504,000
May 14, 2001	February 18, 2003	527,000	25	29.04	–	527,000
May 14, 2001	February 17, 2004	527,000	26	49.79	–	527,000
Subtotal Christian Dior					112,400	3,574,600
Total					2,290,652	20,723,215

(1) Number of options at the issuance of the plan, not restated to reflect the subsequent adjustments resulting from the one-for-ten bonus share allotments in July 1994 and June 1999, the five-for-one splits in March 1994 and July 2000, for LVMH, and the four-for-one split in July 2000 for Dior.

(2) Adjusted to reflect the transactions referred to in (1) above.

(3) Figures prior to 1999 result from the conversion to euros of sums originally accounted in French francs.

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C - Changes during the year

Number of options	2004	2003	2002
Options outstanding at January 1	22,593,292	19,471,509	15,993,732
Options granted	3,274,475	3,735,525	3,801,860
Options exercised	(2,290,652)	(608,247)	(268,923)
Options that have become void	(106,425)	(5,495)	(55,160)
Outstanding options at December 31	23,470,690 ⁽¹⁾	22,593,292 ⁽²⁾	19,471,509 ⁽³⁾

(1) includes 19,896,090 LVMH shares and 3,574,600 Christian Dior shares

(2) includes 19,433,292 LVMH shares and 3,160,000 Christian Dior shares

(3) includes 16,702,409 LVMH shares and 2,763,900 Christian Dior shares granted to current plans and 5,200 shares allocated to future plans

NOTE 15 - BORROWINGS AND FINANCIAL DEBT

A - Analysis of the financial debt by type

The gross debt on the balance sheet totaled 7,686 million euros at December 31, 2004, down from 7,803 million at December 31, 2003 and breaks down as follows:

Debts over one year

(millions of euros)	2004	2003	2002
Repackaged Notes	92	158	222
Bonds and EMTN	3,414	3,345	3,129
Capital leases and long-term leases	142	110	129
Loans from credit institutions	585	727	1,086
Drawdowns on long-term lines of credit	802	125	211
Other long-term bonds and financial debt	4,943	4,307	4,555
Financial debt of more than one year	5,035	4,465	4,777

Debts under one year

(millions of euros)	2004	2003	2002
Bonds and EMTN	667	768	166
Capital leases and long-term leases	16	14	16
Other loans and lines of credit	52	89	178
Short-term portion of long-term debt	735	871	360
Bonds and EMTN	293	101	–
Treasury notes	513	445	1,447
Other loans and lines of credit	667	1,492	1,667
Bank overdrafts	443	429	504
Other financial debts	1,916	2,467	3,618
Financial debt under one year	2,651	3,338	3,978
Total financial debt	7,686	7,803	8,755

Christian Dior

B - Repackaged Notes

(millions of euros)	Nominal interest	2004	2003	2002
FRF 5,000,000,000; 1990	Euribor 6 months+ 0.45%	49	98	147
FRF 1,505,000,000; 1992	9.70%	43	60	75
Total		92	158	222

The undated bonds cited above, issued in the form of undated subordinated notes (TSDI), were converted into repackaged notes in 1996 by amendment to the original issue agreement of the 1990 TSDI.

As an ordinary unsecured debt, since that date the repackaged notes are legally redeemable only in cases of court-ordered liquidation or the early dissolution of the LVMH company, except in cases of merger or split.

Although they are undated, the repackaged notes are recorded on the consolidated balance sheet for an amount that will be progressively reduced to nil value at the end of 15 years, because of agreements with third parties.

In accordance with these agreements, and in return for a lump sum payment by LVMH at the time of issue, the third-party companies have promised to hold or to repurchase the notes from note holders after a 15-year period, and have agreed to relinquish any rights to interest on these notes after that time.

Under these arrangements:

- The repackaged notes have been recorded on the balance sheet at nominal value at the time of issue, after deducting the aforementioned payments; these notes are amortized every year by the amount of income generated by the investments the third-party companies make with these payments;
- The consolidated income from each year funds the interest paid on the nominal value, after deducting the amortization.

Christian Dior

C - Bonds and EMTN

(millions of euros)	Maturity	Nominal interest	2004	2003	2002
Public issues					
EUR 600,000,000; 2004	2011	4.625%	600	–	–
EUR 750,000,000; 2003	2010	5,00%	750	750	–
EUR 500,000,000; 2001	2008	6.125%	500	500	500
EUR 850,000,000; 2001	2004	5.375%	–	708	850
EUR 600,000,000; 2000	2005	5,75%	587	600	600
EUR 800,000,000; 1999	2006	5,00%	800	800	800
FRF 1,300,000,761; 1998 indexed	2005	1,00%	32	33	71
			3,269	3,391	2,821
Private bondholder placements and EMTN					
in euros			650	533	312
in foreign currencies			455	290	162
			1,105	823	474
Total bonds and EMTN			4,374	4,214	3,295

On December 5, 2003, Christian Dior SA completed a private bond issue in the amount of 123 million euros, with a maturity of 5 years and a 4.61% coupon; this loan was converted at the time of issue by a swap into a variable rate loan.

In July 2004, LVMH completed a public bond issue in the amount of 600 million euros, with a maturity of 7 years. Issued at 99.427% of the nominal and redeemable at par, this loan includes a fixed coupon of 4.625% paid annually; this loan was converted at the time of issue by a swap into a variable rate loan.

The private placements and public bond issues made since May 2000 were performed as part of the EMTN (Euro Medium Term Notes) issue program with a ceiling of 7 billion euros.

As of December 31, 2004, the outstanding amount of the issue completed under this program totaled 2,857 million euros.

D - Breakdown of financial debt by maturity

At December 31, 2004, the breakdown of the debt by maturity was as follows:

(millions of euros)	Dec. 31, 2004
Years 2005	2,651
2006	1,539
2007	534
2008	990
2009	561
After	1,411
Total	7,686

Christian Dior

On November 15, 2004, Christian Dior SA completed the renewal of a syndicated loan of 500 million euros which expires on November 15, 2009.

At December 31, 2004, the irrevocable lines of credit not used totaled 4.3 billion euros. In particular, the long-term lines totaled approximately 2.2 billion euros.

Because of the existence of renewal authorizations, a portion of the short-term debt was reclassified as long-term borrowings and financial debt, representing 406 million euros (125 and 573 million euros at December 31, 2003 and 2002 respectively).

E - Breakdown of financial debt by currency

At December 31, 2004, the breakdown of the debt by issue currency, after taking into account the hedging instruments issued simultaneously or after the issue, was as follows:

(millions of euros)	At issue	After taking hedging instruments into account
Currency		
Euro	6,515	5,707
US dollar	263	312
Swiss franc	1	880
Yen	659	608
Hong Kong dollar	37	15
Singapore dollar	66	7
Other currencies	145	157
Total	7,686	7,686

Generally, the currency structure of the debt is intended to cover net assets in currencies coming from the acquisitions of companies outside the euro zone.

All the bonds in foreign currencies (see Note 15 C) resulted in the signing of swaps transforming them into borrowings in euros.

See Note 19 for details of the debt hedging instruments at December 31, 2004.

F - Breakdown of debt by rate

At December 31, 2004, the breakdown of the debt by rate, after taking into account the hedging instruments issued simultaneously or after the issue, was as follows:

(millions of euros)	Before impact of hedging instruments	After impact of hedging instruments
Variable rate	2,736	2,286
Capped variable rate	–	3,180
Fixed rate	4,950	2,220
Total debt	7,686	7,686

Christian Dior

G - Average cost of the debt and information related to sensitivity

The average cost of the debt, after taking into consideration the hedging instruments, was 3.2% for financial year 2004 (3.6% for 2003).

Taking into account the debt structure by currency at December 31, 2004, and after taking into account the existing hedging contracts at this date, an instantaneous increase of 1% on the curves of debt currencies of the Group would result in a 17 million euro variation of the financial income or expenses of the year.

H - Liquidity risk

In addition to local liquidity risks, which are generally not significant, the Group's exposure to liquidity risk may be assessed through the amount of its short-term net financial debt, which is 2.2 billion euros, or the outstanding amount of its treasury note program, which is 0.5 billion euros. With respect to the possible non-renewal of these loans, the Group has undrawn, confirmed lines of credit in the amount of 4.3 billion euros.

Thus, the Group's liquidity is based on the size of its investments, on the magnitude of its long-term financing, on the diversity of its investor base (bonds and short-term paper), and on the quality of its bank relations, whether or not these are reflected in confirmed lines of credit.

Covenants

In line with the general practice for syndicated loans, the Group has signed covenants to meet certain financial ratios. Historically based on the net financial debt-to-equity ratio, as indicated in the financing agreements, these commitments also involve the coverage of net financial debt by financial flows for the year.

Confirmed lines of credit not drawn

At December 31, 2004, the total outstanding amount of undrawn confirmed lines of credit was 4.3 billion euros.

Guarantees and real sureties

At December 31, 2004, the amount of the financial debt secured by real sureties was less than 400 million euros.

NOTE 16 - OTHER MEDIUM-AND LONG-TERM LIABILITIES AND PROVISIONS

(millions of euros)	2004	2003	2002
Provisions for retirement plans, medical expenses and similar liabilities	220	202	179
Provisions for liabilities and charges	609	555	480
Provisions for restructuring	42	66	80
Provisions for employee profit sharing (1)	56	56	51
Deferred payments for equity interests	7	146	182
Other liabilities	135	111	179
Total	1,069	1,136	1,151

(1) French companies only, pursuant to legal requirements.

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Provisions for pensions, medical costs and related commitments are analyzed in Note 25.

The provisions for liabilities and charges represent the estimate of the effects on holdings from risks, litigation, and disputes that exist or are probable, which result from the Group's activities: these activities are carried out internationally in a regulatory framework that is often imprecise, which varies according to the country and over time, and applies to areas as varied as the composition of products or calculation of taxes.

In 2004, provisions for liabilities and charges and for restructuring changed as follows:

	December 31, 2003	Allocations	Used	Write- backs	Changes in consolidation	Other (including currency translation)	December 31, 2004
Provisions for liabilities and charges	555	136	(45)	(16)	(6)	(15)	609
Provisions for restructuring	66	1	(17)	(1)	-	(7)	42
Total	621	137	(62)	(17)	(6)	(22)	651
of which:							
• operating income	-	23	(25)	(15)	-	-	-
• other	-	114	(37)	(2)	-	-	-

NOTE 17 - OTHER SHORT-TERM LIABILITIES

(millions of euros)	2004	2003	2002
Currency hedging	279	322	247
Personnel charges	452	413	377
State and local authorities: taxes and duties	245	284	245
Clients: advances and down payments	95	93	119
Deferred payment on tangible assets or long-term investments	199	148	156
Provisions for restructuring	72	134	108
Other provisions for liabilities and charges	199	228	286
Provisions for returned products	75	81	97
Prepaid income	76	133	45
Other liabilities	665	705	1,066
	2,357	2,541	2,746

The balance of "currency hedging" primarily consists of unrealized losses from the revaluation of currency hedging contracts in existence at year-end. In the case of an unrealized gain, it is the prepaid income resulting from the difference (see Note 10).

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In 2004, the provisions for restructuring and for liabilities and charges changed as follows:

	December 31, 2003	Allo- cations	Used	Write- backs	Changes in consoli- dation	Other (including currency)	December 31, 2004
Provisions for restructuring	134	35	(65)	(11)	(17)	(4)	72
Provisions for liabilities and charges	228	92	(51)	(50)	(4)	(16)	199
Provisions for returned products	81	41	(45)	(2)	–	–	75
Total	443	168	(161)	(63)	(21)	(20)	346
of which:							
• operating income	–	115	(162)	(42)	–	–	–
• financial income	–	3	–	(19)	–	–	–
• other	–	50	1	(2)	–	–	–

NOTE 18 - RESEARCH AND DEVELOPMENT COSTS

Research and development costs amounted to 38 million euros in 2004 (38 million in 2003; 36 million in 2002). These amounts cover costs incurred in scientific research and new product development.

Research and development costs extended to “packaging” and “design” amounted to 41 million euros in 2004 (41 million euros in 2003; 47 million euros in 2002).

NOTE 19 - NET FINANCIAL INCOME

(millions of euros)	2004	2003	2002
Net financial expenses	(241)	(280)	(332)
Income from disposal of marketable securities	9	(1)	9
Depreciation allowance for marketable securities	–	–	(3)
Gains or (losses) related to financial exchange transactions	(6)	12	(7)
Total	(238)	(269)	(333)
of which financial expenses paid during the period	(257)	(306)	(535)

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A - Exposure to market risks and hedging the currency risk

1 - In the Group's French companies, foreign currency risks relate mainly to commercial transactions (net sales in foreign currency) and, to a lesser extent, to financial operations (investments and financing in foreign currency).

Commercial operations: some Group subsidiaries realize a considerable portion of their commercial transactions in foreign currency.

For example, 2004 sales revenues were earned in the following currencies:

(millions of euros)	Value	%
Euros	4,292	33
US dollars	4,048	30
Yens	1,962	16
HK dollars	437	4
Sterling pounds	576	4
Other currencies	1,886	13
Net sales	13,201	100

Excluding the hedging effect, a 1% fluctuation in the major currencies (USD, JPY, HKD, GBP) would have caused a change in net income of 45 million euros.

Financial operations: certain financial operations, such as loans, may be in foreign currencies based on anticipated future revenues in foreign currency or changes in exchange rates.

Various financial instruments are used to hedge against exchange rate risk, such as foreign currency swaps, futures contracts and currency options.

In accordance with the currency translation methods stated in the accounting principles (Note 2-2), the hedging instruments used are assigned either to trade receivables or liabilities, or to estimated transactions for the following year.

The unrealized gains or losses from translation revalued at the December 31 exchange rate are:

- recorded in the income statement when they concern hedging instruments assigned to receivables or liabilities;
- deferred if they are designated as hedges for transactions for the following period.

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The nominal amounts of the hedges outstanding at December 31, 2004, classified by year of allocation and by type of hedging instrument and valued at the market value on the basis of the currency rates at December 31, 2004, are as follows:

(millions of euros)

	Nominal amounts of the contracts				Market value (1)
	2004	2005	2006 and 2007	Total	
Forward currency contracts (2)					
USD	208	100	52	360	26
JPY	38	35	27	100	4
GBP	41	(277)	–	(236)	1
Other	46	13	21	80	3
	333	(129)	100	304	34
Exchange swaps (2)					
CHF	901	–	–	901	7
USD	71	–	–	71	2
GBP	40	–	–	40	1
JPY	(59)	–	–	(59)	1
Other	39	–	–	39	1
	992	–	–	992	12
Currency swaps (2)					
SGD	–	–	(56)	(56)	(4)
JPY	–	–	(33)	(33)	(8)
CZK	–	–	(25)	(25)	1
USD	–	(15)	–	(15)	(4)
Other	–	–	(19)	(19)	(6)
	–	(15)	(133)	(148)	(21)
Options purchased					
USD put	88	552	110	750	109
JPY put	–	250	–	250	18
	88	802	110	1,000	127
Tunnels					
USD seller	–	432	337	769	60
JPY seller	82	349	246	677	24
Other	–	45	–	45	5
	82	826	583	1,491	89
Call sales					
JPY	–	34	–	34	–
	–	34	–	34	–

(1) Income/(expense)

(2) Sale/(purchase)

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2 - The portion of consolidated net income in 2004, representing results of subsidiaries that prepare their accounts in pounds sterling, yen, US dollars and currencies pegged to the dollar, totaled 234 million euros. A 10% fluctuation in the exchange rate of these currencies would have an impact of 94 million euros on the operating income and 24 million euros on net income.

B - Hedging the interest rate risk

The Group manages the rate risk related to the global net financial debt. The objective of the management policy conducted is to protect earnings from a rapid and significant increase in interest rates.

In this context, the Group uses firm rate derivatives (swaps) or options (caps and floors).

The notional amount of the hedges outstanding at December 31, 2004, classified by type and maturity, and their market value on that date, breaks down as follows:

(millions of euros)

	Notional amounts of the contracts by maturity				Market value (1)
	< 1 year	1 to 5 years	> 5 years	Total	
Rate swaps - fixed payer					
EUR	469	1,325	300	2,094	(42)
Other	-	-	-	-	-
	469	1,325	300	2,094	(42)
Rate swaps - variable payer					
EUR	1,397	1,785	1,350	4,532	228
Other	-	-	-	-	-
	1,397	1,785	1,350	4,532	228
Rate swaps - variable / variable					
EUR	900	950	-	1,850	(29)
USD	606	-	-	606	(15)
Other	-	-	-	-	-
	1,506	950	-	2,456	(44)
Caps purchased					
EUR	1,680	1,650	-	3,330	18
USD	606	-	-	606	2
Other	-	-	-	-	-
	2,286	1,650	-	3,936	20
Tunnels (purchases of caps & sales of floors)					
EUR	665	1,825	-	2,490	7
Other	-	-	-	-	-
	665	1,825	-	2,490	7

(1) Income/(expense)

Christian Dior

C - Hedging the equity risk

As the investment policy of the Group is to acquire interests over time, the portfolio of unconsolidated interests is not hedged.

D - Summary table of market values

(millions of euros)	2004		2003	
	Book value	Fair value	Book value	Fair value
Repackaged notes	92	75	158	115
Bonds and EMTN	4,374	4,635	4,214	4,457
Other financial debts	2,777	2,777	3,002	3,002
Current bank loans	443	443	429	429
Equity interests	28	28	9	9
Marketable securities	212	212	232	232
Cash and cash equivalents	1,047	1,047	855	855
Currency derivatives	124	241	101	323
Interest rate derivatives	63	169	52	81

The fair value of the financial debt is determined line by line, on the basis of an estimate of future cash flows, discounted at a rate reflecting the Group's credit risk at December 31, 2004 for similar liabilities, or on the basis of the market price for the Group's bond issues with a sufficiently liquid market.

The fair value of the current bank loans, taking into account the remuneration, is not far from their book value.

The market value of currency and rate derivatives is based on a discounted valuation of the future cash flow differential, or on prices obtained from financial institutions. In both cases, the market value of the instruments is based on market data and recognized valuation methods.

NOTE 20 - OTHER NET INCOME AND EXPENSES

In 2004:

Other income and expenses represent exceptional depreciations of assets for an amount of 63 million euros, and provisions for restructuring of 38 million euros. The exceptional depreciations of assets concern real estate groups owned or leased, and located abroad, whose operating profitability is insufficient, and also non-strategic and low unit value brands. The restructurings involve various Group brands or names, at market closure, or the stopping of secondary and non-profitable activities.

To this is added the provisions related to the sale of Christian Lacroix, in January 2005 (see Note 24 – Events after closing), for 13 million euros.

This item also includes the income from the sale and changes in provisions for depreciation of the LVMH share portfolio and equity interest in Bouygues, respectively an expense of 12 million euros and an income of 21 million euros, and various provisions for risks of 19 million euros.

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In 2003:

Other income and expenses represent restructuring expenses of 127 million euros, losses on disposals completed or in progress totaling 139 million euros, and 77 million euros in exceptional depreciation of assets; other income and expenses also include net proceeds of 55 million euros from the sale of LVMH shares and from changes in provisions on these securities, as well as an additional depreciation of 33 million euros on the Bouygues stake.

The restructurings involve the various businesses of the Group: including the streamlining of the distribution networks of Wines and Spirits, primarily in Europe; in Perfumes and Cosmetics, an increased selectivity of points of sale, primarily in the United States; the closing or resizing of industrial units in Italy and Switzerland by the Watches and Jewelry branch; and, finally, the transfer from San Francisco to Singapore and Hong Kong of the administrative operations and management of DFS.

The brands and operations sold are described in Note 1 – Changes in consolidation; the losses from disposals result primarily from the provision funded for the sale of Ebel at the end of December 2003.

The depreciation of assets affects primarily the assets acquired under long-term leases, for which the lease payment has become greater than the market value.

In 2002:

Other income and expenses include the following: a net capital gain of 55 million euros from the sales of the Pommery, Hard Candy and Urban Decay brands, various real estate assets and the investments in Fininfo and Grand Marnier; a supplemental provision of 200 million euros for the Bouygues securities; a non-recurring write-down of assets for 116 million euros, including 41 million euros for inventories and 55 million euros for intangible assets. Other income and expenses also include net income of 17 million euros from the sales of LVMH shares and changes to the reserves for these securities, and a total of 161 million euros primarily related to provisions for the costs of restructuring the distribution network of Moët Hennessy in certain countries, the complete divesting of Phillips capital and the closing of some shops.

NOTE 21 - INCOME TAXES

A - Breakdown of income taxes

(millions of euros)	2004	2003	2002
Current taxes	(489)	(377)	(502)
Deferred taxes	(74)	(119)	146
Total tax expense	(563)	(496)	(356)

Christian Dior

B - Main components of deferred taxes

• On the statement of income

(millions of euros)	2004	2003	2002
Intra-group margin included in the inventories	24	9	4
Valuation difference	12	(1)	16
Provisions for liabilities and charges and depreciation of assets	(28)	34	5
Other restatements and consolidation entries	(25)	9	10
Unrealized capital gains and losses	(35)	52	8
Capitalization / (use) of losses carried forward	(22)	(222)	103
Deferred tax income/(expense)	(74)	(119)	146

• On the balance sheet

(millions of euros)	2004	2003	2002
Intra-group margin included in the inventories	165	151	144
Valuation difference	(270)	(284)	(280)
Provisions for liabilities and charges and depreciation of assets	139	133	93
Consolidation restatements (1)	(50)	30	34
Unrealized capital gains and losses	78	110	58
Losses carried forward	125	153	376
Other	12	2	6
Net deferred taxes	198	295	431
of which: deferred taxes on assets	396	455	558
deferred taxes on liabilities	(198)	(160)	(127)

(1) Primarily regulated reserves, supplementary amortization for tax purposes and finance lease.

Taxes deferred for more than one year are not discounted because of the random nature of the repayment.

Christian Dior

C - Analysis of the difference between the effective tax rate and the French statutory tax rate

The reconciliation between the French statutory tax rate applied to French companies and the effective tax rate recorded in the consolidated financial statements breaks down as follows:

(as % of income before tax)	2004	2003	2002
French statutory tax rate	33.3	33.3	33.3
• Temporary tax surcharge applicable to French companies	0.8	1.0	0.8
• Impact of differences between foreign and French tax rates	(2.2)	(0.3)	(1.1)
• Deficits of subsidiaries or from fiscal consolidations	(6.5)	(3.5)	(4.4)
• Impacts of differences between consolidated and taxable income, and taxable income at a reduced rate	0.9	(0.3)	(1.2)
• Impact of withholdings	0.4	0.4	0.8
Effective tax rate	26.7	30.6	28.2

Since 2000, French companies have been subject to a tax surcharge, which was 6.3% for 2002 to 2004, and will be reduced to 4.8% in 2005 and to 3.3% in 2006. In 2004, this surtax resulted in an additional charge of 17 million euros (17 million euros in 2003; 10 million euros in 2002).

D - Losses carried forward

At December 31, 2004, losses carried forward not yet used, which did not result in deferred tax assets, totaled 1,413 million euros (1,785 million euros in 2003 and 1,926 million euros in 2002), including a deficit of 242 million euros originating during the year (309 million euros in 2003 and 685 million euros in 2002).

At December 31, 2004, for Christian Dior SA, the ordinary losses carried forward totaled 107 million euros (103 million euros in 2003; 116 million euros in 2002). Their recovery being deemed probable, they resulted in deferred tax assets of 37 million euros.

E - Tax consolidation

Tax sharing agreements allow certain French companies of the Group to combine their taxable results to determine the overall tax expense for which the parent company is fully liable.

The adoption of this procedure allowed the Christian Dior group to record a tax saving of 290 million euros in 2004 (304 million euros in 2003; 325 million euros in 2002).

The other tax consolidation regimes in effect in certain foreign countries, notably the United States and the United Kingdom generated an additional tax saving of 56 million euros in 2004 (46 million euros in 2003; 35 million euros in 2002).

Christian Dior

NOTE 22 - GOODWILL AMORTIZATION

(millions of euros)	2004	2003	2002
Companies consolidated by:			
• Full consolidation	(250)	(240)	(251)
• Equity method	–	(4)	(2)
Current amortization	(250)	(244)	(253)
Exceptional amortization	(24)	(46)	–
Total amortization expense	(274)	(290)	(253)

The unusual amortization corresponds:

- in 2004, to additional depreciation of goodwill on La Brosse & Dupont for 10 million euros, and to the total depreciation of goodwill on Omas for 14 million euros.
- in 2003, to a partial depreciation of goodwill on La Brosse & Dupont for 30 million euros and on Acqua di Parma for 12 million euros.

NOTE 23 - OTHER COMMITMENTS, POSSIBLE LIABILITIES AND CURRENT DISPUTES

A - Purchase commitments

(millions of euros)	2004	2003	2002
Grapes, wines and distilled alcohol	775	456	429
Industrial or commercial assets	77	81	104
Equity interests (1)	257	470	756

(1) After deduction of post-closing events – See Note 24.

In the Wines and Spirits business group, some companies have contractual agreements with various local growers to supply a portion of their future requirements for grapes, light wine and distilled alcohol. Depending on the business, these commitments are based on contractual terms or the latest known prices and anticipated yields. They primarily cover the years 2005 and 2006.

The commitments to purchase equity interests represent contractual commitments entered into by the Group to purchase minority interests in consolidated subsidiaries or equity and additional interests in unconsolidated subsidiaries, or additional payments on prices of realized transactions.

These amounts do not include the effects of the Memorandum of Understanding of January 20, 1994 between LVMH and Diageo, under which LVMH agreed to purchase at Diageo's request its 34% interest in Moët Hennessy, with 6 months' notice, for an amount equal to 80% of its value on the date of this request. On the date of the Memorandum, the Diageo investment in Moët Hennessy was assessed at more than 1.2 billion euros.

Christian Dior

B - Securitization of trade receivables

(millions of euros)	2004	2003	2002
Receivables from Daily law disposal	268	260	260
Of which: risk of non-collection retained by LVMH	(116)	(112)	(100)
Net securitized financing	152	148	160

C - Deposits, pledges and other guarantees

(millions of euros)	2004	2003	2002
Deposits and pledges	30	33	43
Mortgages and sureties	–	5	95
Other guarantees	48	38	49
Guarantees given	78	76	187
Guarantees received	8	11	12

In addition to these guarantees given, 6,600,000 LVMH shares are pledged with Crédit Lyonnais as a guarantee for a 300 million euro loan. This guarantee is valued at 372 million euros at the stock market closing price at year-end 2004.

D - Lease and similar commitments

At December 31, 2004, the number of stores operated by the Group worldwide, particularly for the Fashion and Leather Goods and Selective Retailing groups, was 1,877 (1,751 in 2003; 1,670 in 2002).

In many countries, the leases on these stores carry minimum amounts, particularly when the leases contain an indexing clause based on revenues; this is the case for royalties paid under airport concessions. In addition, the leases may also include non-adjustable minimum terms.

The Group also finances part of its equipment through simple, long-term operating leases.

Lastly, some capital assets or manufacturing equipment were acquired or refinanced through finance-lease or lease-back agreements.

Christian Dior

At December 31, 2004, future non-cancelable commitments arising from these contracts broke down as follows:

(millions of euros)	2004	2003	2002
Simple leasing	2,527	2,429	2,387
Concession fees	448	617	916
Off-balance sheet leasing commitments	2,975	3,046	3,303
Fees for capital lease and long-term leasing	518	429	531
Interest included in fees for capital lease and long-term leasing	(361)	(305)	(387)
Liabilities for capital lease and long-term leasing	157	124	144
Value of future rents	2,957	3,170	3,447

The rents incurred during the period for the leasing agreements (net of sub-leases) were as follows:

(millions of euros)	2004	2003	2002
Minimum rents	368	368	334

E - Commitment schedule at December 31, 2004

(millions of euros)	Total	less than 1 year	2 to 3 years	4 to 5 years	over 5 years
Commitments to purchase materials	775	296	117	117	245
Fixed asset purchasing commitments	77	56	9	12	–
Commitments to purchase securities (1)	257	100	134	23	–
Debts that form part of Dailly law disposal	152	152	–	–	–
Leasing and similar commitments:					
- Simple leases	2,527	396	699	586	846
- Concession fees	448	174	125	63	86
- Capital lease fees (361 of which bear interest)	518	16	44	34	424
Guarantees and deposits given	77	23	34	5	15

(1) After deduction of post-closing events – See Note 24.

F - Other commitments

Christian Dior Couture ended the licensing agreement for fantasy jewelry, and this business is now managed directly by Christian Dior Couture. The corresponding asset-purchase commitment was valued at 7 million euros. A production plant in Pforzheim in Germany should be integrated into the Christian Dior Couture group from May 2005.

Christian Dior

To the knowledge of the Group, there are no significant off-balance sheet commitments other than those described above.

G - Possible liabilities and current disputes

In the ordinary course of its business, the Group is a party from time to time to legal proceedings and claims involving trademarks, protection of intellectual property rights, establishing selective retailing agreements, licensing, employee relations, tax audits and other matters inherent in its business. The Group estimates that the provisions included in the balance sheets related to risks, litigation and disputes known or in-process at the closing date are sufficient to cover any unfavorable outcome, so that the Group's financial position would not be significantly affected.

NOTE 24 - EVENTS AFTER CLOSING

- Following the friendly Tender Offer closed at the end of December 2004, LVMH acquired in January 2005, 99% of the capital of Glenmorangie Plc, a UK company publicly traded in London, and the balance in February and March 2005 through a squeeze-out. The amount paid for the totality of the capital, and the active options at the date of the transaction, was 310 million sterling pounds.

In accordance with the terms of the offer, 51 million sterling pounds of this price was payable in the form of loan notes, bearing interest at LIBOR GBP less 0.80%, redeemable at par at the holders' request after December 15, 2005, on the interest payment dates of June 15 and December 15 each year, and at the latest by December 15, 2012.

The Glenmorangie group most notably owns the whisky brands single malt Glenmorangie, Ardbeg and Glen Moray.

Glenmorangie's published sales revenue and operating income for the financial year ended March 31, 2004 were respectively 69 and 12 million sterling pounds, and its net consolidated assets totaled 82 million sterling pounds, according to current UK accounting standards.

- In January 2005, LVMH sold the totality of its interest in Christian Lacroix for a symbolic amount (see also Note 20: Other net income and expenses).
- Under a memorandum of understanding agreed in February 2005, LVMH committed to acquire at the latest on April 8, 2005, the remaining 30% of Millennium, for USD 120 million.

Christian Dior

NOTE 25 - EMPLOYEE INFORMATION

Payroll charges totaled 2,314 million euros (2,261 million in 2003; 2,336 million in 2002).

The average number of employees in 2004 was 58,679 (56,815 in 2003; 55,314 in 2002).

At December 31, the staffing of fully consolidated companies was as follows:

By business group	2004	2003	2002
Christian Dior Couture	2,304	2,004	1,728
Wines and Spirits	4,698	4,757	4,801
Fashion and Leather Goods	18,323	17,177	16,323
Perfumes and Cosmetics	13,490	13,082	13,006
Watches and Jewelry	1,777	2,255	2,366
Selective retailing	20,045	18,091	18,243
Other activities	878	880	1,074
Total	61,515	58,246	57,541

By geographic region

France	20,261	20,201	20,990
Europe (excl. France)	12,053	11,646	10,871
America	14,367	13,106	13,050
Japan	5,160	4,402	4,043
Asia Pacific	9,674	8,891	8,587
Total	61,515	58,246	57,541

By category

Labor and production	9,032	9,156	9,084
Office and clerical	37,022	33,899	32,710
Supervisors	5,905	5,870	5,735
Executives and management	9,556	9,321	10,012
Total	61,515	58,246	57,541

Christian Dior

Compensation

Compensation paid to Christian Dior directors and officers for their duties in consolidated companies totaled 9,663,000 euros.

Expenses and provisions for retirements, medical costs and similar liabilities

• Expense for the year

(millions of euros)	2004	2003	2002
Cost of services rendered	36	40	34
Impact of discounting	18	18	15
Expected return on dedicated investments	(7)	(7)	(6)
Amortization of actuarial differences	2	1	3
Changes in treatments	24	16	–
Expenses for the period	73	68	46

• Analysis of the commitment

(millions of euros)	2004	2003	2002
Discounted value of entitlements	527	433	373
<i>entitlements not covered by financial assets</i>	157	161	–
<i>entitlements covered by financial assets</i>	370	272	–
Market value of dedicated investments	(264)	(192)	(149)
Items not recognized	(43)	(34)	(38)
Net commitment	220	207	186
Of which:			
Other long-term liabilities	220	202	179
Other liabilities less than one-year	3	8	7
Long-term financial assets	(3)	(3)	–
Total	220	207	186

Christian Dior

• **Changes in commitments break down as follows:**

(millions of euros)	Discounted value of entitlements	Market values of investments	Items not recognized	Net commitments
Balance at December 31, 2003	433	(192)	(34)	207
Expense for the period	54	(7)	26	73
Benefits paid to beneficiaries	(36)	21	–	(15)
Increase in dedicated investments	–	(41)	–	(41)
Impact of currency changes	(10)	4	–	(6)
Impact of changes in consolidation	2	–	–	2
Changes in treatment	87	(46)	(41)	–
Actuarial differences	(3)	(3)	6	–
Balance at December 31, 2004	527	(264)	(43)	220

The actuarial assumptions used to estimate the commitments at December 31, 2004, in the principal countries where the commitments are located are as follows:

Discount rate	2.00% in Japan, 4.75% in France, 5.75% in the United States.
Expected long-term rate of return on investments	4.00% in Japan, 4.75% in France, 8.00% in the United States.
Future rate of increase of salaries	2.00% to 4.00%.
Rate of increase of medical costs	decreasing from 9% to 5% between 2005 and 2009, 5% thereafter in the United States.

• **Analysis of entitlements**

The analysis of the discounted value of entitlements by type of plan is as follows:

(millions of euros)	2004	2003
Retirement indemnities and related provisions	77	77
Medical expenses of retirees	57	64
Long-service awards	10	13
Additional retirement payments	334	230
Pre-retirement payments	41	41
Other	8	8
Discounted value of entitlements	527	433

Christian Dior

NOTE 26 - INFORMATION SPECIFIC TO BUSINESS GROUPS

(millions of euros)	2004	2003	2002
Net sales			
Christian Dior Couture	595	523	492
Wines and Spirits	2,280	2,116	2,266
Fashion and Leather Goods	4,362	4,149	4,207
Perfumes and Cosmetics	2,153	2,181	2,336
Watches and Jewelry	496	502	552
Selective retailing	3,378	3,039	3,337
Other activities and eliminations	(63)	(44)	(22)
Consolidated total	13,201	12,466	13,168
Operating income			
Christian Dior Couture	50	40	33
Wines and Spirits	806	796	750
Fashion and Leather Goods	1,329	1,311	1,280
Perfumes and Cosmetics	181	178	161
Watches and Jewelry	13	(48)	(13)
Selective retailing	244	106	20
Other activities and eliminations	(162)	(170)	(197)
Consolidated total	2,461	2,213	2,034
Balance sheet assets			
Christian Dior Couture	864	809	747
Wines and Spirits	4,996	5,084	4,822
Fashion and Leather Goods	6,498	6,092	6,245
Perfumes and Cosmetics	2,279	2,446	2,450
Watches and Jewelry	1,333	1,444	1,657
Selective retailing	4,201	4,189	4,477
Other activities and eliminations	5,702	5,738	6,404
Consolidated total	25,873	25,802	26,802
Inventories			
Christian Dior Couture	130	113	103
Wines and Spirits	2,043	1,999	1,912
Fashion and Leather Goods	555	468	462
Perfumes and Cosmetics	229	228	225
Watches and Jewelry	161	188	196
Selective retailing	498	483	524
Other activities and eliminations	14	38	100
Consolidated total	3,630	3,517	3,522

Christian Dior

The eliminations correspond to the cancellation of the amount resulting from intra-group operations. The activities of the Internet site e-Luxury.com were reclassified from the "Other businesses" group to the "Fashion and Leather Goods" group in 2003; the earlier data have been restated to make them comparable.

NOTE 27 - INFORMATION BY GEOGRAPHIC REGION

(millions of euros)	2004	2003	2002
Export sales of the French companies to Group and non-Group	4,072	3,752	3,851
Exports as a percentage of the sales of French companies	67%	65%	65%
Percentage of consolidated net sales earned outside France	83%	82%	83%

The items below are determined according to the geographic regions in which the companies of the Group are located:

(millions of euros)	2004	2003	2002
1. Net sales			
France	6,107	5,767	5,938
Europe (excl. France)	2,893	2,641	2,551
United States	3,480	2,882	3,737
Japan	1,872	1,893	1,890
Asia (excl. Japan)	2,058	1,203	1,988
Other countries	618	1,455	489
Total	17,028	15,841	16,593
Eliminations	(3,827)	(3,375)	(3,425)
Consolidated total	13,201	12,466	13,168
2. Operating income			
France	1,140	1,237	1,210
Europe (excl. France)	166	49	78
United States	331	198	8
Japan	336	395	392
Asia (excl. Japan)	443	301	313
Other countries	45	33	33
Consolidated total	2,461	2,213	2,034

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(millions of euros)	2004	2003	2002
3. Balance sheet assets			
France	15,465	15,351	15,549
Europe (excl. France)	4,409	4,458	4,256
United States	2,945	3,142	3,989
Japan	849	844	773
Asia (excl. Japan)	1,788	1,529	1,810
Other countries	417	478	425
Consolidated total	25,873	25,802	26,802
4. Balance sheet liabilities (excluding shareholders' equity and minority interests)			
France	9,363	9,583	9,929
Europe (excl. France)	959	1,067	1,167
United States	852	923	1,206
Japan	868	743	696
Asia (excl. Japan)	622	803	1,076
Other countries	175	104	93
Total before appropriation	12,839	13,223	14,167
Dividends paid	115	105	96
Total after appropriation	12,954	13,328	14,263

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NOTE 28 – LIST OF CONSOLIDATED COMPANIES IN 2004

All the companies below are fully consolidated except for those indicated by the number (1), which are consolidated on a proportionate basis and those indicated by (2), which are consolidated using the equity method.

COMPANIES	CORPORATE OFFICES	PERCENTAGE	
		Control	Interest
Christian Dior SA	Paris, France	100%	100%
Financière J. Goujon	Paris, France	100%	100%
Sadifa	Paris, France	100%	100%
Lakenbleker	Amsterdam, Netherlands	100%	100%
CHRISTIAN DIOR COUTURE			
Christian Dior Couture SA	Paris, France	100%	100%
S.A.M. Christian Dior	Monaco	100%	100%
Christian Dior GmbH	Munich, Germany	100%	100%
Christian Dior Inc	New York, U.S.A.	100%	100%
Christian Dior UK Ltd	London, United Kingdom	100%	100%
Christian Dior Suisse SA	Geneva, Switzerland	100%	100%
Les Jardins d'Avron	Paris, France	100%	100%
Mardi SpA	Badia e Settimo, Italy	50%	50%
Ateliers AS	Pierre Bénite, France	25%	25%
Christian Dior Far East	Hong Kong	100%	100%
Christian Dior Fashion Malaysia	Kuala Lumpur, Malaysia	100%	100%
Christian Dior Hong Kong	Hong Kong	100%	100%
Christian Dior Taiwan	Taipei, Taiwan	90%	90%
Christian Dior Singapour	Singapore	100%	100%
Christian Dior Saipan	Saipan, NMI	100%	100%
Christian Dior Australia	Sydney, Australia	100%	100%
Christian Dior New Zealand	Auckland, New Zealand	100%	100%
Christian Dior Thailand	Bangkok, Thailand	100%	100%
Christian Dior KK	Tokyo, Japan	100%	100%
Christian Dior Couture Korea Ltd	Seoul, South Korea	100%	100%
Christian Dior Guam Ltd	Agana, Guam	100%	100%
Christian Dior Española	Madrid, Spain	100%	100%
Christian Dior do Brazil	Sao Paulo, Brazil	100%	100%
Christian Dior Italia	Milan, Italy	100%	100%
Christian Dior Belgique	Brussels, Belgium	100%	100%
Bopel Spa	Lugagnano Val d'Arda, Italy	70%	70%
Christian Dior Indonesia	Jakarta, Indonesia	80%	80%
Christian Dior Puerto Banus	Puerto Banus, Spain	75%	75%
JA LLC	New York, United States	100%	100%
Lucilla	Sieci, Italy	51%	51%

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Christian Dior Ceska	Prague, Czech Republic	100%	100%
Christian Dior Maroc	Marrakech, Morocco	100%	100%
Christian Dior Fze Dubaï	Dubai, United Arab Emirates	100%	100%
Christian Dior Macau	Macao, Macao	100%	100%
WINES AND SPIRITS			
Champagne Moët & Chandon SCS	Epernay, France	59%	28%
Moët Hennessy UK Ltd	London, United Kingdom	59%	28%
Moët Hennessy España SA	Barcelona, Spain	59%	28%
Moët Hennessy (Suisse) SA	Geneva, Switzerland	59%	28%
Champagne Des Moutiers SA	Epernay, France	59%	28%
Schieffelin Partner Inc.	New York, U.S.A.	59%	28%
Moët Hennessy Mexico	Mexico City, Mexico	59%	28%
Chamfipar SA	Ay, France	59%	28%
Société Viticole de Reims SA	Ay, France	59%	28%
Cie Française du Champagne et du Luxe SA	Ay, France	59%	28%
Moët Hennessy Belux	Brussels, Belgium	59%	28%
Champagne de Mansin SAS	Gye sur Seine, France	59%	28%
Moët Hennessy Deutschland GmbH	Munich, Germany	59%	28%
Moët Hennessy Italia S.p.a.	Milan, Italy	59%	28%
Schieffelin & Somerset	New York, U.S.A.	59%	28%
Moët Hennessy (Nederland) BV	Naarden, Netherlands	59%	28%
Schieffelin & Co	New York, U.S.A.	59%	28%
MHD Moët Hennessy Diageo SAS	Courbevoie, France	59%	28%
Moët Hennessy Osterreich	Vienna, Austria	59%	25%
Deux Rivières General Partnership	Yountville (California), U.S.A. (2)	59%	6%
Opera Vineyards SA	Buenos Aires, Argentina (1)	30%	14%
France Champagne SA	Epernay, France	59%	28%
Domaine Chandon, Inc.	Yountville (California), U.S.A.	59%	28%
Cape Mentelle Vineyards Ltd.	Margaret River, Australia	59%	28%
Veuve Clicquot Properties, Pty Ltd.	Sydney, Australia	59%	28%
Moët Hennessy do Brasil—Vinhos E Destilados Ltda	Sao Paulo, Brazil	59%	28%
Cloudy Bay Vineyards Ltd	Blenheim, New Zealand	59%	28%
Bodegas Chandon Argentina SA	Buenos Aires, Argentina	59%	28%
Domaine Chandon Australia Pty Ltd.	Coldstream Victoria, Australia	59%	28%
Scharffenberger Cellars	USA	59%	28%
Mountadam Vineyards Pty Ltd	Adelaide, Australia	59%	28%
Newton Vineyards LLC	St. Helena (California), U.S.A.	59%	22%
Veuve Clicquot Ponsardin SCS	Reims, France	59%	28%
Société Civile des Crus de Champagne SA	Reims, France	59%	28%
Neggma SA	Reims, France	59%	6%

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Veuve Clicquot U.K. Ltd	London, United Kingdom	59%	28%
Clicquot, Inc	New York, U.S.A. (*)	59%	28%
Marques Champagne Spiritueux GIE	Brussels, Belgium	59%	28%
Veuve Clicquot Japan KK	Tokyo, Japan	59%	28%
Krug SA	Reims, France	59%	28%
Champagne Ruinart SA	Reims, France	59%	28%
Ruinart UK Ltd	London, United Kingdom	59%	28%
Ruinart España	Madrid, Spain	59%	28%
Château d'Yquem SA	Sauternes, France	59%	27%
Château d'Yquem SC	Sauternes, France	59%	27%
Jas Hennessy & Co SCS	Cognac, France	59%	27%
UD Moët Hennessy BV	The Hague, Netherlands (3)	59%	28%
Hennessy Dublin Ltd.	Dublin, Ireland	59%	28%
Edward Dillon & Co Ltd.	Dublin, Ireland (2)	24%	11%
Hennessy Far East Ltd.	Hong Kong, China	59%	27%
Riche Monde Orient Limited	Hong Kong, China (3)	59%	28%
Riche Monde Ltd.	Hong Kong, China (3)	59%	28%
Riche Monde (China) Ltd	Shanghai, China	59%	28%
M.H. — U.D.G. (Far East) Ltd.	Hong Kong, China (3)	59%	28%
Riche Monde Pte Ltd.	Singapore (3)	59%	28%
Riche Monde Malaisie Inc.	Petaling Jaya, Malaysia (3)	59%	14%
Riche Monde Taipei Ltd.	Taipei, Taiwan (3)	59%	28%
Riche Monde Bangkok Ltd.	Bangkok, Thailand (3)	59%	28%
Moët Hennessy Korea Ltd.	Seoul, South Korea	59%	27%
Moët Hennessy Shanghai Ltd	Shanghai, China	59%	28%
Moët Hennessy India pvt. Ltd	New Delhi, India	59%	28%
Moët Hennessy Taiwan Ltd	Taipei, Taiwan	59%	27%
RML DF Greater China	Shanghai, China	59%	28%
Riche Monde Shanghai Consulting Ltd	Shanghai, China	59%	28%
Moët Hennessy Diageo KK	Tokyo, Japan (3)	59%	28%
Moët Hennessy Asia Pte Ltd.	Singapore	59%	27%
Moët Hennessy Australia	Rosebury, Australia	59%	27%
Millennium Import NA	Minneapolis, MN, USA	59%	19%
Millennium Brands	Minneapolis, MN, USA	59%	19%
Millennium Brands Ltd	Dublin, Ireland	59%	19%
Polmos Zyrardow	Zyrardow, Poland	59%	19%

FASHION AND LEATHER GOODS

Louis Vuitton Malletier SA	Paris, France	59%	42%
Arcad SRL	Fiesso d'Artico, Italy	59%	42%
Louis Vuitton Saint Barthélémy SNC	Saint Barthélémy, French Antilles	59%	42%

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Société des Ateliers Louis Vuitton SNC	Paris, France	59%	42%
Société Louis Vuitton Services SNC	Paris, France	59%	42%
Sté des Magasins Louis Vuitton France SNC	Paris, France	59%	42%
Belle Jardinière SA	Paris, France	59%	42%
Belle Jardinière Immo SAS	Paris, France	59%	42%
Sedivem SNC	Paris, France	59%	42%
SCI	Paris, France	59%	42%
Les Ateliers Horlogers Louis Vuitton SA	La Chaux-de-Fonds, Switzerland	59%	42%
Louis Vuitton Monaco SA	Monte Carlo, Monaco	59%	42%
LVMH Fashion Group UK Ltd.	London, United Kingdom	59%	42%
Louis Vuitton Deutschland GmbH	Düsseldorf, Germany	59%	42%
Louis Vuitton España SA	Madrid, Spain	59%	42%
Catalana Talleres Artesanos Louis Vuitton SA	Barbera del Valles, Spain	59%	42%
Louis Vuitton BV	Amsterdam, Netherlands	59%	42%
LVMH Fashion Group Belgium SA	Brussels, Belgium	59%	42%
LVMH Fashion Group Italia.SPA	Milan, Italy	59%	42%
Louis Vuitton Hellas SA	Athens, Greece	59%	42%
Louis Vuitton Portugal Maleiro, Lda.	Lisbon, Portugal	59%	42%
Louis Vuitton Ltd	Tel Aviv, Israel	59%	42%
Louis Vuitton Danmark A/S	Copenhagen, Denmark	59%	42%
Louis Vuitton Aktiebolag (Suède) SA	Stockholm, Sweden	59%	42%
LVMH FG Switzerland SA	Geneva, Switzerland	59%	42%
Louis Vuitton Ceska s.r.o.	Prague, Czech Republic	59%	42%
Louis Vuitton Osterreich GmbH	Vienna, Austria	59%	42%
Louis Vuitton Cantacilik Ticaret AS	Istanbul, Turkey	59%	42%
LV US Manufacturing, Inc.	New York, U.S.A.	59%	42%
LVMH Fashion Group Hawaii Inc.	Honolulu, Hawaii	59%	42%
LVNA Finances Corp	New York, U.S.A.	59%	42%
Atlantic Luggage Company Ltd	Hamilton, Bermuda	59%	17%
Louis Vuitton Guam, Inc.	Guam	59%	42%
Louis Vuitton Saipan, Inc.	Saipan	59%	42%
San Dimas Luggage Company	New York, U.S.A.	59%	42%
LVMH FG Brasil Ltda	Sao Paulo, Brazil	59%	42%
Louis Vuitton Mexico S de RL de CV	Mexico City, Mexico	59%	42%
Blinfar SA	Montevideo, Uruguay	59%	42%
LV Chile Ltda.	Santiago del Chile, Chile	59%	42%
LVMH Fashion Group Pacific Ltd.	Hong Kong, China	59%	42%
Louis Vuitton Hong Kong Ltd.	Hong Kong, China	59%	42%
Louis Vuitton (Philippines) Co, Inc	Makati, Hong Kong, China	59%	42%
LVMH Fashion (Singapore) Pte Ltd.	Singapore	59%	42%

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PT Louis Vuitton Indonesia	Jakarta, Indonesia	59%	42%
Louis Vuitton (Malaysia) SDN Bhd .	Kuala Lumpur, Malaysia	59%	42%
Louis Vuitton Taiwan Ltd.	Taipei, Taiwan	59%	39%
Louis Vuitton Australia, PTY Limited.	Sydney, Australia	59%	42%
LV New Zealand Ltd.	Auckland, New Zealand	59%	42%
LV Cup New Zealand Ltd	Auckland, New Zealand	59%	42%
Louis Vuitton Kuwait CSP	Safat, Kuwait	59%	25%
Louis Vuitton EAU LLC	Dubai, United Arab Emirates	59%	27%
LV Arabie Saoudite LLC	Jeddah, Saudi Arabia	59%	27%
Louis Vuitton Korea Ltd.	Seoul, South Korea	59%	42%
LVMH Fashion Group Trading Korea Ltd	Seoul, South Korea	59%	42%
LV Argentina SA	Buenos Aires, Argentina	59%	42%
Louis Vuitton Vostock LLC	Moscow, Russia	59%	42%
LV Colombia Corp.	Santafe de Bogota, Colombia	59%	42%
Louis Vuitton Maroc Sarl	Casablanca, Morocco	59%	42%
LV Venezuela SA	Caracas, Venezuela	59%	42%
Louis Vuitton South Africa (Pty) Limited	Johannesburg, South Africa	59%	42%
Louis Vuitton Macau Company Ltd	Macao, Macao	59%	42%
LVMH Fashion Group (Shanghai) Trading Co Ltd	Shanghai, China	59%	42%
LVJ Group KK	Tokyo, Japan	59%	42%
LVMH Fashion Group Americas Inc.	New York, U.S.A. (*)	59%	42%
LV Canada Inc.	Toronto, Canada	59%	42%
LVMH Fashion Group Services SAS	Paris, France	59%	42%
Marc Jacobs International LLC	Wilmington (Delaware), U.S.A.	59%	40%
Marc Jacobs Trademark LLC	Wilmington (Delaware), U.S.A.	59%	14%
Loewe SA	Madrid, Spain	59%	42%
Loewe Hermanos SA	Madrid, Spain	59%	42%
Loewe Textil SA	Madrid, Spain	59%	42%
Manufacturas Loewe SL	Madrid, Spain	59%	42%
LVMH Fashion Group France SNC	Paris, France	59%	42%
Loewe Hermanos UK Ltd.	London, United Kingdom	59%	42%
Loewe Saipan Inc.	Saipan, Marianna Islands	59%	42%
Loewe Guam Inc	Guam, Guam	59%	42%
Loewe Hong Kong Ltd.	Quarry Bay, Hong Kong	59%	42%
Loewe Fashion Pte Ltd.	Singapore	59%	42%
Loewe Fashion (m) Sdn Bhd	Kuala Lumpur, Malaysia	59%	42%
Loewe Taiwan Ltd.	Taipei, Taiwan	59%	39%
Loewe Australia Pty Ltd.	Sydney, Australia	59%	42%
Berluti SA	Paris, France	59%	42%
Société Distribution Robert Estienne SNC	Paris, France	59%	42%

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Manifattura Ferrarese SRL	Milan, Italy	59%	42%
LVMH FG Industria Srl	Milan, Italy	59%	42%
Caltunificio Rossimoda SPA	Vigonza, Italy	59%	41%
Rossi Moda Inc	New York, U.S.A.	59%	41%
Rossi Moda France	Paris, France	59%	41%
Brenta Suole	Vigonza, Italy	59%	41%
Somarest SARL	Sibiu, Romania	59%	42%
Montaigne KK	Tokyo, Japan	59%	42%
Modulo Italia SRL	Milan, Italy	59%	42%
Céline SA	Paris, France	59%	42%
Avenue M International SCA	Paris, France	59%	42%
Enilec Gestion SARL	Paris, France	59%	42%
Céline Montaigne SA	Paris, France	59%	42%
Céline Monte-Carlo SA	Monte Carlo, Monaco	59%	42%
Céline Production Srl	Florence, Greve in Chianti, Italy	59%	42%
Céline Suisse SA	Geneva, Switzerland	59%	42%
Céline UK Ltd.	London, United Kingdom	59%	42%
Céline Inc.	New York, U.S.A. (*)	59%	42%
Céline Hong Kong Ltd	Hong Kong, China	59%	42%
Céline (Singapour) Pte Ltd.	Singapore	59%	42%
Céline Guam Inc.	Tamning, Guam	59%	42%
Céline Hawaiï Inc	Hawaii, U.S.A.	59%	42%
Céline Korea Ltd	Seoul, South Korea	59%	42%
Céline Taïwan Ltd	Taipei, Taiwan	59%	41%
CPC International Ltd	Hong Kong, China	59%	42%
Kami SA	Montbazon, France	59%	42%
Kenzo SA	Paris, France	59%	42%
Kenzo Homme SA	Paris, France	59%	25%
Modulo SA	Paris, France	59%	42%
Kenzo Deutschland GmbH	Düsseldorf, Germany	59%	42%
Kenzo Belgique SA	Brussels, Belgium	59%	42%
Kenzo UK Ltd	London, United Kingdom	59%	42%
Kenzo NA Inc., Corp.	New York, U.S.A. (*)	59%	42%
Kenzo Fashion Iberica SA	Madrid, Spain	59%	42%
Kenzo Homme UK Ltd	London, United Kingdom	59%	25%
Kenzo Japan KK	Tokyo, Japan	59%	42%
Modulo BV	Amstelveen, Netherlands	59%	42%
Givenchy SA	Paris, France	59%	42%
Givenchy Corporation	New York, U.S.A.	59%	42%
Givenchy Co Ltd	Tokyo, Japan	59%	42%
Gentleman Givenchy Far East Ltd.	Hong Kong, China	59%	42%
Givenchy China Co Ltd	Hong Kong, China	59%	42%
Christian Lacroix SNC	Paris, France	59%	42%

Christian Dior

Gabrielle Studio, Inc.	New York, U.S.A.	59%	42%
Donna Karan International Inc.	New York, U.S.A. (*)	59%	42%
The Donna Karan Company LLC	New York, U.S.A.	59%	42%
Donna Karan Service Company BV	Oldenzaal, Netherlands	59%	42%
Donna Karan Studio LLC	New York, U.S.A.	59%	42%
The Donna Karan Company Store LLC	New York, U.S.A.	59%	42%
Donna Karan Company Store UK Holdings Ltd	London, United Kingdom	59%	42%
Donna Karan Management Company UK Ltd	London, United Kingdom	59%	42%
Donna Karan Company Stores UK Retail Ltd	London, United Kingdom	59%	42%
Donna Karan Company Store (UK) Ltd	London, United Kingdom	59%	42%
Donna Karan H. K. Ltd	Hong Kong, China	59%	42%
Donna Karan (Italy) Srl	Milan, Italy	59%	42%
Donna Karan (Italy) Production Services Srl.	Milan, Italy	59%	42%
Fendi International BV	Amsterdam, Netherlands	59%	39%
Fendi International SA	Paris, France	59%	42%
Fendi SA Luxembourg	Luxembourg, Luxembourg	59%	39%
Fendi Srl	Rome, Italy	59%	39%
Fendi Adele S.r.l.	Rome, Italy	59%	39%
Fendi Immobili Industriali Srl	Florence, Italy	59%	39%
Fendi Italia Srl	Rome, Italy	59%	42%
Fendi UK Limited	London, United Kingdom	59%	42%
Fendi France SA	Paris, France	59%	42%
Fendi Japan KK Inc	Tokyo, Japan	59%	42%
Fendi Hawaii Inc	Wilmington (Delaware), U.S.A.	59%	42%
Fendi North America, Inc	New York, U.S.A. (*)	59%	39%
Fendi Australia Pty Ltd	Sydney, Australia	59%	42%
Fendi Guam Inc	Tumon, Guam	59%	42%
Fendi Asia Pacific Ltd	Hong Kong, China	59%	42%
Fendi Korea Ltd	Seoul, South Korea	59%	42%
Fendi Taiwan Ltd	Taipei, Taiwan	59%	32%
Fendi Hong Kong Limited	Hong Kong, China	59%	29%
Fendi China Boutiques Limited	Hong Kong, China	59%	29%
Fendi (Singapore) Pte Ltd	Singapore	59%	42%
Fendi Fashion Malaysia Snd. Bhd.	Kuala Lumpur, Malaysia	59%	42%
Emilio Pucci Srl	Florence, Italy	59%	41%
Emilio Pucci International BV	Naarden, Netherlands	59%	28%
Emilio Pucci, Ltd	New York, U.S.A.	59%	41%
Thomas Pink Holdings Ltd	London, United Kingdom	59%	42%

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Thomas Pink Ltd	London, United Kingdom	59%	42%
Thomas Pink BV	Rotterdam, Netherlands	59%	42%
Thomas Pink Inc	New York, U.S.A. (*)	59%	42%
Thomas Pink Ireland Ltd	Dublin, Ireland	59%	42%
Thomas Pink Belgium SA	Brussels, Belgium	59%	42%
Thomas Pink France SAS	Paris, France	59%	42%
e-Luxury.com Inc	San Francisco (California), U.S.A.	59%	42%

PERFUMES AND COSMETICS

Parfums Christian Dior SA	Paris, France	59%	42%
LVMH P&C Thailand Co Ltd	Bangkok, Thailand	59%	21%
LVMH P&C do Brasil Ltda	Sao Paulo, Brazil	59%	42%
France Argentine Cosmetics SA	Buenos Aires, Argentina	59%	42%
LVMH P&C Shanghai Co Ltd	Shanghai, China	59%	42%
Parfums Christian Dior Finland Oy	Helsinki, Finland	59%	42%
LVMH P&C Inc.	New York, U.S.A.	59%	42%
Seldico	Fribourg, Switzerland	59%	42%
Seldico	Kiev, Ukraine	59%	42%
Seldico	Moscow, Russia	59%	42%
SNC du 33 avenue Hoche	Paris, France	59%	42%
Beauté SA	Athens, Greece	59%	42%
LVMH Fragrances & Cosmetics (Sinpagore) Pte Ltd	Singapore	59%	42%
Parfums Christian Dior (UK) Ltd.	London, United Kingdom	59%	42%
Parfums Christian Dior BV Netherlands	Rotterdam, Netherlands	59%	42%
Iparkos BV	Rotterdam, Netherlands	59%	42%
LVMH Perfumes y Cosmetics Iberica SA	Madrid, Spain	59%	42%
Parfums Christian Dior S.A.B.	Brussels, Belgium	59%	42%
LVMH P&C Holding SPA	Pisa, Italy	59%	42%
Parfums Christian Dior Ireland Ltd.	Dublin, Ireland	59%	42%
Parfums Christian Dior Hellas S.A.	Athens, Greece	59%	42%
Parfums Christian Dior A.G.	Zurich, Switzerland	59%	42%
Christian Dior Perfumes LLC	New York, U.S.A.	59%	42%
Parfums Christian Dior Canada Inc.	Montréal, Canada	59%	42%
LVMH P&C de Mexico SA de CV	Mexico City, Mexico	59%	42%
Parfums Christian Dior Japon K.K.	Tokyo, Japan	59%	42%
Parfums Christian Dior (Singapour) Pte Ltd.	Singapore	59%	42%
Inalux SA	Luxembourg	59%	42%
LVMH P&C Asia Pacific Ltd	Hong Kong, China	59%	42%
Fa Hua Fragrance & Cosmetic Co Ltd.	Kowloon, Hong Kong, China	59%	42%

Christian Dior

LVMH P&C Shanghai Co, Ltd.	Shanghai, China	59%	42%
LVMH P&C Korea Ltd.	Seoul, South Korea	59%	32%
Parfums Christian Dior Hong Kong Ltd.	Hong Kong, China	59%	42%
LVMH P&C Malaysia Sdn berhad Inc.	Kuala Lumpur, Malaysia	59%	42%
Fa Hua Hong Kong Co, Ltd.	Hong Kong, China	59%	42%
Pardior de Mexico SA de CV	Mexico City, Mexico	59%	42%
Parfums Christian Dior A/S k	Copenhagen, Denmark	59%	42%
LVMH P&C Pty Ltd	Sydney, Australia	59%	42%
Parfums Christian Dior AS Ltd	Hoevik, Norway	59%	42%
Parfums Christian Dior AB Suède	Stockholm, Sweden	59%	42%
Parfums Christian Dior New Zealand Ltd	Auckland, New Zealand	59%	42%
Parfums Christian Dior Austria GmbH	Vienna, Austria	59%	42%
Cosmetic of France Inc	Miami, U.S.A.	59%	42%
GIE LVMH P&C Recherche	Paris, France	59%	42%
GIE Parfums et Cosmétiques Information Services – PCIS	Levallois Perret, France	59%	42%
Perfumes Loewe SA	Madrid, Spain	59%	42%
Acqua Di Parma Srl	Milan, Italy	59%	42%
Guerlain SA	Paris, France	59%	42%
LVMH Parfums & Kosmetik Deutschland GmbH	Wiesbaden, Germany	59%	42%
Guerlain GesmbH	Vienna, Austria	59%	42%
Cofra GesmbH	Vienna, Austria	59%	42%
Guerlain SA (Belgique)	Fleurus, Belgium	59%	42%
Oy Guerlain AB	Helsinki, Finland	59%	42%
LVMH Perfumes Cosmetics Holding SPA	Milan, Italy	59%	42%
Guerlain Ltd	London, United Kingdom	59%	42%
LVMH Perfumeria e Cosmetica Lda.	Lisbon, Portugal	59%	42%
Guerlain SA (Suisse)	Geneva, Switzerland	59%	42%
Guerlain Inc.	New York, U.S.A.	59%	42%
Guerlain Canada Ltd.	Montréal, Canada	59%	42%
Guerlain De Mexico SA	Satelite, Mexico	59%	42%
Guerlain Puerto Rico, Inc.	San Juan, Puerto Rico	59%	42%
Guerlain Asia Pacific Ltd (Hong Kong)	Hong Kong, China	59%	42%
Guerlain KK	Tokyo, Japan	59%	42%
Guerlain Taiwan Co Ltd.	Taipei, Taiwan	59%	42%
Guerlain Oceania Australia Pty Ltd	Melbourne, Australia	59%	42%
LVMH Fragrances & Cosmetics Pte Ltd	Singapore	59%	42%

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Guerlain Malysie SDN Berhad Inc	Kuala Lumpur, Malaysia	59%	42%
American Designer Fragrances LLC	New York, U.S.A. (*)	59%	42%
Make Up For Ever SA	Paris, France	59%	31%
Make Up For Ever UK Ltd	London, United Kingdom	59%	31%
Make Up For Ever LLC	New York, U.S.A. (*)	59%	42%
Make Up For Ever Italie SRL	Milan, Italy	59%	31%
Parfums Givenchy SA	Levallois, France	59%	42%
Parfums Givenchy Ltd.	Hersham, United Kingdom	59%	42%
Parfums Givenchy GmbH	Düsseldorf, Germany	59%	42%
Parfums Givenchy LLC	New York, U.S.A. (*)	59%	42%
Parfums Givenchy Canada Ltd.	Toronto, Canada	59%	42%
Parfums Givenchy KK	Tokyo, Japan	59%	42%
Parfums Givenchy Srl	Milan, Italy	59%	42%
Parfums Givenchy WHD, Inc.	New York, U.S.A. (*)	59%	42%
Parfums Givenchy Asia Pacific Pte Ltd.	Singapore	59%	42%
Kenzo Parfums France SA	Paris, France	59%	42%
Kenzo Parfums Italia Srl	Milan, Italy	59%	42%
Kenzo Parfums NA LLC	New York, U.S.A. (*)	59%	42%
Laflachère SA	Beauvais, France	59%	42%
La Brosse et Dupont (LBD) SAS	Villepinte, France	59%	42%
La Brosse et Dupont Portugal SA	San Domingos de Rana, Portugal	59%	42%
Mitsie SAS	Tarare, France	59%	42%
LBD IBERICA SA	Barcelona, Spain	59%	42%
Etablissements Arielux SA	Le Peyrat, France	59%	42%
Etablissements Ladoë SAS	Tourcoing, France	59%	42%
LBD Ménage SAS	Beauvais, France	59%	42%
LBD Belux SA	Brussels, Belgium	59%	42%
SCI Masurel	Tourcoing, France	59%	42%
SCI Sageda	Orange, France	59%	42%
La Niçoise SAS	Carros, France	59%	42%
LBD Italia Srl	Stezzano, Italy	59%	42%
Etablissements Mancret Père & Fils SA	Grenoble, France	59%	42%
Inter-Vion Spolka Akeyjna SA	Warsaw, Poland	59%	21%
Europa Distribution SAS	Saint Etienne, France	59%	42%
LBD Hong Kong	Hong Kong, China	59%	42%
Benefit Cosmetics LLC	San Francisco (California), U.S.A.	59%	34%
Benefit Cosmetics UK Ltd	London, United Kingdom	59%	34%
Benefit Cosmetics Korea	South Korea	59%	34%
Fresh Inc	Boston (Massachussets), U.S.A.	59%	27%
LVMH Perfumes and Cosmetics Services LLC	Edison (New Jersey), U.S.A. (*)	59%	42%
LVMH Cosmetics Services KK	Tokyo, Japan	59%	42%

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WATCHES AND JEWELRY

TAG Heuer International SA	Luxembourg, Luxembourg	59%	42%
TAG Heuer SA	Marin, Switzerland	59%	42%
LVMH Relojeria & Joyeria España SA	Madrid, Spain	59%	42%
LVMH Montres & Joaillerie France SA	Paris, France	59%	42%
LVMH Watch & Jewelry Italy Holding SpA	Milan, Italy	59%	42%
TAG Heuer Central Europe GmbH	Bad Homburg, Germany	59%	42%
Timecrown Ltd	Manchester, United Kingdom	59%	42%
LVMH Watch & Jewelry UK Ltd	Manchester, United Kingdom	59%	42%
Ebel Ltd	Manchester, United Kingdom	59%	42%
Tag Heuer Ltd	Manchester, United Kingdom	59%	42%
LVMH Watch & Jewelry USA (Inc)	Springfield, (New Jersey), U.S.A.	59%	42%
LVMH Watch & Jewelry Canada Ltd	Toronto, Canada	59%	42%
LVMH Watch & Jewelry Far East Ltd	Hong Kong, China	59%	42%
LVMH Watch & Jewelry Singapore Pte Ltd	Singapore	59%	42%
LVMH Watch Jewelry Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	59%	42%
LVMH Watch & Jewelry Capital Pte Ltd	Singapore	59%	42%
LVMH Watch & Jewelry Japan K.K.	Tokyo, Japan	59%	42%
LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	59%	42%
LVMH Watch & Jewelry Hong Kong Ltd	Hong Kong, China	59%	42%
LVMH Watch & Jewelry Taiwan Ltd	Taipei, Taiwan	59%	42%
Cortech SA	Cornol, Switzerland	59%	42%
ArteCad SA	Tramelan, Switzerland	59%	42%
LVMH Watch et Jewelry Carribean & Latin America Inc	Coral Gables (Florida), U.S.A.	59%	42%
ArteLink Srl	Fratte di S. Giustina in Colle, Italy	59%	42%
LVMH Watch & Jewelry India Pvt Ltd	New Delhi, India	59%	42%
LVMH Watch & Jewelry China	Shanghai, China	59%	42%
Chaumet International SA	Paris, France	59%	42%
Chaumet London Ltd	London, United Kingdom	59%	42%
Chaumet Horlogerie SA	Bienne, Switzerland	59%	42%
Chaumet Monte-Carlo SAM	Monte Carlo, Monaco	59%	42%
Chaumet Korea Chusik Hoesa	Seoul, South Korea	59%	21%
Zenith International SA	Le Locle, Switzerland	59%	42%
Zenith Time Co Ltd	Manchester, United Kingdom	59%	42%

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LVMH Watch et Jewelry Italy SpA	Milan, Italy	59%	42%
LVMH Watch et Jewelry Germany GmbH	Munich, Germany	59%	42%
Omas S.r.l.	Bologna, Italy	59%	42%
Delano SA	La Chaux-de-Fonds, Switzerland	59%	42%
MMO Instruments de Précision SA	Meyrin, Switzerland	59%	42%
Glasnost Edition SA	La Chaux-de-Fonds, Switzerland	59%	42%
Ebel Boutique Crans SA	Crans-sur-Sierre, Switzerland	59%	42%
PLD Private Label Development SA	La Chaux-de-Fonds, Switzerland	59%	42%
Fred Paris SA	Paris, France	59%	42%
Joaillerie de Monaco SA	Monte Carlo, Monaco	59%	42%
Fred Inc.	Beverly Hills (California), U.S.A. (*)	59%	42%
Fred Londres Ltd	London, United Kingdom	59%	42%
Benedom SARL	Paris, France	59%	42%
SELECTIVE RETAILING			
Sephora SA	Boulogne Billancourt, France	59%	42%
Sephora Luxembourg SARL	Luxembourg, Luxembourg	59%	42%
Sephora España Perfumerias SL	Madrid, Spain	59%	42%
Sephora Italia SpA	Milan, Italy	59%	42%
Sephora Portugal Perfumeria Lda	Lisbon, Portugal	59%	42%
Sephora Pologne S.p.z.o.o.	Warsaw, Poland	59%	32%
Sephora Deutschland GmbH	Bad Homburg, Germany	59%	42%
Sephora UK	London, United Kingdom	59%	42%
Clab Srl	Milan, Italy	59%	42%
Sephora Marinopoulos SA	Athens, Greece	59%	21%
Beauty Shop Romania SA	Bucarest, Romania	59%	21%
Spring Time Cosmetics SA	Athens, Greece	59%	13%
Sephora Tchèque SRO	Prague, Czech Republic	59%	42%
Kanel SA	Athens, Greece	59%	21%
Sephora Monaco SAM	Monaco	59%	42%
Sephora USA LLC.	Delaware, U.S.A.	59%	42%
Sephora Canada	Toronto, Canada	59%	42%
Sephora.com Inc	San Francisco (California), U.S.A.	59%	42%
Magasins de la Samaritaine SA	Paris, France	59%	24%
DFS Holdings Limited	Hamilton, Bermuda	59%	26%
DFS Australia Pty. Limited	Sydney, Australia	59%	26%
DFS Australia Superannuation Pty Ltd.s	Sydney, Australia	59%	26%
DFS New Caledonia Sarl	Nouméa, New Caledonia	59%	26%
DFS Group Limited	Hamilton, Bermuda, USA	59%	26%
DFS European Logistics Limited	Hamilton, Bermuda, USA	59%	26%

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DFS Saipan Limited	Saipan, Marianna Islands	59%	26%
Kinkaï Saipan L.P.	Saipan, Marianna Islands	59%	26%
Commonwealth Investment Company, Inc	Saipan, Marianna Islands	57%	25%
Duty Free Shoppers Hong Kong Limited	Kowloon, Hong Kong, China	59%	26%
DFS China Partners Limited	Kowloon, Hong Kong, China	59%	26%
TRS Hong Kong	Kowloon, Hong Kong, China	27%	12%
DFS New Zealand Limited	Auckland, New Zealand	59%	26%
Gateshire Marketing Sdn Bhd.	Kuala Lumpur, Malaysia	59%	26%
DFS Merchandising Limited	Dutch West Indies	59%	26%
DFS Korea Limited	Seoul, South Korea	59%	26%
DFS Seoul Limited	Seoul, South Korea	59%	26%
DFS Okinawa KK	Okinawa, Japan	59%	26%
TRS Okinawa	Okinawa, Japan	27%	12%
DFS Palau Limited	Koror, Palau	59%	26%
DFS Singapore (Pte) Limited	Singapore	59%	26%
DFS Trading Singapore (Pte) Limited	Singapore	59%	26%
DFS Venture Singapore (Pte) Limited	Singapore	59%	26%
DFS Taiwan Limited	Taipei, Taiwan	59%	26%
DFS Galleria Taiwan Limited	Taipei, Taiwan	59%	26%
Tou You Duty Free Shop Co. Ltd	Taipei, Taiwan	59%	26%
Duty Free Shoppers Macau Limited	Hong Kong, China	27%	12%
DFS Macau Limited	Hong Kong, China	30%	13%
Hong Kong International Boutique Partners	Hong Kong, China	30%	13%
DFS Sdn. Bhd.	Kuala Lumpur, Malaysia	59%	26%
Singapore International Boutique Partners	Singapore	30%	13%
JAL/DFS Duty Free Shoppers KK	Chiba, Japan	24%	11%
TRS New Zealand Limited	Auckland, New Zealand	27%	12%
Travel Retail Shops Pty Limited	Sydney, Australia	27%	12%
DFS Group L.P.	San Francisco (California), U.S.A.	59%	26%
JFK Terminal 4 Joint Venture 2001	New York, U.S.A.	47%	21%
LAX Duty Free Joint Venture 2000	Los Angeles (California), U.S.A	45%	20%
Royal Hawaiian Insurance Company Ltd	Hawaii, U.S.A.	59%	26%
DFS Waters.	Dallas (Texas), U.S.A.	40%	18%
Hawaiï International Boutique Partners	Honolulu, Hawaii, U.S.A.	30%	13%
TRS Hawaii LLC	Honolulu, Hawaii, U.S.A.	27%	12%
TRS Saipan	Garapan, Saipan MP	27%	12%
TRS Guam	Tumon, Guam	27%	12%

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DFS Guam LP	Tamuring, Guam	NA	26%
DFS Liquor Retailing Limited	Delaware, U.S.A.	NA	26%
Twenty Seven—Twenty Eight Corp.	Delaware, U.S.A.	NA	26%
Le Bon Marché SA	Paris, France	59%	42%
SEGEF SNC	Paris, France	59%	42%
Franck & Fils SA	Paris, France	59%	42%
Balthazar SNC	Paris, France	59%	42%
Tumon Entertainment LLC	Tamuring, Guam	59%	42%
Comete Guam Inc.	Tamuring, Guam	59%	42%
Tumon Games LLC	Tamuring, Guam	59%	42%
Tumon Aquarium LLC	Tamuring, Guam	59%	42%
Comete Saipan Inc	Saipan NMI	59%	42%
Cruise Line Holdings Co	Delaware, U.S.A.	59%	42%
International Cruise Shop	Cayman Islands	59%	42%
Starboard Holdings Ltd	Delaware, U.S.A.	59%	42%
Cruise Management International Inc	Miami (Florida), U.S.A.	59%	42%
On-Board Media Inc	Miami (Florida), U.S.A.	59%	42%
Starboard Cruise Services Inc	Miami (Florida), U.S.A.	59%	42%
Fort Lauderdale Partnership	Ft Lauderdale, U.S.A.	44%	32%
Miami Airport Duty-Free Joint Venture	Miami (Florida), U.S.A.	39%	28%
OTHER ACTIVITIES			
DI Group SA	Paris, France	59%	42%
DI Services SAS	Paris, France	59%	42%
Imprimerie Desfossés SARL	Paris, France	59%	42%
Tribune Desfossés SAS	Paris, France	59%	42%
Radio Classique SAS	Paris, France	59%	42%
Les Editions Classique Affaires SARL	Paris, France	59%	42%
DI SAS	Paris, France	59%	42%
SFPA SARL (Connaissance des Arts)	Paris, France	59%	42%
D2I SAS	Paris, France	59%	42%
Investir Publications SAS	Paris, France	59%	42%
Investir Formation SARL	Paris, France	59%	42%
Compo Finance SARL	Paris, France	59%	42%
SID Presse SARL	Paris, France	59%	42%
SID Développement SAS	Paris, France	59%	42%
SID Editions SAS	Paris, France	59%	42%
SID Magazine SA	Paris, France	59%	42%
SOFPA SA	Lausanne, Switzerland	59%	42%
JV Bonhams Brooks	London, United Kingdom(2)	59%	42%
Bonhams Brooks Adjustments	London, United Kingdom	59%	42%
De Beers LV Ltd	London, United Kingdom(2)	30%	21%

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SCI du 30 de l'avenue Hoche	Boulogne Billancourt, France	59%	41%
Société Civile Jacques Gaillard	Boulogne Billancourt, France	59%	42%
Ufipar SAS	Boulogne Billancourt, France	59%	42%
L Capital Management SAS	Paris, France	59%	42%
Sofidiv SAS	Boulogne Billancourt, France	59%	42%
GIE LVMH Services	Boulogne Billancourt, France	59%	36%
Moët Hennessy SNC	Boulogne Billancourt, France	59%	28%
LVMH Fashion Group SA	Paris, France	59%	42%
Moët Hennessy International SA	Boulogne Billancourt, France	59%	28%
Creare SA	Luxembourg, Luxembourg	59%	36%
Delphine SAS	Boulogne Billancourt, France	59%	42%
LVMH Finance SA	Boulogne Billancourt, France	59%	42%
Primae SA	Boulogne Billancourt, France	59%	42%
Eutrope SAS	Boulogne Billancourt, France	59%	42%
Flavius Investissements SA	Paris, France	59%	42%
LVMH Art & Auction Group SAS	Boulogne Billancourt, France	59%	42%
Cie Financière Laflachère SA	Boulogne Billancourt, France	59%	42%
LV Capital SA	Paris, France	59%	42%
Moët Hennessy Inc.	New York, U.S.A. (*)	59%	28%
One East 57th Street LLC	New York, U.S.A. (*)	59%	42%
LVMH Moët Hennessy Louis Vuitton Inc.	New York, U.S.A. (*)	59%	42%
598 Madison Leasing Corp	New York, U.S.A. (*)	59%	42%
1896 Corp.	New York, U.S.A. (*)	59%	42%
LVMH Participations BV	Naarden, Netherlands	59%	42%
LVMH Moët Hennessy Louis Vuitton BV	Naarden, Netherlands	59%	42%
Louis Vuitton Prada Holding BV	Amsterdam, Netherlands	59%	42%
Sofidiv UK Ltd	London, United Kingdom	59%	42%
LVMH KK	Tokyo, Japan	59%	42%
Osaka Fudosan Company Limited	Tokyo, Japan	59%	42%
LVMH Asia Pacific Ltd	Hong Kong, China	59%	42%
LVMH Moët Hennessy Louis Vuitton SA	Paris, France		Parent company

(*) The address listed is the administrative office of the companies; corporate registration for the company is in the State of Delaware.

(1) Company consolidated by proportionate consolidation

(2) Company consolidated using the equity method

(3) Joint venture with Diageo: only the Moët Hennessy activity is consolidated

Christian Dior

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004

MAZARS & GUERARD
Le Vinci
4, allée de l'Arche
92075 Paris La Défense
S.A. with capital of €5,900,000

Statutory Auditor
Member of Compagnie
Régionale de Paris

ERNST & YOUNG AUDIT
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A. with capital of €3,044,220

Statutory Auditor
Member of Compagnie
Régionale de Versailles

To the shareholders:

Ladies and Gentlemen:

In performing the mission that has been assigned to us by your Annual General Meeting, we have reviewed the consolidated financial statements of the Christian Dior company for the year ended December 31, 2004, as they appear in this report.

The consolidated financial statements were drawn up by the Board of Directors. It is our task, based on our audit, to express an opinion on these statements.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have conducted our audit in accordance with auditing standards generally accepted in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, by sampling, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management to prepare the accounts, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion, expressed below.

We certify that, according to French accounting standards, the consolidated financial statements faithfully and fairly present, in all material respects, the assets, the financial position and the results of all the companies included in the consolidation.

II. JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the provisions of Article L.225-235 of the French Commercial Code governing the justification of our assessment, we provide you with the following information:

The valuation of brands and goodwill has been conducted using the method described in Note 3. We have assessed the legitimacy of the methodology used, which was based on a set of estimates and examined the amounts and assumptions used by the company and its advisors to make these valuations. We assessed the reasonableness of these estimates on these bases.

The assessments we made are part of our audit of the consolidated financial statements in their entirety and, therefore, contributed to the formation of our opinion without reservation as expressed in the first part of this report.

Christian Dior

III. SPECIFIC VERIFICATION

Furthermore, we have also performed verifications of information relating to the company, contained in the management report relatives au groupe, in accordance with accounting principles generally accepted in France.

We have no comments to make on their accuracy and consistency with the consolidated financial statements.

Paris La Défense April 6, 2005

The Statutory Auditors

MAZARS & GUERARD
Denis Grison

ERNST & YOUNG AUDIT
Christian Mouillon



Christian Dior

REPORT OF THE STATUTORY AUDITORS, PREPARED PURSUANT TO THE
LAST PROVISION OF ARTICLE L.225-235 OF THE FRENCH COMMERCIAL
CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF
DIRECTORS OF THE CHRISTIAN DIOR COMPANY CONCERNING THE
INTERNAL CONTROL PROCEDURES FOR THE PREPARATION AND
STATEMENT OF THE FINANCIAL AND ACCOUNTING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2004

MAZARS & GUERARD
Le Vinci
4, allée de l'Arche
92035 Paris La Défense
S.A. with capital of €5,900,000

Statutory Auditor
Member of Compagnie
Régionale de Paris

ERNST & YOUNG AUDIT
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A. with capital of €3.044.220

Statutory Auditor
Member of Compagnie
Régionale de Versailles

To the shareholders:

Ladies and Gentlemen:

In our capacity as auditors of the Christian Dior company, and pursuant to the provisions of the last section of Article L.225-235 of the French Commercial Code, we are presenting our report on the report prepared by the Chairman of your Company pursuant to the provisions of Article L.225-37 of the Commercial Code for the year ended December 31, 2004.

It is the responsibility of the Chairman to report, primarily, on the conditions for the preparation and organization of the work of the Board of Directors and the internal control procedures established within the Company.

It is our responsibility to inform you of our comments on the information provided in the Chairman's report concerning the internal control procedures for the preparation and statement of the accounting and financial information.

We have performed our audits in accordance with the professional auditing standards generally accepted in France. Those standards require that we conduct our verification in order to assess the fair presentation of the information provided in the Chairman's report concerning the internal control procedures for the preparation and statement of the accounting and financial information. This task consisted of:

- Reviewing the objectives and the general organization of the internal control, as well as the internal control procedures for the preparation and statement of the accounting and financial information presented in the Chairman's report;
- Reviewing the work underlying all information as provided in the report.

Christian Dior

On the basis of this work, we have no comment to make on the information provided concerning the company's internal control procedures for the preparation and statement of the accounting and financial information contained in the report of the Chairman of the Board, prepared pursuant to the provisions of the final section of Article L.225-37 of the Commercial Code.

Paris La Défense April 6, 2005

Statutory Auditors

MAZARS & GUERARD
Denis Grison

ERNST & YOUNG AUDIT
Christian Mouillon



